



**KGORI CAPITAL**

INVEST WITH PRIDE

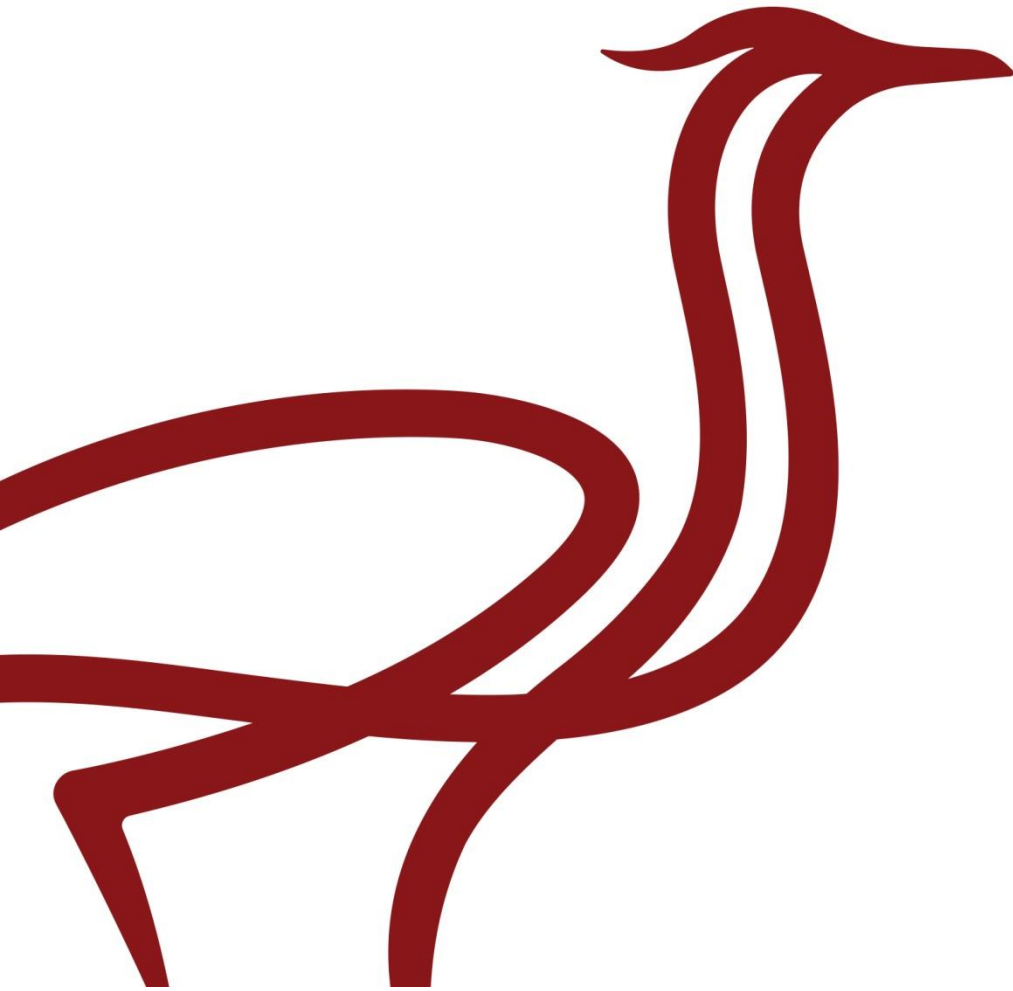
## **PROSPECTUS OF THE KGORI CAPITAL BALANCED FUND**

A unit portfolio of the First Light Multi Manager Management Company Collective Investment Undertaking, a trust authorised to operate as a Collective Investment Undertaking under the laws of Botswana

