



SECURED  
FUND

# PROSPECTUS

August 28th, 2005

Sponsored by ANSA Merchant Bank Limited  
Incorporated in Trinidad & Tobago.

The Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence.

The Directors of ANSA Merchant Bank Limited have seen and approved this prospectus and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquires, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

## **ANSA MERCHANT BANK LIMITED BOARD OF DIRECTORS**

Dr. Anthony N. Sabga	-Chairman
Mr. Ray A. Sumairsingh	-Managing Director
Mr. Chip Sa Gomes	-Executive Director
Mr. Nabeel Hadeed	
Mr. Timothy Hamel-Smith	
Mr. Victor P. Herde	

## **CORPORATE OFFICE**

ANSA Merchant Bank Limited  
ANSA Centre  
Maraval Road  
Port of Spain  
Trinidad, West Indies

Telephone: (868) 623-8672  
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## FUND DIRECTORY

- **Sponsor**

ANSA Merchant Bank Limited  
ANSA Centre  
Maraval Road  
Port of Spain  
Trinidad

- **Trustee**

FirstCaribbean International Banking  
& Financial Corporation Limited  
12 Victoria Avenue  
Port of Spain  
Trinidad

- **Investment Manager**

ANSA Merchant Bank Limited  
ANSA Centre  
Maraval road  
Port of Spain  
Trinidad

- **Administrator**

ANSA Merchant Bank Limited  
ANSA Centre  
Maraval Road  
Port of Spain  
Trinidad

- **Distributor**

ANSA Merchant Bank Limited  
ANSA Centre  
Maraval Road  
Port of Spain  
Trinidad

- **Attorneys-at-Law**

M. Hamel-Smith & Co.  
19 St. Vincent Street  
Port of Spain  
Trinidad

- **Auditors**

Ernst and Young  
5 & 7 Sweet Briar Road  
St Clair  
Port of Spain  
Trinidad

## SUMMARY

This Prospectus constitutes an invitation to investors to subscribe for Units in a new mutual fund at the initial offer price of \$1,000 each (the “Units”) up until 21st October, 2005 or such later date as the trustee in its sole discretion may determine (the “Closing Date”) and thereafter at Net Asset Value per Unit in the Fund established by the Trust Deed (the “Trust Deed”) dated the 28th August 2005, made between ANSA Merchant Bank Limited as sponsor (the “Sponsor”) and FirstCaribbean International Banking & Financial Corporation Limited as trustee (the “Trustee”) and known as the ANSA SECURED FUND (the “Fund”), subject to the terms of the Trust Deed. The contents of this Prospectus are qualified in their entirety by the detailed provisions of the Trust Deed. Units are offered at the issue prices set forth under the section “Distribution of Units” below.

Save where the context requires otherwise, words and expressions defined in the Trust Deed shall have the same meaning in this Prospectus.

No dealer, salesman or other person is authorised to give any information or to make any representations other than those contained in this Prospectus and if given or made such information or representations may not be relied upon as having been authorised by the Trustee or any Adviser. This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Fund is neither insured with the Deposit Insurance Corporation in Trinidad and Tobago nor is it guaranteed by the Central Bank of Trinidad and Tobago or by any of the parties related thereto. All references herein to “dollar”, “dollars” or “\$” mean the lawful currency of the Republic of Trinidad and Tobago. A “Business Day” is any day on which commercial banks operate for all banking business in the Republic of Trinidad and Tobago.

As there is no market for the Units in the Fund, and no such market is expected to develop, it may be difficult or even impossible for the holders to sell them. The Units in the Fund may, however, be redeemed/repurchased by the Trustee in accordance with the Trust Deed.

Under certain circumstances, as detailed under headings Redemption, Mandatory Redemption and Restrictions on Transfer in this Prospectus, the repurchase and cancellation of Units may be compulsory. Potential investors should consult their professional advisers on the tax consequences of subscribing, purchasing, holding, redeeming or selling Units under the laws and practice of their country of citizenship, domicile or residence or under the laws of any other relevant jurisdiction and in the light of their personal circumstances.

Circulation of this Prospectus may be restricted in some jurisdictions and potential investors are responsible for informing themselves of any applicable laws or regulations.

If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser. The applications for Units may be made only on the basis of this Prospectus alone on the Purchase Application Form as provided by the Trustee.

Neither the delivery of this Prospectus nor the offer, sale or issue of Units shall constitute a representation that the information given herein is correct as of any time subsequent to the date hereof.

## **INTRODUCTION**

### **The Sponsor**

The Sponsor of the Fund is ANSA Merchant Bank Limited, one of the Caribbean's leading financial institutions, which has its roots in well-known local and international finance houses.

ANSA Finance Limited, formerly Amalgamated Finance Limited, operated a portfolio that included instalment loans via hire purchase, mortgage bills of sale and lease facilities.

Fleming ANSA Merchant Bank was a joint venture between ANSA McAL Limited and Robert Fleming & Co. Limited of Great Britain. This company's main areas of business were Investment Banking and Investment Management Services. In March 1998, ANSA McAl Limited purchased the shareholding of Robert Fleming and Company Limited, paving the way for the creation of ANSA Finance & Merchant Bank Limited, through the merger of ANSA Finance Limited and ANSA Merchant Bank Limited.

At the beginning of 2004, ANSA Finance & Merchant Bank Limited acquired Trinidad and Tobago Insurance Limited (TATIL), also of the ANSA McAl Group of Companies. In June 2004, ANSA Finance and Merchant Bank Limited, once again became known as ANSA Merchant Bank Limited.

The strength of this new entity has thrust ANSA Merchant Bank Limited into a new competitive arena, providing the impetus for a broader range of financial services to be expertly presented to the local and regional markets.

ANSA Merchant Bank Limited is licensed to perform the following classes of business:

1. Merchant Bank
2. Trust Company
3. Unit Trust
4. Financial Services
5. Confirming House / Acceptance House
6. Finance House / Finance Company
7. Leasing Corporation
8. Mortgage Institution

ANSA Merchant Bank Limited is a publicly traded company on the Trinidad and Tobago Stock Exchange, and in 2004, shareholders experienced approximately 45% growth in share value.

