

NON-  
DIVERSIFIED  
UNIT TRUST  
SCHEME  
Offering Circular

*The Financial Services Commission does not pass upon the accuracy or adequacy of the information contained in the Offering Circular. Any representation to the contrary will be deemed by the FSC to be a false and misleading statement.*

This product is a collective investment scheme regulated under The Securities Act (as amended in 2013).

### **EFFECTIVE PERIOD**

This Offering Circular was submitted for registration on **Feb 10, 2022**. This Offering Circular was registered on February 14, 2022 and is valid until **February 13, 2023**. Once the Effective Period has expired, this Offering Circular cannot be used as the basis for marketing the NCB Capital Markets Non-Diversified Unit Trust Scheme. If you are in possession of an Offering Circular for which the Effective Period has expired, please return same to NCBCM and obtain a new Offering Circular.

### **DISCLAIMER**

Collective Investment Schemes, including Non-Diversified Unit Trust Schemes, own different types of investments depending on their investment objectives. The value of these investments may change from day to day, reflecting changes in interest rates, economic conditions and company news. As a result of these changes, the value of the Scheme's Units may go up or down and the value of your investment in the Scheme may be more or less when you redeem it than when you purchased it. The full amount of your investment is not guaranteed.

Forward-looking statements herein are based upon reasonable assumptions and beliefs honestly held at

the time of issue of this Offering Circular and must be considered within the context of the economic and political uncertainties inherent in Jamaica. Neither the Manager nor the Trustee gives any warranty nor makes any representation that any projection and/or outcome contemplated by any forward-looking statement will in fact be realised or achieved. Past performance of the Scheme should not be taken as an indication of future performance.

It is strongly recommended that, before you make any decision with regard to the offer contained herein, you thoroughly review the Offering Circular and any other offering materials provided and discuss same with your legal and tax advisors. Neither the Trustee nor the Manager is a legal or tax advisor and they give no advice/recommendation in this regard. If you are in any doubt about the contents of this document, you should seek independent financial advice.

Neither this Non-Diversified Unit Trust Scheme nor the Portfolios of which it is comprised are insured by the Jamaica Deposit Insurance Corporation (JDIC). The JDIC provides protection for depositors in commercial banks, merchant banks, credit unions and building societies which are deposit-taking institutions. Neither this Non-Diversified Unit Trust Scheme, MF&G Asset Management Limited or NCB Capital Markets Limited is a deposit-taking institution.

The Trustee and Manager of the Scheme accept full responsibility for the accuracy of the information provided by each of them contained in the Scheme's offering documents and confirm that, having made all reasonable enquiries, there are, to the best of the knowledge and belief of the Trustee and Manager, no other facts the omission of which would make any information or statement in this offering document misleading.

## GLOSSARY OF TERMS

Business Day	A day on which commercial banks are usually open for normal banking business in Jamaica
Dealing Day	Any business day following the completion of the initial issue
FSC	The Financial Services Commission of Jamaica
GOJ	The Government of Jamaica
JMD or J\$	The lawful currency of Jamaica
Manager	The person responsible for the business, operations and affairs of the Non-Diversified Unit Trust Scheme. In this Offering Circular, means NCB Capital Markets Limited.
MFGAML	MF&G Asset Management Limited
NAV	Net Asset Value
NCBCM	NCB Capital Markets Limited
Portfolio	A segregated pool of assets, part of the Non-Diversified Unit Trust Scheme, established pursuant to the Trust Deed for the benefit of Unit Holders of a particular class.
Register	The record of Unit Holders for each Portfolio maintained by the Registrar
Registrar	The person responsible for maintaining the Register and performing all such functions as are usually performed by Registrar and transfer agents

## GLOSSARY OF TERMS

Scheme	The NCB Capital Markets Limited Non-Diversified Unit Trust Scheme
Trustee	The company appointed as Trustee of the Non-Diversified Unit Trust Scheme. In this Offering Circular, means MF&G Asset Management Limited.
Units	Units of the Portfolio. Unit Holders share a Portfolio's income, expenses, and any gains and losses the Portfolio makes on its investments generally in proportion to the Units they own.
Unit Holder	The registered holder for the time being of a Unit, including persons jointly so registered
USD or US\$	The lawful currency of the United States of America

### 1. NAME AND IDENTIFICATION OF SCHEME

The NCBCM Non-Diversified Unit Trust Scheme was constituted as a non-diversified unit trust scheme by a Trust Deed and was registered on November 29, 2016 in Kingston, Jamaica by the Financial Services Commission. The Trust Deed may be inspected at the offices of the Trustee, MF&G Asset Management Limited (MFGAML), 21 East Street, Kingston and the offices of the Manager, NCB Capital Markets Limited, 32 Trafalgar Road, Kingston 10. Copies of the Trust Deed and/or any supplemental Deed or Deeds thereto will be supplied by the Manager to any person on application at a charge of \$1,000.00 per copy or such other price per copy as the Manager may set.

