

PROSPECTUS

IN TERMS OF SECTION 39(2)(b) OF THE SECURITIES ACT NO 9 OF 2010

AFRICAN ALLIANCE SWAZILAND COLLECTIVE INVESTMENT SCHEME

1. General

The African Alliance Swaziland Collective Investment Scheme (“the Scheme”) was established in June 1998. In accordance with the Securities Act No. 9 of 2010 and ancillary legislation, a new Scheme Trust Deed was approved and registered in September 2013.

The Scheme as a legal entity has therefore been in existence since 1998.

The Scheme was established as a collective investment scheme constituted as a trust and comprising the following unit portfolios, each established by Supplemental Trust Deed to the Scheme Trust Deed:

- (a) African Alliance Swaziland General Equity Fund
- (b) African Alliance Swaziland Umnotfo Fund
- (c) African Alliance Swaziland Liqcebesha Fund
- (d) African Alliance Swaziland Lilangeni Fund
- (e) African Alliance Swaziland Managed Fund
- (f) African Alliance Swaziland Offshore Fund
- (g) African Alliance Swaziland Portfolio Fund

collectively referred to as “the Funds”.

The Scheme Trust Deed, including Supplemental Deeds thereto, register of participants and any other periodic reports in respect of the Scheme, may be obtained at 2nd Floor, 2nd Floor, Nedbank Centre, Cnr Dr Sishayi & Sozisa Roads, Mbabane, Swaziland, the Scheme’s registered offices.

2. Disclaimer

The Scheme offered in this prospectus is an authorised collective investment scheme under the Securities Act No. 9 of 2010 (“the Act”). A copy of this prospectus has been lodged with and registered by the Registrar of Capital Markets. The Registrar assumes no responsibility for the contents of the prospectus. Registration of the prospectus by the Registrar does not imply that the Act, or any other legal or regulatory requirements have been complied with. The Registrar has not, in any way, considered the investment merits of the collective investment scheme.

This Prospectus cannot be used for the purpose of offering and promoting sales in any country or in any circumstances where such offers or promotions are not authorised under current local laws.

3. The Manager

The Manager of the Scheme is African Alliance Swaziland Management Company Limited, incorporated on 25 May 1998 under registration number 303 of 1998, with registered office address at 2nd Floor, Nedbank Centre, Cnr Dr Sishayi & Sozisa Roads, Mbabane, Swaziland.

The Manager is a licenced investment adviser with the Financial Services Regulatory Authority in terms of the Act.

The Manager has managed the African Alliance Swaziland Unit Trust Scheme since June 1998.

4. The Trustee

The trustee and custodian of the Scheme is Nedbank Swaziland Limited, incorporated in Swaziland under registration number 39 of 1974. Its principal business is corporate and retail banking, taking deposits and making advances, custodial, trustee and related financial services.

The trustee/custodian has all the powers necessary to protect the interests of investor in terms of the Act and the Guidelines and this Trust Deed and has, save as otherwise provided in this Trust Deed, the powers necessary to exercise due diligence and vigilance in carrying out its functions and duties.

The assets of a portfolio must be registered either in the name of the trustee/custodian or with the written consent of the Registrar in the name of a nominee company of the trustee/custodian.

5. Auditor

The Scheme's auditor is KPMG.

6. Structure of the Scheme

The Scheme is established as a collective investment scheme constituted as a trust and comprising unit portfolios, each established by Supplemental Trust Deed to the Scheme Trust Deed.

The object of the Scheme is to establish one or more separate portfolios in which investors can obtain participatory interests in diversified assets of local or foreign origin.

7. Investment Objectives, Focus and Approach

- (a) The African Alliance Swaziland General Equity Fund's ("AASGEF") primary investment objective is to provide investors with growth in both capital value and income over the medium and long terms by constructing a portfolio comprising a broad range of equities listed on securities exchanges, primarily in the Republic of South Africa but also in the Kingdom of Swaziland and other countries to the extent permitted by the Registrar. In order to achieve this objective, the investments that will normally be held in the portfolio will comprise equities, debt instruments convertible into equity, options and warrants on equities, as well as liquid assets, all to be acquired at fair market prices. Such instruments may be held directly by the portfolio or indirectly by means of other similar investment vehicle or vehicles holding such investments.