ANSA Merchant Bank Limited is a member of the ANSA McAl Group of Companies. ANSA McAl is one of the largest commercial enterprises in the Caribbean with core businesses in:

- Manufacturing
- Brewing
- Finance and Merchant Banking
- Insurance
- Trading and Distribution
- Real Estate Development
- Shipping
- Media
- Retailing Automotive And Industrial Equipment

The ANSA McAl Group in 2004, generated in excess of \$3.4 billion in revenues with profit after taxes of \$388 million. These profits generated an earning per share (EPS) of \$1.82, which was 26% above the 2003 EPS of \$1.44.

### **The Fund**

The Fund will be established as an open-ended mutual fund in which Units will be issued. An open ended mutual fund is one in which the number of units which may be issued in the Fund is unlimited. This Fund will be classified under Section 5 of the Financial Institutions Act, 1993.

The Fund is governed by the laws of the Republic of Trinidad and Tobago and established by the Trust Deed made between the Sponsor and the Trustee, both duly incorporated and validly existing and licensed under the provisions of the Financial Institutions Act, 1993 of the Republic of Trinidad and Tobago.

The Trustee is the custodian of the Fund, which means that it is responsible for holding all Units and cash of the Fund and has ultimate responsibility for the

issue and repurchase of Units, the investment of the Fund assets and the distribution of Fund Income. The Trustee has delegated certain of its duties and functions pursuant to its powers contained in the Trust Deed:

1. As to investment advice and management, to ANSA Merchant Bank Limited (the “Investment Manager”);
2. As to fund administration and registrar functions, to ANSA Merchant Bank Limited (the “Fund Administrator”); and
3. As to distribution of the Units, to ANSA Merchant Bank Limited (the “Distributor”).

## **INVESTMENT STRATEGY**

### **1. Investment Objective and Policy**

The investment Objective of the Fund is to seek to generate investment returns which are superior to all TT\$ registered money market mutual funds, while providing for acceptable levels of liquidity and credit risk by investing primarily in a diversified portfolio of debt securities, equities, instruments and contracts which are backed mainly by marketable securities. Interest income, capital gain and preservation of capital will be important, though not the only, investment considerations for the Fund. The Fund may invest in securities and contracts, including sovereign debt, issued in countries other than Trinidad and Tobago, which are expected to provide high income yield and are not expected to cause deterioration in capital values. The Fund will focus on building and maintaining a portfolio of debt instruments, which are secured or backed by marketable securities.

In selecting debt securities and contracts denominated in a currency other than that of Trinidad and Tobago, the Investment Manager will consider, among other factors, the effect of movements in currency exchange rates on the dollar value of such securities.

For the purpose of hedging risks and enhancing returns the Fund may enter into derivative transactions including but not limited to forward currency contracts.

The Investment Manager generally intends to allocate the Fund’s assets among asset classes such as government bonds, corporate bonds, equities, short-term investments and mortgages in local, regional and international markets.

All investments must be made on the advice of, or with the approval of the Investment Manager in accordance with the Investment Management Agreement.



## 2. Investment Restrictions

There are certain investment policies that are fundamental policies for the Fund, including restrictions that:

- a) Securities that are subject to restrictive legal or contractual obligations on resale may not be acquired.
- b) Neither derivative transactions nor forward currency transactions may be entered into for speculative purposes.
- c) In accordance with Clause 13(A) in the Trust Deed, the Fund may not borrow monies in excess of 25% of the net assets of the Fund taken at market value at the time of borrowing.
- d) The Fund may not purchase a security of an issuer if, immediately after the purchase, more than 10% of the net assets of the Fund, taken at market value at the time of the purchase would be invested in securities of that issuer. This restriction does not apply to the purchase of:
  - Evidences of indebtedness that have a remaining term to maturity of not more than 365 days that are issued, or fully and unconditionally guaranteed as to principal and interest by, a financial institution regulated in Trinidad and Tobago or a government entity; or
  - Bonds, debentures, notes or similar instruments representing indebtedness, that have a remaining term to maturity of more than 3 years that are issued, secured or unsecured, by a financial institution regulated in Trinidad and Tobago or a government entity.
- e) The Fund will not purchase a security of an issuer if, immediately after the purchase, the Fund would hold securities representing more than 10% of the votes attaching to the outstanding voting securities of that issuer, or the outstanding equity securities of that issuer.
- f) The Fund will not purchase a security for the purpose of exercising control or direction over, or management of, the issuer of the security.
- g) The Fund will not purchase equity securities that cannot be readily disposed of through market facilities on which public quotations in common use are widely available, if immediately after the purchase, more than 10% of the net assets of the Fund, taken at market value at the time of the purchase, would be invested in such equity securities.

Some securities considered for investment by the Fund may also be appropriate for other clients advised by the Investment Manager, including its affiliates, as well as other funds.

If the purchase or sale of securities is consistent with the Fund's investment policies and one or more of such other funds or clients are considered at or about the same time, transactions in such securities will be allocated among the several clients in a manner deemed fair and equitable. These allocations may be advantageous or disadvantageous to the Fund.

### **3. Guarantee**

#### **Principal**

The Sponsor will guarantee a 100% return of the principal invested in Units of the Fund by investors subject to a minimum period of investment provided that and so long as ANSA Merchant Bank Limited is the Investment Manager.

#### **Yield**

The Sponsor will also guarantee a fixed minimum yield on the units held subject to the following conditions:

- a) A guarantee of the minimum yield on Units purchased by an investor will be for a defined period of time, which will be set by the Sponsor at the time of purchase.
- b) When Units are purchased by an investor, the investor will be informed in writing:
  - What the guaranteed minimum yield will be;
  - The time period during which the minimum yield will be guaranteed;
  - The minimum period during which the Units must remain invested in order to qualify for the guarantee of the minimum yield.
  - That the guarantee will cease if ANSA Merchant Bank Limited ceases to be the Investment Manager of the Fund.
- c) At any time during the existence of the Fund, the Sponsor can, in respect of any new purchase of Units by existing or prospective investors, change the terms of the guarantee.