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# **PROSPECTUS**

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1. The **Kgori Capital Balanced Fund** is a unit portfolio established by Supplemental Trust Deed to the First Light Multi Manager Management Company Trust Deed under the laws of Botswana.
2. INVESTMENT OBJECTIVE: The investment objective of the Kgori Capital Balanced Fund (“the Fund”) is maximise long-term capital growth and income.
3. INVESTMENT STRATEGY: The fund actively invests in a diversified range of domestic and international asset classes such as domestic equities, domestic fixed income, domestic property, global equities, global fixed income, global property, and global derivatives. The fund is intended for long term investors, with a moderate risk profile, who want to access the medium- to long-term opportunities for growth offered in domestic and international markets. The fund will comply with Botswana retirement fund regulations and will therefore be suitable for smaller retirement funds and their members. A maximum of 70% of the funds will be invested in equities.
4. TECHNIQUES AND INSTRUMENTS WHICH MAY BE USED FOR THE PURPOSES OF EFFICIENT PORTFOLIO MANAGEMENT: Asset allocation is the prime determinant of the returns of a multi asset investment. Hence primary focus is given to the allocation of assets rather than any underlying stock selection. The fund may create the offshore exposure by allocating funds to active or passive investment products. Allocation to equities and the regional/sectoral markets are based on fundamental valuations of the major global markets. Long term earnings drive market prices; hence excessive valuation levels indicate extreme market valuations. Avoiding excessively priced equities and bonds will reduce the chances of losing capital and improve the chances of growing Unitholder capital over the long run. A long-term investment horizon is necessary to realize valuations that in the short term can remain either very undervalued or overvalued. History has shown that a longer-term approach to investments increases the chances of realizing fundamental valuations and at the same time reducing costs by maintaining low portfolio turnover. A disciplined trading approach to execute fundamental valuation based rebalancing strategies will ensure that emotions do not interfere in the implementation of the valuation driven investment strategy. Major shifts in asset allocation over short periods, will be avoided. Over time, equities deliver superior returns to bonds and cash, whilst also creating the greatest risk of capital loss in the shorter term. We therefore recommend that investors have a long-term investment horizon. Greater exposure to more developed and well researched markets will best align the Fund with the needs of the Unitholder.
5. RISKS ASSOCIATED WITH INVESTMENT: It is important to note that there are risks associated with unit trust investments. Collective investment undertakings are generally medium to long-term investments. The value as well as price of participatory interests may go down as well as up and past performance is not necessarily a guide to the future.
  - Credit Risk - Credit risk refers to the possibility that the issuer of a security will not be able to make principal and interest payments when due.
  - Income Risk — Income risk is the risk that the Fund’s yield will vary as short-term securities in its portfolio mature and the proceeds are reinvested in securities with different interest rates.
  - Interest Rate Risk — Interest rate risk is the risk that the value of a debt security may fall when interest rates rise. In general, the market price of debt securities with longer maturities will go up or down more in response to changes in interest rates than the market price of shorter-term securities. Due to fluctuations in interest rates, the market value of such securities may vary during the period unitholders own units of the Fund.
  - Yield - The indicative yield for the Fund represents the weighted average yield to maturity of the securities held within the Fund, less any fees and charges. The yield quoted is for indicative purposes only. The realised yield may be higher or lower than the indicative yield and will change according to movements in interest rates, the actual composition of the portfolio over time and fluctuations in market conditions. Investors should note that the quoted yield does not represent a guaranteed rate of return.
  - Inflation Risk - The purchasing power of cash is eroded over time by inflation. Therefore, in times of inflation, keeping savings in notes and coins generates a loss. Returns need to be assessed against the rate of inflation to establish the true benefit being derived.

- Liquidity Risk - This is defined as the risk that a security cannot be sold at the time desired or cannot be sold without adversely affecting the price. A loss, or less profit than anticipated, may be caused if an asset cannot be traded quickly enough in the market.
- Counterparty Risk - Exposure to financial loss may occur due to the insolvency of any institutions providing services to the Fund such as safekeeping of assets or acting as counterparty to any financial instruments held by the Fund.
- General Market Risk - Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in the Fund's portfolio may underperform securities in comparison to general financial markets, a particular financial market or other asset classes, due to a number of factors, including inflation, interest rates, global demand for particular products or resources, natural disasters or events, terrorism, regulatory events and government controls.
- Transactions Risk - The Fund could experience a loss and its liquidity may be negatively impacted when selling securities to meet redemption requests by unitholders. The risk of loss increases if the redemption requests are unusually large or frequent.
- Foreign Securities - Investing in foreign securities, including sovereign debt securities, typically involves more risks than investing in domestic securities, including risks related to currency exchange rates and policies, country or government specific issues, less favourable trading practices or regulation and greater price volatility. Certain of these risks also may apply to securities of domestic companies with significant foreign operations.