- (b) African Alliance Umnotfo Fund (“AAUF”) primary investment objective is to preserve capital over the medium term whilst providing consistent income generation within moderate risk parameters by investing in a diversified portfolio of domestic, longer term debt securities. The portfolio will normally consist of both secured and unsecured, listed and unlisted, corporate and government bonds, debentures, medium term notes and bills of exchange. Apart from the aforementioned securities, the portfolio may also consist of assets in liquid form, short-term deposits and participatory interests in collective investment schemes.
- (c) African Alliance Swaziland Liqcebesha Fund’s (“AASLF”), primary investment objective is to seek long-term growth of capital and income by investing primarily in the listed securities of issuers in Swaziland. In order to achieve this objective the investments that will normally be held in the portfolio may comprise shares, stock, preference shares, debentures, debenture stock, debenture bonds, securities issued by any organ of government, unsecured notes and unsecured debenture stock, whether or not they have inherent option rights or are convertible, and derivatives other than derivatives originating from the Manager or the Trustee, as well as liquid assets, all to be acquired at fair market prices. The weightings of different asset classes and different securities will be adapted in order to create a balanced fund aimed at achieving the best risk-adjusted returns. Such investments may be held directly by the portfolio or indirectly by means of other similar investment vehicle or vehicles holding such investments.
- (d) African Alliance Swaziland Lilangeni Fund’s (“AASLIF”), primary investment objective is to maximise current income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing in a diversified portfolio of high quality money market securities and /or money market funds in the Common Monetary Area. The portfolio will normally consist of cash and money market instruments, but may also invest in other similar money market funds, loans, interest rate swaps, adjustable rate securities, repurchase agreements, short-dated bonds, government securities and other short term instruments which the Manager believes to be of appropriate credit quality and which are consistent with the investment objectives of the portfolio. Investors from outside the Common Monetary Area should be aware that their investment in the portfolio will create a foreign exchange exposure and the value of their investment in terms of their own currency may be depleted significantly as a result.
- (e) African Alliance Swaziland Managed Fund (“AASMF”), primary investment objective is to achieve an investment medium for investors which shall have as its primary objectives steady growth of income and capital, a reasonable level of current income and the maximum stability for capital invested. To achieve this objective, the Manager will acquire securities in the portfolio consisting of financially sound ordinary shares and fixed income securities embracing approved securities, stock, debenture bonds and unsecured notes and derivatives, all to be acquired at fair market prices.
- (f) African Alliance Swaziland Offshore Fund (“AASOF”), primary investment objective is to provide a medium whereby investors can obtain undivided units in a globally diversified portfolio of securities outside Swaziland. In selecting securities for the portfolio, the Manager shall seek to achieve an investment medium for investors which shall maximise investment returns given the unique investment objective and the associated level of risk. To achieve this objective, the Manager shall be entitled, subject to the provisions of the Trust Deed, to: (i)

Issue a defined number of units in an offshore portfolio established in terms of this Supplemental Deed; (ii) Establish different offshore portfolios in order to provide investors with investment opportunities in more than one group of securities, each having a unique investment objective; (iii) Acquire securities at fair market prices; (iv) Include securities which are calculated or intended to achieve stable returns of capital and income; and (v) Invest principally in the equities, bonds, cash and property in Developed Economies, which investment may be made through another fund or unit trust.

(g) African Alliance Swaziland Portfolio Fund (“AASPF”) primary investment objective is to achieve an investment medium for investors which shall have as its primary objectives steady growth of income and capital, a reasonable level of current income and the maximum stability for capital invested. To achieve this objective, the Manager will acquire securities at fair market prices.

8. Fees and Charges

The Manager is entitled by way of remuneration to cover expenses and fees in performing its obligations and to pay the remuneration to the Trustee and the Trustee’s disbursements and the Auditor’s fees and expenses. The Manager’s remuneration shall take place in the form of an initial Manager’s charge and a periodical service charge.

Manager’s Charge: The charge applicable to the portfolio in relation to a participatory interest in respect of different classes of participatory interests, means that portion of the consideration received from an investor which represents the Manager’s charge in respect of expenditure incurred and administration performed by it in connection with the creation, issue, selling, repurchase or cancellation of such participatory interest. The Manager’s charge shall be included in the made-up price of a unit and shall not exceed those in the table below.

Service Charge: The periodical charge, applicable to a class of participatory interests, shall be calculated daily at rates not exceeding those in the table below or as agreed with investors in writing, to remunerate the Manager for the administration of the portfolio.