If any Units are redeemed within the minimum period of investment, the guarantee on principal and on minimum yield may be automatically discharged on those Units at the discretion of the Sponsor; in which case the Sponsor will be entitled to deduct from the redemption proceeds any guaranteed yields which were paid out by way of distribution pursuant to the guarantee.

#### **4. Risk Disclosure**

The assets of the fund will be:

- a) Invested in securities and contracts which will be subject to the risk of fluctuations in capital and financial instruments. The Trustee will seek for the Fund to produce positive total investment returns, in any particular year. However, these returns may rise or fall resulting in a change in the guaranteed yield and period at that time to new investors. After the duration of the guarantee period the new current guaranteed yield and guarantee period will apply.
- b) Subject to the guarantee provisions contained at 3 above, any investment in the Fund is at the sole risk of the investor.

#### **Foreign exchange or currency risk**

The Fund may be invested in investments denominated in currencies other than the Trinidad & Tobago Dollar. Therefore the portfolio is exposed to adverse movements in the exchange rate subject to the features of the Guarantee in 3 above.

#### **International business risk**

The Fund may purchase investments in businesses located internationally. The taxation regulations of the various jurisdictions may impose withholding and other taxes. Additionally, the accounting and reporting standards may be different from those with which the investors are familiar, and may not require the same amount of disclosure and public information. The level of Government supervision and regulation of foreign exchange may also vary from the practices with which the investors are accustomed. Foreign investment may also be subject to political risk such as expropriation of assets, confiscation, embargoes, political or social instability or adverse diplomatic relations, which could negatively affect the value of the portfolio. The above statement is all subject to the guarantee in 3 above.

#### **Interest rate risk**

The fund may invest in fixed interest bearing debt instruments such as a bond which price is sensitive to changes in interest rates. Typically, there is an inverse relationship between the movement of the price of a fixed interest bond and the rate of interest. An increase in interest rates will cause the price of a bond to decrease. Conversely, a decrease in interest rates will lead to an increase in the price of a bond. As such the portfolio can be affected by changes in interest rate changes. This is subject to the guarantee in section 3 above.

The Fund is neither insured with the Deposit Insurance Corporation in Trinidad and Tobago nor is it guaranteed by the Central Bank of Trinidad and Tobago or by any of the parties related thereto.

## 5. **Modification of Investment Objective**

The Investment Objective may not be modified without the approval of the Trustee and the Sponsor and without the affirmative vote of a majority of the Fund's outstanding Units.

## **KEY ORGANISATIONAL DOCUMENTS OF THE FUND**

### 1. **The Trust Deed**

The Trust Deed is dated the 28th August 2005 and is made between the Sponsor (ANSA Merchant Bank Limited) and the Trustee (First Caribbean International Banking & Financial Corporation Limited). It is the principal document constituting the Fund and serves to establish the Fund. It vests the assets of the Fund in the Trustee and contains all the rights, powers and obligations of the Trustee. It contains provisions for the retirement or removal of the Trustee. The Trust Deed also details the method of valuation of the Units of the Fund and provides for how the Trustee issues Units in the Fund and how they can be transferred and redeemed by Unitholders. It details the rights and obligations of Unitholders including their rights in relation to distributions.

The Trust Deed will continue until the Fund is terminated. The ways in which the Fund can be terminated are detailed later on in this Prospectus under the heading 'Termination'.

A copy of the Trust Deed is available for inspection at all times during usual business hours at the offices of the Investment Manager.

### *The Trustee*

The Trustee, **FirstCaribbean International Banking & Financial Corporation Limited** is a licensed trustee operating in Trinidad and Tobago. It is a wholly owned subsidiary of First Caribbean International Banking Limited. The Trustee's principal business is Merchant Banking and Trustee and it has operated as a trustee since 16th February 1998. It currently acts as trustee for over 35 investment offerings. The Trustee performs all its functions and duties and exercises all its powers and discretions in relation to the Fund from their offices.

As stated above, the Trustee is the custodian of the Fund which means that it is responsible for holding all Units and cash of the Fund and has responsibility for the issue and repurchase of Units, the investment of the Fund assets and the distribution of Fund Income. As referred to above the Trustee has delegated certain responsibilities to the Investment Manager, the Fund Administrator and the Distributor.

It is not the responsibility of the Trustee as the custodian of the Fund to evaluate the merits of the Units offered and the Trustee expresses no opinion in this regard.

The fees payable to the Trustee are detailed below in the section entitled “Fees”.

The Trust Deed provides that in carrying out its duties concerning the safekeeping of, and dealing with the assets of the Fund, the Trustee shall exercise

- (i) The degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; and
- (ii) At least the same degree of care as it exercises with respect to its own property of a similar kind, if this is a higher degree of care than the degree of care referred to at sub-paragraph (i).

Certain provisions of the Trust Deed indemnify the Trustee and limit its liability. Details of these are contained later on in this Prospectus under the heading “Limitation on Liability and Indemnification of Trustee”.

A new Trustee must be appointed prior to the existing Trustee retiring. The new Trustee is appointed with a majority vote of the Fund’s outstanding voting Units. If the Trustee and Sponsor are unable to find a replacement Trustee having used reasonable endeavours to do so, then the Trustee may retire 90 days after written notice.

The Trustee cannot be removed except upon the appointment of a replacement trustee. It is subject to removal by a majority vote of the Fund’s outstanding voting Units.

## **2. The Investment Management Agreement**

The Investment Management Agreement is dated the 28th August 2005 and is made between the Trustee (First Caribbean International Banking & Financial Corporation Limited) and the Investment Manager (ANSA Merchant Bank Limited). It serves to appoint the Investment Manager as investment manager and adviser of the Fund and contains all of the rights and obligations of the Investment Manager.

### ***Termination of Investment Management Agreement and appointment of new Investment Manager***

The Investment Manager may terminate the Investment Management Agreement at any time by giving to the Sponsor, the Trustee and the Unitholders 90 days’ written notice.

The Trustee may terminate the Investment Management Agreement by giving the Sponsor and the Unitholders 90 days' written notice if the Investment Manager is guilty of any gross default or misconduct, has a receiver appointed over its assets or becomes insolvent.