### 2. TRUSTEE

The Trustee is MF&G Asset Management Limited, a company duly incorporated in Jamaica, whose registered office is situated at 21 East Street, Kingston. MFGAML was incorporated on April 30, 1992 and was duly licensed as a securities dealer on April 1st, 2003. MFGAML is a subsidiary of Levas Limited, a company incorporated under the laws of Jamaica and having its registered office at 21 East Street, Kingston.

MFGAML is in the business of wealth management, portfolio management and pension funds management.

**The Directors of MFGAML as at the 10th day of February 2022 are:**

Norman Minott  
Peter Goldson  
Donovan Cunningham  
Christopher Kelman  
Ian Kelly

The Trustee intends to carry out the custodial services of the Non-Diversified Unit Trust Scheme.

The Trustee is permitted by the Trust Deed to delegate the task of maintaining a Register to the Registrar and has so delegated these duties to NCB Capital Markets Limited, a company incorporated under the laws of Jamaica and having its registered office at The Atrium, 32 Trafalgar Road, Kingston 10, Jamaica.

**3. MANAGER, INVESTMENT ADVISOR & REGISTRAR**

The Manager, Investment Advisor and Registrar is NCB Capital Markets Limited (NCBCM), a wholly owned subsidiary of National Commercial Bank Jamaica Limited, each incorporated under the laws of Jamaica and each of whose registered office is situated at, The Atrium, 32 Trafalgar Road, Kingston 10, Jamaica.

Incorporated on October 13, 2003, NCBCM is a licensed securities dealer and a member of the Jamaica Stock Exchange. The company also has primary dealer status from the Bank of Jamaica.

**The Directors of NCBCM are:**

Mr. Patrick Hylton  
Mr. Dennis Cohen  
Mr. Steven Gooden (Chief Executive Officer)  
Mrs. Yvonne Clarke  
Mr. Septimus “Bob” Blake  
Miss Shamena Khan  
Mr. Michael Ammar Jr.  
Dr. Cecil Batchelor  
Mr. Harry Smith  
Professor Alvin Wint

NCBCM is involved in the business of wealth management, asset management and investment banking, and, as part of its business, manages client funds, develops a broad range of financial products and invests its own capital.

The management and administration of the Scheme and all or any of the rights, privileges, powers, duties, trusts and discretions vested in the Registrar and the Manager under the Trust Deed

may be delegated to any person approved by the Trustee provided that the FSC is notified prior to the appointment of such delegate and that such delegate meets the requirements of the FSC to hold such position. Neither the Manager nor the Registrar have made any such delegation.

#### **4. AUTHORISED AND PAID UP CAPITAL OF THE MANAGER**

The authorized share capital of NCB Capital Markets Limited is 1,219,304,000 ordinary shares, 500,000,000 variable rate cumulative redeemable 'A' preference shares and USD 17,500,000 7% cumulative redeemable preference shares. The issued and fully paid up capital is \$ 1,207,614,900.

#### **5. SERVICE PROVIDERS**

##### **AUDITOR**

PriceWaterhouseCoopers  
Scotiabank Centre  
Duke Street  
Box 372  
Kingston

##### **COMMERCIAL BANK**

National Commercial Bank Jamaica Limited  
1-7 Knutsford Blvd.  
Kingston 5

##### **ATTORNEYS-AT-LAW**

Myers, Fletcher & Gordon  
21 East Street  
Kingston

##### **REGISTRAR**

NCB Capital Markets Limited

The Atrium  
32 Trafalgar Road  
Kingston 10

Application forms and copies of this Offering Circular are available at the offices of NCB Capital Markets Limited and ([www.ncbcapitalmarkets.com](http://www.ncbcapitalmarkets.com))

#### **6. PRICE QUOTATIONS & BUYING AND SELLING OF UNITS**

##### **Price Quotations**

The "ask" or "offer" or "issue" price and the "bid" or "purchase" or "realization" price are based on the current selling and buying prices of the investments in the Portfolio. The ask price is the price at which the Manager will sell Units to the members of the public. The bid price is the price at which the Manager will repurchase Units from the Unit Holders. The bid and ask prices will be published in the Jamaica Observer and the Gleaner on Wednesday and Friday of each week. The Scheme will also publish its bid and ask prices, offering documents, notices, financial reports and net asset value (NAV) on the website of NCB Capital Markets Limited ([www.ncbcapitalmarkets.com](http://www.ncbcapitalmarkets.com)).

On each Dealing Day, a separate NAV is calculated for each Portfolio and is determined by taking the fair value of its assets and subtracting the fair value of total liabilities of the Portfolio in accordance with the accounting standards used in Jamaica. The resulting value of that Portfolio is divided by the number of Units in issue. The net asset value of Units in a Portfolio is calculated after the close of business on each Dealing Day.