Nothing shall preclude the Manager from reducing the Manager’s charge in respect of certain investments in a portfolio, applying a scale of charges to varying sizes of investments or varying the charge for conversions of units from one portfolio to another within the Scheme created by this Trust Deed. The Manager’s charge may be used in part to remunerate introducers, in their capacity as authorised agents, introducing business to the portfolio.

| Fund | Managers Charge Percentage per annum | | Service Charge Percentage per annum | |
|---------|---|---------------------------------|--|---------------------------------|
| | Class A participatory interests | Class A participatory interests | Class A participatory interests | Class B participatory interests |
| AASGEF | 5% | 2% | 2% | 0% |
| AASLF | 5% | 2% | 2% | 0% |
| AASMF | 5% | 2% | 2% | 0% |
| AASLiIF | Nil | 2% | 2% | Nil |

| | | | | |
|-------|----|----|----|----|
| AASOF | 5% | 2% | 2% | 0% |
| AASPF | 5% | 2% | 2% | 0% |
| AAUF | 5% | 2% | 2% | 0% |

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

- (a) charges payable on the buying and selling of assets for the portfolio such as brokerage or stamp duties;
- (b) auditors' fees, bank charges, trustee and custodian fees and other levies or taxes;
- (c) share creation fees payable to the Registrar of Companies for the creation of authorised capital;
- (d) any costs incurred as a result of a CIS being listed in a securities exchange, if applicable.

9. Risks

Potential investors are advised to obtain information for themselves and to take professional advice so that they are fully informed of the possible legal, administrative or tax consequences and the possible effects of foreign exchange restrictions, controls or operations which might be required in connection with the subscription, purchase, holding, redemption, conversion and sale of units under the laws in force in their countries of residence, domicile or establishment.

The investments of the Funds are subject to normal market fluctuations and other risks inherent in investing in securities. The value of investments and the income from them, and therefore the value of, and income from, units relating to each Fund can go down as well as up and an investor may not get back the amount he or she invests. An investor who sells his units after a short period may, not realise the amount originally invested. Accordingly, because at any one time there may be a difference between the sale and purchase price of units any investment in the Scheme should be viewed as medium to long term.

In respect of the African Alliance Swaziland Lilangeni Fund:

- the purchase of a unit in the money market fund is not the same as placing funds on deposit with a bank or deposit-taking company; although the Manager may seek to maintain or preserve the principal value of the money market fund, there can be no assurance that the fund will be able to meet this objective; and
- the money market fund is not a guaranteed fund, in that there is no guarantee as to the amount of capital invested or return received

Prospective investors are encouraged to consider any other risks, which may be relevant to them, and to seek professional advice.

As funds domiciled in Swaziland, the Funds fall under the tax laws of Swaziland. Apart from the African Alliance Swaziland Umnotfo Fund, all income is distributed, and the Funds themselves do not therefore attract any income taxes. Investors are cautioned that their particular tax position will depend on a number of circumstances and that it may be desirable to consult a suitably qualified advisor.

10. Subscription of Units

Net Asset Value: Unless participatory interests are offered at a fixed price, the net asset value price per participatory interest is calculated on the date on which any participatory interest is issued or the previous date, whichever is consistently applied, according to the formula –

$$\frac{A + B + C}{D}$$

Where:

A = the aggregate market value of the assets in the portfolio, excluding the income accruals and payments referred to in B, on the last valuation point determined by the Manager on the last pricing date, which valuation point may not be more than 24 hours prior to or after such date, excluding weekends and public holidays;

B = the aggregate of all income accruals and payments received in lieu of income accruals from the creation of new participatory interests in the portfolio, during the relevant accounting period up to the said date, but excluding:

- (i) Any part of those income accruals and payments in lieu of income accruals, set aside at the last preceding distribution date for distribution, but not yet distributed in respect of the accounting period which ended on the day prior to that last ex distribution date; and
- (ii) Such further amount, out of those income accruals and payments in lieu of income accruals, as in the opinion of the Manager represents a fair proportion, at the pricing date, of the permissible deductions for the relevant accounting period;

C = compulsory charges; and

D = the total number of participatory interests in issue in the portfolio on the pricing date.

Minimum number of units: The minimum number of units that may be purchased by any person in the unit portfolios are as follows:

| Fund | Value of minimum number of units that may be purchased | Lump sum investment per month | Minimum number of units to be held |
|---------|--|-------------------------------|------------------------------------|
| AASGEF | E 10,000 | E 200 | E 1,000 |
| AASUF | E 100 000 | E 100 000 | E 100 000 |
| AASLF | E 10,000 | E 200 | E 1,000 |
| AASMF | E 10,000 | E 200 | E 1,000 |
| AASLiIF | E 50,000 | E 200 | E 1,000 |
| AASOF | E 50,000 | E 200 | E 500 |

| | | | |
|-------|----------|------|--------|
| AASPF | E 50,000 | E200 | E1,000 |
|-------|----------|------|--------|

An investor may be requested to redeem the remainder of his units if his participatory interest falls below the required minimum.