6. **DISCLAIMER: The Non-Bank Financial Institutions Regulatory Authority (“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, and 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.**

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.

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.

This Prospectus may be updated with important amendments. Consequently, investors are advised to ask the Management Company for the most recent version of the Prospectus.

7. **CONSTITUTION OF THE TRUST:** The First Light Multi Manager Management Company Collective Investment Undertaking was constituted under the laws of the Republic of Botswana and is established as a trust on date of approval of The Non-Bank Financial Institutions Regulatory Authority.

8. The Trust is incorporated by a trust deed. An investor can obtain a copy of the trust deed free of charge from the registered office of the Management Company.

9. **CORPORATE DETAILS OF THE TRUST:**

REGISTERED OFFICE

FORM IN LAW

Constituted as a trust

MANAGEMENT COMPANY

First Light Multi Manager Management Company (Pty) Ltd  
Gaborone, Botswana

INVESTMENT MANAGER	Kgori Capital (Pty) Ltd, previously Afena Capital Pty Ltd 1 <sup>st</sup> Floor, Exponential Building, Plot 54351 CBD Gaborone, Botswana
TRUSTEE & CUSTODIAN	Stanbic Botswana Limited Stanbic House, Plot 50672, Off Machel Drive, Fairground, Gaborone, Botswana
ADMINISTRATOR	Prescient Fund Services (Pty) Ltd Prescient House, Westlake Office Park Otto Close Westlake, 7945
AUDITOR Name of Responsible person Telephone	KPF Botswana Tim Roddy  +267 311 1362 Plot 15600, Ntimbale Road, Broadhurst, Gaborone

10. SUMMARY OF THE COLLECTIVE INVESTMENT UNDERTAKING: The First Light Multi Manager Management Company is authorised as a collective investment undertaking constituted as a trust and comprises of various unit portfolios each established by Supplemental Trust Deed to the Trust Deed under the laws of Botswana.

The object of the First Light Multi Manager Management Company Collective Investment Undertaking is to establish one or more separate unit portfolios in which investors can obtain units in diversified assets of local or foreign origin. In order to achieve this object, the Management Company may, subject to the provisions of the Trust Deed –

- issue an unlimited number of units in a unit portfolio established in terms of a supplemental deed to this Trust Deed; and
  - establish different unit portfolios in order to provide investors with investment opportunities in more than one group of securities and denominated in more than one currency, each having a unique investment objective.
11. TAX STATUS OF THE TRUST: As the Trust is domiciled in Botswana, it falls under the tax laws of Botswana. As all the income may be distributed, the Trust does not attract any income taxes. Unitholders are cautioned that their particular tax position will depend on a number of circumstances and investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming units under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

The Trustee, the Administrator and the Management Company shall have no liability in respect of the individual tax affairs of the investors or in respect of the information in this Prospectus regarding the tax status of the Trust.

12. ACCOUNTING PERIOD AND DISTRIBUTIONS: The financial year end of the Trust is the last day of March of each year, and income is distributed to Unitholders registered on the last day of March each year.

On each distribution date, the Trustee shall distribute to unitholders (including the Management Company in respect of any units to which it is entitled) registered in the register of a unit portfolio as at the commencement of business on the day immediately following the ex-dividend date, pro rata to the number of units then held by such unitholders in a unit portfolio, the amount available for distribution in that unit portfolio in respect of the accounting period ending on such distribution date.

A unitholder may apply to the Management Company for the distributions due to him or her to be automatically reinvested for his or her benefit.