The Unitholders may terminate the Agreement by removing the Investment Manager by passing an ordinary resolution to this effect at a meeting of Unitholders.

A new Investment Manager, which has been approved by the Sponsor, may be appointed by the Trustee with the sanction of an affirmative resolution of the Unitholders. No such sanction is necessary for the appointment of an Investment Manager which is an affiliate of the outgoing Investment Manager.

A copy of the Investment Management Agreement is available for inspection at all times during usual business hours at the offices of the Investment Manager.

### ***The Investment Manager***

The Investment Manager is ANSA Merchant Bank Limited, a corporation, which is licensed under the Financial Institutions Act, 1993 to offer Financial Services. As detailed above, ANSA Merchant Bank Limited has been involved in managing institutional and individual portfolios valued in excess of \$4 billion.

As referred to above, the Investment Manager is entrusted with managing the investment of the assets of the Fund and for providing investment advice to the Trustee. The Investment Manager is prohibited from making any investments, which are not compliant with the investment objectives and policies of the Fund and must comply with the investment strategy and restrictions contained in this Prospectus, the Trust Deed and the Investment Management Agreement.

The fees payable to the Investment Manager are detailed below in the section entitled "Fees."

The investment management duties of the Investment Manager include buying and selling securities on behalf of the Fund, determining the proportion of the assets of the Fund which are held in debt securities, making investment decisions on the Fund's behalf and placing purchase and sale orders for the portfolio of securities and contracts. The investment advisory duties of the Investment Manager include advising or directing the Trustee on the application of the assets of the Fund in the acquisition of investments and making recommendations to the Trustee on the selection of securities for purchase and sale.

for all investments of Fund assets.

The Investment Management Agreement provides that the Investment Manager will:

1. Exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund; and
2. Exercise the degree of care diligence and skill that a reasonably prudent person would exercise in the circumstances; and
3. Comply with the investment objective and strategy contained in the Prospectus and any restrictions contained therein and generally with the provisions of the Investment Management Agreement, the Trust Deed and the Prospectus, generally with the provisions of the Investment Management Agreement, the Trust Deed and the Prospectus.

It also provides that the Investment Manager will be liable for any losses to the Fund arising from its failure to discharge its responsibilities in accordance with the above

### **3. The Administration Agreement**

The Administration Agreement is dated the 28th August 2005 and is made between the Trustee (First Caribbean International Banking & Financial Corporation Limited) and the Fund Administrator (ANSA Merchant Bank Limited). It serves to appoint the Administrator as administrator of the Fund and contains all of the Fund Administrator's rights and obligations in relation to the Fund.

#### ***Termination of Fund Administration Agreement and appointment of new Fund Administrator***

The Fund Administrator may terminate the Fund Administration Agreement at any time by giving to the Sponsor, the Trustee and the Unitholders 90 days' written notice.

The Trustee may terminate the Fund Administration Agreement by giving the Sponsor, the Trustee and the Unitholders 90 days' written notice if the Fund Administrator is guilty of any gross default or misconduct, has a receiver appointed over its assets or becomes insolvent.

The Unitholders may terminate the Agreement by removing the Fund Administrator by passing an ordinary resolution to this effect at a meeting of Unitholders.

A new Fund Administrator that has been approved by the Sponsor may be appointed by the Trustee with the sanction of an affirmative resolution of the Unitholders. No such sanction is necessary for the appointment of a Fund Administrator which is an affiliate of the outgoing Fund Administrator.

A copy of the Administration Agreement is available for inspection at all times during usual business hours at the offices of the Investment Manager.

### ***The Fund Administrator***

The Fund Administrator is ANSA Merchant Bank Limited, a corporation, which is licensed under the Financial Institutions Act, 1993 inter alia as a Unit Trust.

The Fund Administrator will provide all administrative services to the Fund, including maintaining the Register of Units and Unitholders, maintaining the corporate and financial books and records of the Fund, preparing the financial statements of the Fund and calculating the Net Asset Value of the Fund and the Net Asset Value per Unit (see “Determination of the Net Asset Value per Unit” below). The fees payable to the Fund Administrator are detailed below in the section entitled “Fees”.

The Administration Agreement provides that the Fund Administrator will:

1. Exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund;
2. Exercise the degree of care diligence and skill that a reasonably prudent person would exercise in the circumstances.

It also provides that the Fund Administrator will be liable for any losses to the Fund arising from its failure to discharge its responsibilities in accordance with the above.

### **4. The Distribution Agreement**

The Distribution Agreement is dated the 28th August 2005 and is made between the Trustee (FirstCaribbean International Banking & Financial Corporation Limited) and the Distributor (ANSA Merchant Bank Limited). It serves to appoint the Distributor as marketer and distributor of the Fund and contains all of the Distributor’s rights and obligations in relation to the Fund.

### ***Termination of Distribution Agreement and appointment of new Distributor***

The Distributor may terminate the Distribution Agreement at any time by giving to the Trustee and the Unitholders 90 days’ written notice.

The Trustee may terminate the Distribution Agreement by giving the Sponsor, the Trustee and the Unitholders 90 days’ written notice if the Distributor is guilty of any gross default or misconduct, has a receiver appointed over its assets or becomes insolvent.



The Trustee with the approval of the Sponsor may appoint a new Distributor.

A copy of the Distribution Agreement is available for inspection at all times during usual business hours at the offices of the Investment Manager.

### ***The Distributor***

The Distributor is ANSA Merchant Bank Limited, a corporation, which is licensed under the Financial Institutions Act, 1993 inter alia as a Unit Trust.

The Distributor is responsible for the marketing, distribution, placement and sale of the Units of the Fund to eligible investors. The Distributor is also responsible for providing the following to each interested and eligible investor:

- (i) A copy of the Prospectus (free of charge);
- (ii) The most recent audited statement of the net assets of the Fund;
- (iii) An opportunity to ask question of, and receive answers from, the authorised representatives of the Distributor concerning the placement of Units.

The Distributor will also make copies of all material organisation documents of the Fund (including the Trust Deed, the Investment Management Agreement, the Administration Agreement and the Distribution Agreement) available for inspection by prospective investors and Unitholders free of charge during normal business hours at the offices where it offers the Units for sale.