Dealing and Valuation days: Unless participatory interests are offered at a fixed price, participatory interests in the portfolio can be sold, issued, repurchased or cancelled on any business day at the net asset value per unit, which price shall be calculated at the close of business on that business day.

A numerical example of how units are allocated to an investor in terms of the Scheme Trust Deed:

| | |
|--------------------------|---|
| Formula applied | $\text{Investment} / (\text{NAV} * (1 + \text{Spread})) = \text{Number of units}$ |
| Example: | |
| Investment | E1,000 |
| Net Asset Value per unit | E1.00 |
| Bid/Offer spread | 2% |
| Calculation | $E1,000 / (E1.00 * (1 + 2\%)) = 980.3922 \text{ units}$ |

Certificate: When any participatory interest is created and sold, the Manager must issue, and the trustee/custodian countersign, a certificate representing the said participatory interest in the name of the investor entitled thereto, if so requested by the said investor. The trustee/custodian may not countersign any certificate unless it has received from the Manager payment for the participatory interests sold in the form of cash or assets in terms of the Act and this Trust Deed, together with all documents necessary to effect transfer of the participatory interests.

Minimum fund size: The initial and each additional portfolio must each have a minimum market value as determined by the Manager after consultation with the trustee/custodian and comprise assets or cash received or deemed to be received by the Manager. The Manager is responsible for the payment of all expenses (including permissible deductions) arising out of and relating to the formation of the initial and any additional portfolio.

Classes of units: Different classes are provided for to enable different fee categories.

11. Realization of Units

The Manager shall repurchase any number of participatory interests offered to it by an investor as determined in this Trust Deed.

No notice requiring the Manager to repurchase a participatory interest is valid unless the investor delivers to the Manager or its authorised agent, the certificate, if any, representing the participatory interests offered for repurchase or, at the option of the Manager, produced such evidence of his or her title to the participatory interest to be sold as the Manager may consider sufficient. The said notice must be accompanied by an instrument of transfer and such other necessary documents required in terms of the Trust Deed. If the repurchase price is not paid to the investor on delivery of the said documents to the Manager, the investor will be issued with a receipt for such documents.

Unless participatory interests are offered at a fixed price, the repurchase price per participatory interest payable by the Manager must be the net asset value amount determined at the time when the notice to repurchase a participatory interest was received by the Manager.

Payment in respect of an offer for the repurchase of a participatory interest must be made to the holder of such participatory interest within 14 days of the receipt of such offer.

For the purpose of enabling the Manager to repurchase participatory interests, the Manager must determine a point in time by when repurchase requests must be received for the purpose of determining a valuation point to be used for the pricing calculation on a pricing date, which valuation point may not be more than 24 hours prior to or after the time when repurchase requests must have been received. This time period may not be changed unless 30 days' prior written notice has been given to investors.

A numerical example of how proceeds of a realisation of units are paid to an investor in terms of the Scheme Trust Deed:

| | |
|--------------------------|---|
| Formula applied | $\text{Number of units} * (\text{NAV} * (1 - \text{Spread})) = \text{Realised value}$ |
| Example: | |
| Number of Units sold | 1,000 |
| Net Asset Value per unit | E1.00 |
| Bid/Offer spread | 2% |
| Calculation | $1,000 * (E1.00 * (1 - 2\%)) = E980.00$ |

12. Switching of Units

Every investor may transfer a participatory interest held by him or her by a written instrument in such form as the Manager may approve: Provided that no transfer may be registered if the registration thereof would result in the transferor or the transferee becoming the holder of a lesser number of participatory interests than is prescribed by the Manager. The instrument of transfer accompanied by such evidence as the Manager may require to prove the title of the transferor or his or her right to transfer the participatory interest (together with any necessary declarations or other documents) must be duly completed and executed by the transferor and (unless otherwise determined by the Manager) by the transferee, and must be lodged with the Manager, and within 14 days thereafter the Manager must register the transferee referred to in such instrument of transfer as an investor and must, if required, issue to such transferee a new certificate representing the participatory interest so transferred. The transferor remains entitled to the participatory interest to be transferred until the name of the transferee is entered in the register in respect thereof. No transfer or purported transfer of a participatory interest, other than a transfer made in accordance with this clause, entitles the transferee to be registered in respect thereof nor may any notice of such transfer or purported transfer be entered in the register. The Manager must retain all instruments of transfer.