13. UNITHOLDER RIGHTS: All unitholders have a real right to their units and each unit is entitled to an undivided share of the Fund and ranks equally with other units. In no event shall a unitholder have or acquire any rights against the Trustee or the Management Company except as expressly conferred upon such unitholder in terms of the Trust Deed. The Trustee shall not be bound to make any payment to Unitholders except out of funds held or controlled by it for that purpose under the provisions of the Trust Deed.
14. EVIDENCE OF TITLE: The Management Company will issue confirmations representing any unit created and sold, in the name of the investor entitled thereto.

A record of all Unitholder interests will be maintained in a register, and all distributions or dividends will be paid in accordance with such register. The register shall be prima facie evidence of the persons entitled to units. The manager will provide to Unitholders, upon request or alternatively on a quarterly basis, a Unitholder statement, reflecting the number of units in the Fund held by the Unitholder and reflected in the register. Unitholders will be provided Unitholder statements on a quarterly basis.

15. DENOMINATION OF UNITS: The Fund and all dealings in units in the Fund will be denominated in Pula.
16. UNITHOLDER VOTING RIGHTS: In terms of the Trust Deed, each Unitholder shall be entitled to vote on any matter affecting his rights. The voting rights associated with underlying securities held by the Fund will be exercised by the Management Company on behalf of the Unitholders in a manner consider by the management company to be in the best interest of the Unitholders.
17. WINDING UP OF THE FUND: The Fund shall be perpetual, provided, however, that if at any time after two years from the date of the registration of the Trust Deed the market value of the Fund is less than P1 000,000, the Management Company may in its unrestricted discretion wind up such unit portfolio.

The High Court of Botswana on application by the Management Company may also wind up the Fund, or order the Fund to be wound up if the Court is satisfied that to do so would be in the interests of the Unitholders.

The Regulatory Authority may require the Management Company or the Trustee, as the case may be, to wind up the Fund if the Regulatory Authority is of the opinion after a proper inspection that the interests of the Unitholders or of the public at large so require.

From the date of the Management Company's decision to wind up the Fund, or from the date of any Court order, or from the date of the receipt of the request from the Regulatory Authority requiring the underlying securities to be realised, the Management Company shall cease to issue new units in the Fund.

On the winding up of the Fund, the Management Company shall realise all the underlying securities comprising such fund as expeditiously as possible having regard to the interests of Unitholders, but shall incur no liability by reason of the exercise of its discretion as to the time of realisation of any security. The net proceeds of the realisation of the relevant securities in the event of the Fund being wound up will be deposited in a trust account controlled by the Trustee, and shall, under the control and supervision of the Trustee, be distributed by the Management Company among the Unitholders concerned, and the Management Company in proportion to their respective interests therein.

18. ISSUE AND SALE OF UNITS: The Management Company shall issue units in a unit portfolio at the price specified in the Supplemental Trust Deed.

#### 19. VALUE OF ASSETS

Value of assets (1) In the case of a unit trust and, unless otherwise stated in an investment company's articles, the value of the assets of a collective investment undertaking shall be based, in the case of securities quoted on a recognised stock exchange, on the last known stock exchange quotation unless such quotation is not representative. (2) For securities not so quoted, and for quoted securities for which the latest quotation is not representative, the value shall be based on the probable realisable value which shall be estimated by the Investment Company or Management

Company with care and in good faith.

20. PURCHASE AND REDEMPTION OF UNITS: Save during the two months immediately prior to the winding-up of the Fund, any Unitholder desiring to sell any of his units shall be entitled at any time, in writing, to have all or any of its units repurchased by the Management Company subject to the provisions of the Trust Deed. No notice requiring the Management Company to repurchase units shall be valid unless the Unitholder shall have delivered to the Management Company or Its authorised agent, the confirmation representing the units for sale, or at the option of the Management Company shall have produced such evidence of his title to the units to be sold. An instrument of transfer shall accompany the said confirmation. If the repurchase price is not paid to the Unitholder on delivery of the necessary documents, the Unitholder shall be issued with a receipt for such documents, and will be paid as soon thereafter as possible. The Management Company may refuse to redeem units under the following conditions; (i) on an order of the court; (ii) where the original Unitholder has transferred title to his/her units to a 3<sup>rd</sup> party Unitholder; and (iii) where the Unitholder has ceded rights to his/her units to a 3<sup>rd</sup> party.