The fees payable to the Distributor are detailed below in the section entitled "Fees".

### **MODIFICATION OF TERMS OF TRUST DEED**

The Trustee is not entitled to any of the following modifications to the Fund without first obtaining the necessary approvals:

- a) A change in the Investment Objective without the approval of the Sponsor and the Unitholders;
- b) A change in the Auditors without the approval of the Sponsor and the Unitholders;
- c) A change in the methodology used to calculate the Net Asset Value per Unit of the Fund without the approval of the Sponsor, the Investment Manager and the Unitholders;
- d) Increase the fees or expenses charged to the Fund, including, but not limited to, an increase in fees payable to the Trustee, Investment Manager, Fund Administrator or Distributor without the approval of the Sponsor and the Unitholders;

- e) Change the name of the Fund without the approval of the Sponsor;
- f) Change the jurisdiction in which the Fund is situated without the approval of the Sponsor and the Unitholders.

## **SEGREGATION OF CASH**

The Investment Management Agreement, the Administration Agreement and the Distribution Agreement all provide that cash received by the Investment Manager, the Fund Administrator or the Distributor for the investment in, or on the redemption of, Units in the Fund, or on the distribution of the assets of the Fund as the case may be:

- a) Accounted for separately and be deposited in a trust account or trust accounts established and maintained in accordance with the requirements of the said Agreements; and
- b) Accounted only with cash received by the Investment Manager, Fund Administrator or Distributor as the case may be for the sale, or on the redemption of, securities of other collective investment schemes.

## **UNITHOLDERS RIGHT TO VOTE**

The holders of Units in the Fund have the right to vote with respect to certain matters related to the Fund. Voting by Unitholders takes place at meetings which may be convened annually by the Trustee or which may be called by the Trustee at the request of a Unitholder or Unitholders holding not less than 25% of the outstanding Units of the Fund. All expenses incurred by the Trustee in connection with the holding of meetings are charged against the assets of the Fund.

At Unitholder meetings, Unitholders are entitled inter alia, to:

- (i) Require the removal of the Trustee and/or approve the appointment of a new Trustee under clause 22 of the Trust Deed; and
- (ii) To sanction any modification, alteration or addition to the provisions of the Trust Deed which is proposed by the Trustee and the Sponsor under clause 30 of the Trust Deed (see the previous section of this Prospectus entitled “Modifications of Terms of Trust Deed”) unless the Trustee and the Sponsor certify in writing that they are of the opinion that (a) the modification does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of

expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory or official requirement; or (c) is made to correct a manifest error.

Unitholders may attend and vote in person or may vote by proxy. A proxy need not be a Unitholder. The instrument of proxy may be in any usual or common form or in any other form, which the Trustee approves and must be in writing under the hand of the appointer or his attorney or if the appointer is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.

## **PURCHASE OF UNITS AND DISTRIBUTIONS**

### **Subscription for Units**

Units in the Fund will initially be offered at **\$1,000** per Unit during the Initial Period (being the period from the date of execution of the Trust Deed to 21st October, 2005 or such later date as the Trustee in its sole discretion may determine (the "Closing Date") and thereafter Units may be offered for sale at the Net Asset Value per Unit calculated on the business day prior to the date of the purchase. Subject to the Trustee determining otherwise, the minimum initial investment in Units by an investor will be **\$50,000** and thereafter, the minimum amount of an additional investment by a Unitholder in Units, will be **\$5,000** save and except in the instances of the re-investment of any distributions payable. Completed Purchase Application Forms must be received by the Trustee (or its duly authorised agent) by no later than 11 a.m. on the date of purchase of the units.

### **Change of Information on Purchase Application Form**

If any of the information of a Unitholder contained in his Purchase Application Form, including his name or address, is changed, it is the Unitholder's responsibility to inform the Fund Administrator of this in writing as soon as the change occurs.

### **Payment for Units**

Units will only be issued for immediately cleared funds in the lawful currency of Trinidad and Tobago, which must be received with the relevant Purchase Application Form.

### **Rejection of Application to Purchase Units**

The Trustee may in its discretion reject any application to purchase Units. Such decision must however be made within one day after receipt of the application. If an application is rejected, all money received with the application will be returned immediately. Due to the lack of an active primary and secondary market for debt securities in Trinidad and the wider Caribbean, and in order to protect existing Unitholders, the Fund reserves the right to restrict new

investment into the Fund until such time as new potential investments become available or existing Unitholders redeem their shares. In such cases, the Fund will accept subscriptions from potential investors on a “1st come/ 1st served” basis, in the exact order in which they are received.

There is provision for fractional Units.

### **Income and Distributions**

The Trustee will make distributions out of the net income of the Fund. The net income received by the Fund is the total income generated from the Fund’s portfolio less fees and expenses (equation 1).

#### **Equation 1: Net Income = Total Income – Total Expenses**

**Total Income -** is equal to the sum of interest, dividends and any net gains/(losses) on the disposal of investments.

**Total Expenses-** is equal to the sum of management fees, administrative expenses and audit fees.

#### **Equation 2: Actual Return = $\frac{\text{Total Distribution}}{\text{Unit Price}}$**

**Total Distribution-** is the sum of the daily income awarded to Unitholders.

**Unit Price-** TT\$1,000

Distribution will be calculated and accrued to the investor daily and distributed quarterly (see options 1 & 2). Units will accrue entitlement to distributions as long as they are issued and not redeemed. Calculation of distributions will be up to but not include a Redemption Date.