13. Obtaining Prices of Units

The prices of all unit portfolio units are published daily in the Times of Swaziland, with the exception of the African Alliance Swaziland Lilangeni Fund which has a fixed unit price of E1.00 (one Emalangen) each.

14. Suspension of Dealings

A Manager, when it receives a request for repurchase of participatory interests, may, with the prior consent of the trustee/custodian of custodian; or must, without delay when the trustee/custodian or custodian so requires, suspend the basis of the repurchase of the relevant participatory interests, if the Manager or trustee/custodian is of the opinion that the circumstances referred to warrant the suspension in the interests of investors, the aggregate amount of requests from one or more investors on a particular business day is more than 5% of the market value of a portfolio of the Scheme as at close of business on the previous business day.

If the repurchase of a participatory interest is suspended, the Manager shall:

- (a) notify the investors concerned and the Registrar of such suspension stating the reason for the suspension and how it shall be dealt with; and
- (b) with the consent of the trustee/custodian, segregate a portion of the assets from the rest of the assets in the portfolio, on a basis equivalent to the value of the requests for repurchase.

The suspension of repurchase of such participatory interests shall cease as soon as practicable after the Manager is able to calculate a price and settle with the investors concerned, but in any event not later than 7 (seven) days from the commencement of the said suspension.

15. Performance of the Scheme

Information relating to the past performance of the Scheme is available from the Manager.

Past performance of the Scheme is not necessarily indicative of the future performance of the Scheme.

16. Soft Dollar Commissions / Arrangements

The Manager does not use soft dollars to pay any third party service providers. Standard brokerage commissions are paid exclusively to executing brokerage houses as a normal transaction fee. Other service providers are paid with hard dollars. The Manager takes the view that soft dollars belong to the client. As such, services are paid for with the Manager's funds, not client brokerage.

17. Conflicts of Interest

The Manager has a Conflict of Interests Policy in terms of which it will make every effort to avoid conflicts of interest in the conduct of its business.

In particular the conflicts of interest policy addresses the following areas:

- (a) The identification of, with reference to the Funds' activities carried out by or on behalf of the Manager, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the Manager, the entities under management or one or more other shareholders.

- (b) Procedures to be followed and measures to be adopted in order to manage such conflicts.

All business conducted with business units and service providers to the Scheme is conducted at an arms' length basis, thereby ensuring no conflict of interests.

18. Reports

The Manager shall, in respect of the Scheme:

- (a) maintain accounting records and prepare annual financial statements in conformity with International Financial Reporting Standards in terms of the Companies Act, 2009;
- (b) keep or cause to be kept such records for a period of at least 5 (five) years as from the date of last entry therein;
- (c) cause such records and annual financial statements to be audited, not later than 3 (three) months after the financial year-end of the Scheme, or such later date as the Registrar may allow, by the Scheme's auditor;
- (d) lodge with the Registrar, in the manner prescribed by the Registrar, copies of advertisements, brochures and pamphlets published by the Manager or by any of its authorised agents for the purpose of promoting the sale of participatory interests in the Scheme, and copies of every return or notice which the Manager is required to furnish to the Registrar of Companies under the Companies Act, 2009, or as amended from time to time.
- (e) transmit to every investor, and to the Registrar, an audited balance sheet and account of income and expenditure of the Scheme not more than 3 (three) months after the Scheme's year end on 30 April.
- (f) transmit to every investor, and to the Registrar, a report on the Scheme twice annually.
- (g) maintain copies of the balance sheet, accounts and statements available for inspection during ordinary office hours at the registered office of the Manager.
- (h) make available further information and explanations in connection with any balance sheet, account or statement as requested by the trustee/custodian or the auditor, and lodge such information with the Registrar within 30 (thirty) days of the receipt of a written request from the Registrar (or within such further period thereafter as the Registrar may allow).

19. Queries and Complaints

Queries or complaints may be made to:

Attention: Compliance Officer
African Alliance Swaziland Management Company Limited
2nd Floor, Nedbank Centre, Cnr Dr Sishayi & Sozisa Roads, Mbabane, Swaziland
P.O. Box 5727, Mbabane, H100

Tel: +268 2406 6000

In order for a complaint to receive the attention that it deserves, it is requested that an investor's complaint be submitted to the Manager in writing to the above address.

Please ensure that where the complaint is delivered by hand or by any other means, a proof of delivery is obtained and kept for the investor's records.

20. Other Material Information

The details contained in this Information Memorandum are an extract from the Trust Deed and other Fund documentation of the Manager.