21. SUSPENSION OF TRADING: The Management Company may, in its discretion, suspend the trading and/or repurchase of units in a unit portfolio, under the following circumstances:

During a period in which any recognised stock exchange on which securities in any unit portfolio are listed is closed, other than for weekends or holidays;

The disposal by the Management Company of the underlying securities is not reasonably practicable and/or is not in the interests of investors; or

The Trustee is satisfied that is not reasonably practicable to determine the market value of the underlying securities.

22. DETERMINING AND APPLYING INCOME: All dividends and interest, proceeds of capitalisation, rights and bonus issues, and all monies received by the Management Company for the benefit of the Fund in respect of the underlying securities shall be paid. As and when earned by the Fund, all Income shall be credited to an "income account" in the books of the Fund. If the Fund receives any bonus, right or benefit in respect of any of the underlying securities whether in cash or scrip or by warrant, cheque or credit or otherwise which is in the nature of income, the Management Company shall convert the bonus, right or benefit into cash for the credit of the relative Income account. Any other bonus, right or benefit shall be treated as a capital gain and shall be included in the Fund; no new units shall be issued out of such income earned or such capital gains.

All amounts received as payment in lieu of income earned from the issue of units in the Fund during any accounting period shall be credited to the income account and shall be available for distribution to Unitholders In that unit portfolio as at the next distribution date. On each distribution date, there shall be distributed to registered Unitholders as at the commencement of business on the day immediately following ex-dividend date, pro rata to their units, the amount available for distribution. On each ex-dividend date, the amount required to affect such distribution shall be set aside and shall no longer be taken into account in determining the market value of the Fund. On each ex-dividend date, the said amount shall be transferred from the Income account to a distribution account, which shall distribute on a pro rata basis for the benefit of Unitholders. The aggregate balance remaining to the credit of the distribution account on completion of the distribution shall be carried forward and added to the amount available for distribution in the next accounting period.

If a Unitholder makes a written application to the Management Company to that effect, the dividends due to him shall automatically be reinvested in further units for the Unitholder's benefit.

The deductions, which shall be permitted from the amount available for distribution, shall include all or any of the following:

- The Managers fee detailed below.
- Any other income authorised by the Registrar on application made in writing by the Management Company and Trustee jointly.
- Any other fees or levied payable to the Registrar or Regulator.

- A sum which is required to meet any liability for taxation and auditor's fees
- The remuneration of the Trustee and the custodian any refund to the Trustee or custodian for their legitimate disbursements incurred in connection with the unit portfolios.
- All costs incurred in respect of meetings of Unitholders and Trustees;
- All costs reasonably incurred in respect of the publication of prices of units and in respect of the publication and distribution of the annual reports and accounts and of marketing documents relating to the Fund;
- Any legal, professional, insurance or other general expenses arising in the normal course of business.

23. VALUATION OF ASSETS: All units will be valued based on the current market values of the underlying securities including any income accrued to such date.

24. PRICING OF UNITS: Units in the Fund can be sold, issued, repurchased or cancelled on any business day at the price per unit on a forward basis, which price shall be calculated at the close of business on that day.

In times of volatile financial markets, the Management Company has the right to implement intraday pricing.

The prices of the Fund will be published on a daily basis in a national newspaper and at the Botswana Stock Exchange. Prices are also available on all trading days at the management company's offices.

Issue Price of units: The Management Company shall issue units at a price derived at by dividing the market value adjusted for compulsory charges such as brokers' commission and market securities taxes of the Fund's investments and accrued income by the number of units in issue. Such price may be inflated, in terms of the Trust Deed, by initial charges payable to the management company. Initial fees may not exceed 5% and may be reduced, waived and paid or rebated to third parties.