### **Option 1: Reinvestment of Income**

<b>Date</b>	<b>Transaction</b>	<b>Amount \$</b>	<b>Balance \$</b>	<b>No. of Units</b>	<b>Rate</b>
January 1 <sup>st</sup> 2006	Purchase	100,000	100,000	100	6.00%
March 31 <sup>st</sup> 2006	Distribution	1,500	101,500	101.5	6.00%
June 30 <sup>th</sup> 2006	Distribution	1,522	103,022	103.022	6.00%
September 30 <sup>th</sup> 2006	Distribution	1,545	104,567	104.567	6.00%
December 31 <sup>st</sup> 2006	Distribution	1,568	106,135	106.135	6.00%
<b>Total</b>			<b>\$106,135</b>	<b>106.135</b>	

## Option 2: Payout of Income

Date	Transaction	Amount \$	Balance \$	No. of Units	Rate
January 1 <sup>st</sup> 2006	Purchase	100,000	100,000	100	6.00%
March 31 <sup>st</sup> 2006	Distribution	1,500	100,000	100	6.00%
June 30 <sup>th</sup> 2006	Distribution	1,500	100,000	100	6.00%
September 30 <sup>th</sup> 2006	Distribution	1,500	100,000	100	6.00%
December 31 <sup>st</sup> 2006	Distribution	1,500	100,000	100	6.00%
<b>Total</b>			<b>\$100,000</b>	<b>100</b>	

Unless a Unitholder indicates on his application form when he purchases his Units, his preference for the handling of distributions payable to him, the Fund will automatically reinvest all distributions in additional Units in the Fund.

If a Unitholder elects to receive distributions by cheque and the cheque is returned as undeliverable, or if the cheque is not cashed within 6 months of its date, the distribution, and all subsequent distributions, will be reinvested in additional Units in the Fund.

If a Unitholder wishes to change the way his distributions are handled, he must notify the Fund Administrator of this in writing.

### Statement of Units held

No certificates will be issued in respect of Units registered in the holder's name and the Unit Register kept by the Fund Administrator, as registrar of the Fund, will be conclusive evidence of the persons entitled to the Units entered therein. Quarterly statements will be sent to Unitholders stating: the number of Units held at the beginning of the period to which the statement relates, interest accrued during the period, details of any transactions (purchases, redemptions or transfers), information on distributions made (cash or Units), number of Units held as at end of period, Net Asset Value per Unit and the dollar value of Units held.

### Determination of Net Asset Value per Unit

After expiration of the Initial Period, the subscription price of each Unit will be the Net Asset Value per Unit. It is the objective of the Fund to maintain a price of \$1,000 per Unit. The assets of the Fund are valued at the close of business on each business day in order to determine the Net Asset Value of the Fund (being the value of the Fund's total assets minus its total liabilities including provision for accrued fees and expenses). The Net Asset Value per Unit will be calculated on each business day or such other day or days as the Trustee may determine by dividing the Net Asset Value of the Fund by the total number of Units outstanding on a relevant Valuation Date. The Net Asset Value per Unit as at the end of each quarter will be published quarterly. The Net Asset Value per Unit calculated as at any other Valuation Date will be available to any Unitholder upon request.

The Trustee may suspend the determination of Net Asset Value and, accordingly, the issue and repurchase of Units in the Fund during:

- (a) Any period in which there is a suspension of trading of the Investments or other property of the Fund; and
- (b) While circumstances exist as a result of which in the opinion of the Trustee on the advice of the Investment Manager it is not reasonably practicable to realise any Investments or other property held or contracted for the account of the Fund or to determine fairly the Net Asset Value of the Fund; and
- (c) During any other period permitted by order of the Securities and Exchange Commission for protection of investors.

Unitholders who have submitted Redemption Forms will be notified of any such suspension as soon as may be practicable after such suspension and those who have not withdrawn their Redemption Forms during the period of such suspension will be promptly notified upon termination of such suspension.

### **Valuation of the Fund**

Equities, bonds and other debt obligations, which are listed on a stock exchange or traded on an over-the-counter market, shall be valued at the last available sale price or the average of the last bid and offer prices for the valuation period. Unlisted equities, bonds and other debt obligations will be valued based on prices provided by an accepted pricing service to reflect fair market value. Assets not priced in these ways may be valued at cost. All other assets, which have no quoted market price, shall be valued on the basis of such price quotation as the Investment Manager determines best reflects their fair value.

### **Redemption**

Redemption of Units will be executed on each Business Day. To execute Redemption of Units, Unitholders must submit Redemption Forms, which must be received by the Trustee (or its duly authorised agent) by no later than 11 a.m. on the relevant Redemption Date. Units will be redeemed at the Redemption Price less any stamp duty or taxation leviable thereon on the relevant Redemption Date. The Redemption Price will be the Net Asset Value per Unit on the Valuation Date immediately preceding the Redemption Date in respect of which such price is being calculated. Remittance of Redemption Proceeds will be executed on the relevant Redemption Date. There is no limit as to the number of units that can be redeemed at any one time. In the event that the Unitholders holdings in the fund falls below the minimum requirement of \$50,000, the trustee has the discretion to redeem the Units and to remit the balance to the Unit Holder in accordance with Clause 8(D) of the Trust Deed.

The redemption of Units may be suspended in the circumstances detailed in the section above entitled “Determination of Net Asset Value per Unit”.

The executor or administrators of the estate of a deceased Unitholder who was a sole Unitholder or was the sole survivor of joint Unitholders shall be the only Persons recognised by the Trustee as having title to the Units represented thereby PROVIDED ALWAYS that without further enquiry the Trustee may rely on documents which in its sole discretion appear to validly appoint such executors or administrators.

### **Mandatory Redemption**

If it shall come to the attention of the Trustee that Units are held by any person who is determined by the Trustee to be an inappropriate person to hold Units, as detailed in the Trust Deed, or that Units were acquired or are held by any person in breach of the laws or requirements of any country or governmental authority, then the Trustee shall utilize procedures contained in the Trust Deed Clause 8(E) to compulsorily redeem such Units.

### **Restrictions on Transfers**

Units may be transferred only to persons who are not prohibited from holding Units under the terms of the Trust Deed. The transferee will be required to represent to the Trustee’s satisfaction that it is acquiring the Units for investment on its own account and that it is not disqualified from holding Units pursuant to the terms of the Trust Deed. A transfer of Units must be by way of Transfer Form and no such transfer will be effective and binding on the Trustee until entered in the Register.

Subject to a resultant holding of Units by the transferee after the proposed transfer, of which the current value shall be not less than \$50,000, no Transfer Form shall relate to Units of a then current aggregate value of less than \$50,000 unless such Transfer Form relates to all Units registered in the name of the transferor.