Quoted equities are valued at the closing bid price on the principal stock exchange (The Jamaica Stock Exchange), or such other recognized stock exchanges, as the Manager decides. Foreign currency-denominated assets are converted at the mid-point of the Bank of Jamaica's weighted average selling and buying rates.

### Buying and Selling of Units

Units in the Portfolios are distributed through NCBCM's distribution channels and any other authorized securities dealers that may be appointed for that purpose by NCBCM from time to time. Original subscription/redemption forms bearing the signature of the intended Unit Holder (or their duly authorized agent) must be submitted to NCBCM for subscription/redemption of Units.

Orders for purchases (where investors buy Units from the Scheme) or for redemption of Units (where investors sell Units to the Scheme) must be received by NCBCM no later than 1:00 p.m. local time on a Dealing Day (or such earlier time as may be specified by NCBCM) in order to be processed based on the NAV on that date. Otherwise, the order will be processed based on the applicable NAV per Unit on the next Dealing Day.

Units will be sold at the ask price which is the NAV for that day plus the applicable purchase charges. In the case of redemptions (i.e. repurchases by the Manager), Units will be redeemed at the bid price on the presentation of a Realization Notice requesting redemption of Units and NCBCM will seek to make payment within three (3) business

days provided that the necessary documentation has been received.

The Manager may suspend the payment of any realization price for a period of up to three (3) months from the date of receipt of a Realization Notice if in the Manager's determination it is prudent to suspend such a payment.

In the event that the purchase of Units is made with a cheque, the Manager may require a minimum waiting period, comparable with that set by commercial banks in Jamaica, to allow the cheque to clear. If a cheque is dishonoured by the bank, the Manager reserves the right to cancel the Unit holdings of the applicant after reasonable efforts have been made to secure the replacement of funds.

## 7. MINIMUM INVESTMENTS, FEES & CHARGES, HOLDING PERIOD

### Minimum Investments

Units may be bought or sold after the initial issue of Units on any Dealing Day, subject to minimum holding periods. The initial minimum dollar value of Units that can be purchased are outlined in the table below. This minimum amount may be varied from time to time as the Manager may determine.

Thus, under normal circumstances, applications cannot be made for less than the stated amounts in the Portfolio.

Portfolio	Initial Investment	Subsequent Investment
JMD High Yield Asset & Loan Portfolio	J\$200,000	J\$10,000

## Fees & Charges

No money should be paid to any person in Jamaica to acquire Units unless that person is licensed or registered as a dealer under the Securities Act.

The Manager will receive income based on:

- a preliminary charge not exceeding 4.00% of the bid price of Units. The difference between the bid and the ask price of Units represents the preliminary charge.
- a management fee not exceeding 2.50% per annum of the value of investments in the Portfolio. Periodic fees will be accrued daily and paid on a monthly basis.
- early redemption charge not exceeding 4.00% of the value of the amount invested by the Unit Holder in the Portfolio.
- any applicable charges for exiting the Scheme.

For the time being, the preliminary charges and management fees at the date of registering of this Offering Circular are as outlined in the table below.

The Management Fee is payable by the Scheme and will be accrued daily and paid on a monthly basis. Preliminary charges and early redemption charges shall be payable by Unit Holders.

Please note that the Manager has, within the limits prescribed in the Trust Deed, the discretion to change fee amounts set out in this section from time to time and will notify all Unit Holders of any changes to such fees not less than one (1) month prior to the implementation of the change.

Fee	JMD High Yield Asset and Loan Portfolio
Preliminary Charge	2%
Management Fee	1.75%

In addition, a performance bonus shall be separately calculated on the value of investments in each Portfolio and accrued daily. At the end of each business day, if the rolling period return on the Portfolio exceeds the rolling period return on the applicable benchmark, the Manager will earn 20% of the return above the benchmark. The rolling period is based on the minimum holding period for each Portfolio. The total remuneration to the Manager (that is, the management fee plus performance bonus) shall not exceed 2.50% per annum of the value of investments in the Portfolio. The benchmarks are as outlined in the table below.

Portfolio	Performance Benchmark
JMD High Yield Asset & Loan Portfolio	Return on 5 year JMD GOJ Local bond (Bloomberg) + 100 basis points

## Holding Periods

There is a minimum holding period for Units in each Portfolio as follows:

Portfolio	Minimum Holding Period
JMD High Yield Asset & Loan Portfolio	180 days

Please note that encashment before the end of the minimum holding period will attract an early redemption charge of 4.00% of the amount to be redeemed.