Repurchase Price of units: The management company shall repurchase units at a price derived at by dividing the market value adjusted for compulsory charges such as brokers' commission and market securities taxes of the Fund's investments and accrued income by the number of units in issue.

25. CAPITAL GAINS TAX: CAPITAL GAINS TAX: In terms of Section 35 read with paragraph (d) of Section 1 of the Tenth Schedule of the Income Tax Act, proceeds from the disposal of units in a collective investment undertaking such as the Fund are exempt from tax. However, where the Unitholder is seen to undertake the acquisition and sale of units in a collective investment undertaking for the purpose of earning profits in the ordinary cause of business, then the proceeds of disposal of units in the Fund may be deemed as business/trading profits for tax purposes, and the subject to tax in the hands of such a Unitholder, at the rate of tax applicable to that Unitholder. Where any subscription for or redemption of units is satisfied by a redemption in specie, i.e. the transfer of assets to the Unitholder, there will be no tax payable on such part of the redemption as represents a return of capital to the Unitholder. However, where the redemption comprises a return of capital and a return on capital, then that element which represents a return on capital may be treated as a dividend, and the Fund may in the event it is not a financial institution (which term is not defined in the Income Tax Act) as contemplated in Section 58 of the Income Tax Act, will be obliged to withhold tax of 15% thereon.

26. BORROWING POWERS: The collective investment undertaking shall not borrow money in excess of 25 per cent of its net assets at any time. Credit balances or cash shall be off set against borrowing when determining the percentage of borrowing outstanding in accordance with regulation

27. Remuneration payable by the undertaking to the management company, the trustee and third parties

Managers Fee: The Managers fee is 1.5% of the current net asset value of the Fund (before expenses), excluding VAT, calculated daily and payable monthly.

Trustees Fee:	Trustee services fees of 6 basis points per annum, a minimum monthly account fee of P1250 only if safekeeping fee is below this minimum sum.
Custodian Fee:	Safekeeping fees of 6,5basis points per annum, transaction fees of P100 and minimum monthly account fees charged only if safekeeping fee is below this amount of P1250.
Initial Fee:	Maximum of 5% may be levied.

28. **MINIMUM AMOUNT TO BE RAISED:** The Fund is required to raise, by way of subscription for Units, an amount of not less than BWP 10 Million in order to render the Fund viable. Such amount stands to be raised within a period of 12 months from the date of establishment of the Fund. In the event that such minimum amount is not raised within the 12 months aforesaid, the manager shall return all subscriptions to Unitholders and shall apply to the Regulatory Authority for cancellation of its licence as a collective investment undertaking. "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."
29. **INVESTMENT RESTRICTIONS:** The Fund will be managed in terms of applicable general investment restrictions in the First Schedule of the CIU Regulations under section 88.
30. **FINANCIAL RESOURCES:** The Management Company have such financial resources as may be considered as sufficient in terms of regulation 15 at its disposal, to enable it to conduct its business effectively and meet its liabilities by way of declaration from the Holding Company to the sum of P500000.00 (Five hundred thousand Pula)
31. **Material information relating to contracts entered into with third parties:**
- Liability Administrator: Prescient Fund Services (Pty) Ltd has been appointed as the liability administrator of the fund. A contract governs the terms of Prescient Fund services' appointment.
- Investment Manager: Kgori Capital (Pty) Ltd has been appointed as the investment manager of the fund, which includes portfolio management and asset administration. A portfolio management agreement governs the terms of the Kgori Capital Botswana's appointment.
32. **Curriculum Vitae of key Directors and Executives in the Management Company:** The CV's of key directors and executives in the Management Company are available on request from the Registered Offices of First Light Multi Manager Management Company.
33. **RESPONSIBILITY STATEMENT:** The directors of the Management Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the directors, the information contained in this Prospectus is accurate, contains all information required by law, and does not omit anything likely to affect the import of such information