In the event that the number of Units held by the transferor after the proposed transfer falls below the minimum requirement of \$50,000, the trustee has the discretion to redeem the remaining Units held by the transferor in accordance with Clause 6(G) of the Trust Deed.

## **LIMITATIONS ON LIABILITY AND INDEMNITY**

### **The Trustee**

The Trust Deed limits the liability of the Trustee in certain respects. It provides inter alia, that subject to the Trustee’s obligation to exercise the care, diligence and skill of a reasonably prudent person (see the section above entitled ‘The Trustee’):

- (i) The Trustee shall not be liable for any loss occasioned by acting in good faith in reliance on advice or information obtained from the Investment Manager or from any bankers, accountants, property advisors, brokers, lawyers, agents or other persons acting as agents or advisors of either the Trustee or the Investment Manager;
- (ii) The Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of the Investment Manager or of any such banker, accountant, broker, lawyer, agent or other person as aforesaid of the Trustee or the Investment Manager;
- (iii) When the Trustee is required by the provisions of the Trust Deed to act in consultation with the Investment Manager or the Fund Administrator, the Trustee shall not incur liability for any loss arising from any action so taken;
- (iv) Neither the Trustee nor any person appointed by the Trustee to calculate the Net Asset Value and the Net Asset Value per Unit, shall be responsible for, or under any duty to perform, any investigation as to the completeness, accuracy or sufficiency of any information provided to them by any pricing service in accordance with the Trust Deed and neither of them shall be responsible to any Unitholder or any person whatsoever as a result of reliance upon such information and pricing services.

The Trust Deed also indemnifies the Trustee, inter alia as follows:

- (i) The Trustee, its directors, officers, servants and agents shall be indemnified out of the assets of the Fund against any actions, costs, claims, damages, expenses, demands or other liability incurred by them in connection with the proper exercise or performance of their powers and duties under the Trust Deed;
- (ii) Subject as provided in the Trust Deed, the Trustee is entitled for the purpose of indemnity against action, costs, claims, damages, expenses or demands to which it may be put as trustee to have recourse to the assets of the Fund or any part thereof.



## **The Investment Manager**

The Investment Management Agreement limits the liability of the Investment Manager in certain respects. It provides as follows:

- (i) The Investment Manager shall not incur any liability in respect of any action taken or thing suffered by it in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other document of title, or other paper or document reasonably believed to be genuine and reasonably believed to have been passed, sealed or signed by the proper parties;
- (ii) The Investment Manager shall not be liable for any loss occasioned by acting in good faith in reliance on advice or information obtained from any bankers, accountants, property advisors, brokers, lawyers, agents or other persons acting as agents or advisors of either the Trustee or the Investment Manager;
- (iii) The Investment Manager shall not be responsible to any Unitholder or any person whatsoever as a result of its reliance upon any pricing information provided to it, the Trustee or the Fund Administrator by any person in accordance with the Trust Deed.

The Investment Management Agreement also indemnifies the Investment Manager inter alia as follows:

- (i) The Investment Manager, its directors, offices, servants and agents shall be indemnified out of the assets of the Fund against any actions, costs, claims, damages, expenses, demands or other liability incurred by them in connection with the proper exercise or performance of their powers and duties under the Investment Management Agreement;
- (ii) Subject as provided in the Investment Management Agreement, the Investment Manager shall be entitled for the purpose of indemnity against actions, costs, claims, damages, expenses or demands to which it may be put as investment manager, to have recourse to the assets of the Fund or any part thereof.

## **The Fund Administrator**

The Administration Agreement limits the liability of the Fund Administrator in certain respects. It provides as follows:

- (i) The Fund Administrator shall not be responsible for determining

the authenticity of any signature on or any seal affixed to any Transfer Form, Purchase Application Form, Redemption Form, notice of change of information or other document affecting the title to or transmission of Units; or to be in any way liable for any forged or unauthorised signature on or seal affixed to such form; or other document or for acting on or giving effect to any such forged or unauthorised signature or seal;

- (ii) The Fund Administrator shall not be liable for any loss occasioned by acting in good faith in reliance on advice or information obtained from any bankers, accountants, property advisors, brokers, lawyers, agents or other persons acting as agents or advisors of either the Trustee or the Fund Administrator.
- (iii) Neither the Fund Administrator nor any person appointed by the Fund Administrator to calculate the Net Asset Value and the Net Asset Value per Unit, shall be responsible for, or under any duty to perform, any investigation as to the completeness, accuracy or sufficiency of any information provided to them by any pricing service in accordance with the Trust Deed or the Administration Agreement and neither of them shall be responsible to any Unitholder or any person whatsoever as a result of reliance upon such information and pricing services.

The Administration Agreement also indemnifies the Fund Administrator inter alia as follows:

- (i) The Fund Administrator, its directors, offices, servants and agents shall be indemnified out of the assets of the Fund against any actions, costs, claims, damages, expenses, demands or other liability incurred by them in connection with the proper exercise or performance of their powers and duties under the Administration Agreement;
- (ii) Subject as provided in the Administration Agreement, the Fund Administrator shall be entitled for the purpose of indemnity against actions, costs, claims, damages, expenses or demands to which it may be put as investment manager, to have recourse to the assets of the Fund or any part thereof.

## **UNITHOLDER LIABILITY**

The Trust Deed disclaims Unitholder liability for acts or obligations of the Fund and the Trustee and provides for indemnification out of the Fund's property for all loss and expense of any Unitholder held personally liable for the obligations of the Fund.

## TERMINATION OF FUND

The Fund shall continue until terminated by one of the following ways:

- a) The Fund will be terminated automatically if either:
  - (i) All of the Units comprising the Fund are redeemed; or
  - (ii) The Trustee retires and no new trustee is appointed; or
  - (iii) The Investment Manager resigns or is removed and no new Investment Manager is appointed within 90 days of the resignation or removal; or
  - (iv) Perpetuity Period expires. The Perpetuity Period will expire at the end of the period of 21 years from the date of the death of the last survivor of all the descendants, male and female, of Her Majesty Queen Elizabeth II living on the date of execution of the Trust Deed.
- b) The Fund may also be terminated at any time by the affirmative vote of a majority of the Fund's outstanding voting Units.
- c) The Fund may also be terminated by the Sponsor at any time on 6 months' notice to the Trustee and the Unitholders if:
  - (i) In the judgment of the Sponsor the remaining investment opportunities of the Fund will not be sufficient to achieve the Investment Objective; or
  - (ii) 50% or more of the Units of the Fund are redeemed by Unitholders within the one-month period prior to the Sponsor's termination notice; or
  - (iii) If the Investment Manager or the Fund Administrator is removed by the Trustee or the Unitholders; or
  - (iv) If the Investment Manager or the Fund Administrator resign without a new Investment Manager or Fund Administrator being appointed in their place.

In order to effect such termination the Trustee with the advice of the Investment Manager will liquidate the assets of the Fund. After payment of all debts and liabilities of the Fund and all fees and expenses of the Trust, the net proceeds of such liquidation will be distributed, to the extent not distributed prior thereto, on the thirtieth Business Day following termination of the Fund pro rata to the Unitholders of record on the date of termination of the Fund. If there is no Trustee at the time of such termination, the above obligations will be carried out by the Sponsor.

## **TAX CONSIDERATIONS**

With respect to dividends which are derived locally no income tax is payable by residents of Trinidad and Tobago. However, withholding tax is payable by non-residents at the rate of 20% on interest and 15% on dividends. These rates may be reduced where there is in force a double taxation treaty between Trinidad and Tobago and the Unitholder's country of residence. Prospective purchasers of Units should consult their own tax advisers as to the taxes applicable to the acquisition, income on, or disposition of Units under the laws of the countries of their respective citizenship, residence or domicile.

## **INSPECTION OF FINANCIAL STATEMENTS**

The Fund's annual financial statements will be made up to 31st December in each year beginning in 2005. Annual audited financial statements of the Fund will be published in the newspapers.

The Trustee shall publish or shall cause to be published in one or more daily newspapers in Trinidad and Tobago and such other newspapers and publications as the Trustee may determine at least once every six months, a statement of assets and liabilities and a statement of net income, of the Fund.

Copies of the Annual Report of the Sponsor may be inspected at the registered office of the Trustee and of the Sponsor and/or at such other offices as the Trustee may from time to time determine and notify to Unitholders and prospective Unitholders.

## **FEES**

### **Trustee**

The Trustee shall be paid from the assets of the Fund a fee which shall not exceed an annual rate of 0.20% on the average Net Asset Value and such fee shall, subject to a minimum annual fee of TT\$10,000.00 exclusive of VAT. Such fee shall, in respect of the year in which the Fund is terminated, be pro-rated on the basis of the number of days remaining in such year from and including the termination date of the Fund and the number of days in the relevant year. The fees payable to the Trustee may be changed with the affirmative vote of a majority of the Fund's outstanding Units.

### **Investment Manager**

The Investment Manager shall be paid from the assets of the Fund a quarterly fee, calculated on the basis of the average Net Asset Value in that quarter pro-rated where necessary on the basis of number of days remaining or elapsed

in the quarter, according to an annual rate not to exceed 2.50% on the average Net Asset Value of the Fund. The Investment Manager will be reimbursed all reasonable out-of-pocket expenses incurred in the performance of its duties as Investment Manager. The fees payable to the Investment Manager may be increased with the affirmative vote of a majority of the Fund's outstanding Units.

### **Fund Administrator**

The Fund Administrator shall be paid out of the assets of the Fund a quarterly fee, calculated on the basis of the average Net Asset Value in that quarter, prorated where necessary on the basis of the number of days remaining or elapsed in the quarter, according to an annual rate not to exceed 2.00% on the average Net Asset Value of the Fund. The Fund Administrator will also be reimbursed all reasonable out-of-pocket expenses incurred by it in the performance of the Fund Administrator's duties. The fees payable to the Fund Administrator may be increased with the affirmative vote of a majority of the Fund's outstanding Units.

### **Distributor**

The Distributor shall be paid out of the assets of the Fund a quarterly fee, calculated on the basis of the average Net Asset Value in that quarter, prorated where necessary on the basis of the number of days remaining or elapsed in the quarter according to an annual rate not to exceed 1.00% on the average Net Asset Value of the Fund. The Distributor will also be reimbursed all reasonable out-of-pocket expenses incurred by it in the performance of the Fund Administrator's duties. The fees payable to the Distributor may be increased with the affirmative vote of a majority of the Fund's outstanding Units.

## **EXPENSES**

All fees and expenses charged directly or indirectly to the Fund must be for amounts reasonably incurred in connection with the administration of the Fund. In addition, none of the fees and expenses for the formation or initial organisation of the Fund or the preparation and filing of this initial Prospectus will be charged directly or indirectly to the Fund or the Unitholders.

Subject to the preceding paragraph, the following is a summary of the expenses that may be charged to the assets of the Fund. The Trust Deed contains at clause 18, a detailed list of all of the expenses, which may be charged to the Fund: -

- a) All stamp and other duties, taxes, governmental charges, brokerages, placement fees, commissions, bank charges, transfer fees and expenses and all other such administrative expenses incidental to the operation of the Fund;

- b) The fees and expenses of the Auditors;
- c) The wire transfer, bank draft charges and any other charge incurred in effecting payment of any distributions from the Fund;
- d) All legal charges and out-of-pocket expenses incurred by the Trustee wholly and exclusively in the performance of its duties including legal fees incurred in initiating and defending any action on behalf of the Fund;
- e) Expenses incurred by the Trustee in offering the Units for subscription;
- f) The expense of preparing deeds supplemental to the deeds referred to in this Prospectus and of amending this Prospectus;
- g) The expense of holding meetings of Unitholders;
- h) The expense of maintaining the Fund Register;
- i) All other miscellaneous costs, fees and expenses with respect to the Fund and its assets including the cost of preparing, printing and distributing statements, accounts and reports;
- j) The costs fees and expenses of any agent or delegate of the Trustee including the Investment Manager, the Fund Administrator and the Distributor.

# NOTES



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