## **8. INVESTMENT POLICY & GENERAL RESTRICTIONS**

### **JMD HIGH YIELD ASSET AND LOAN PORTFOLIO**

#### **INVESTMENT OBJECTIVE**

The fundamental investment objective of the Portfolio is to generate a stable level of income and capital appreciation by investing mainly in high yielding medium to long term JMD denominated corporate debt instruments.

#### **WHO SHOULD INVEST IN THE PORTFOLIO**

Investors who have a moderate to aggressive risk profile and are seeking capital appreciation should invest in this Portfolio. Investors must be willing to accept moderate to high fluctuations in Unit prices. The Portfolio is suitable for investors seeking a bond investment to diversify the risk of a Portfolio containing stocks and/or money market investments. The Portfolio is intended to have a medium to long term investment horizon.

#### **INVESTMENT STRATEGY**

The Portfolio invests primarily in medium to long-term fixed income corporate investments given that such securities provide a high income yield and when undervalued can offer the potential for capital appreciation in the short term. The Portfolio may also invest in preference shares and listed companies with a high dividend yield.

In selecting securities, the focus will be mainly on Jamaican dollar denominated securities. However,

investments in other currencies are permitted in so far as the Manager considers that currency exchange rate movements may have a positive impact on the values of such securities in a manner that will seek to maximize the Portfolio's total Jamaican dollar return.

In selecting securities denominated in various currencies, the Manager considers, among other factors, the effects of movements in the currency exchange rates on the values of such securities in a manner that will seek to maximize the Portfolio's total Jamaican Dollar return. Investments will only be made in such foreign currency instruments where relevant exemptions from foreign exchange restrictions have been granted.

The Portfolio may hold significant cash or cash equivalent positions pending investment or when the Manager considers it desirable as a result of market conditions.

#### **USE OF DERIVATIVES AND STRUCTURED PRODUCTS**

The Manager may choose to use derivatives such as options and forward contracts in the NCBCM Non-Diversified Unit Trust Scheme in three ways:

- i. To hedge against losses from movements in stock markets, currency exchange rates or interest rates; or
- ii. To gain indirect exposure to individual securities or markets instead of buying the securities directly; or
- iii. To seek to generate additional income.

## 9. GENERAL RESTRICTIONS

### Borrowing

The Manager is allowed to borrow money, for a period not exceeding twelve months, in an amount up to 10% of the aggregate amount of the investments and the cash forming the assets for the time being of the Scheme held for the benefit of the Unit Holders to accommodate requests for redemptions as deemed necessary by the Manager and the Trustee.

### Portfolios

The Trustee is prohibited from establishing (or allowing to subsist) under the Scheme more than two (2) Portfolios at any one time without the prior written approval of the FSC.

## 10. CONFLICTS OF INTEREST

The Trustee will use its best efforts to avoid any conflicts of interest, and should any such conflict of interest (or potential conflict) arise it will disclose such conflict in any Offering Circular issued hereafter or in such manner as is approved by the FSC.

Where a conflict of interest has arisen and the Trustee is of the view that the conflict cannot be readily resolved and that same poses a material threat to the interests of the Unit Holders, the Trustee will retire from the Scheme pursuant to the provisions of Clause 14 of the Trust Deed.

NCBCM is not aware of any existing conflicts of interest involving the Trustee.

## 11. REMUNERATION TO THE TRUSTEE

The remuneration of the Trustee shall be agreed from time to time by the Manager and the Trustee. The remuneration could be fixed or based on some percentage of the net assets of the Scheme and shall be payable by the Scheme. The Trustee is also entitled to be repaid by the Scheme the amount of all its disbursements incurred in the performance of its duties under the Trust Deed.

## 12. ACCUMULATION OF INCOME (DISTRIBUTION)

The Trustee may determine whether there will be a distribution of income. Neither the Trustee nor the Manager gives any warranty or undertaking that there will be any distribution of income at any time. Please note that in practice, the Scheme does not distribute its income but rather reinvests it, and the Unit Holders enjoy the benefit of this reinvestment through accretions in the price of their Units. Audited financial statements will be prepared by the Manager and filed with the Trustee. Copies of the audited financial statements can be viewed during business hours at the offices of the Manager or accessed at any time on the NCB Capital Markets website ([www.ncbcapitalmarkets.com](http://www.ncbcapitalmarkets.com)).

## 13. ISSUE AND TRANSFER OF UNITS

Upon receipt of a completed application form and appropriate monies, the Manager may accept or reject the application. If it is accepted, the Manager will issue a receipt to the Unit Holder along with a certificate (if issued) evidencing the number of Units held by the Unit Holder. To transfer/encash Units, a Unit Holder must submit a transfer form duly stamped (if required) and signed by him as the person transferring the Units along with the

certificate (if issued) and submit to the Manager with proof of identity. The Registrar upon receipt of the above documentation, and where applicable, monies, shall register the applicant/transferee as may be the case as the holder of the Units. The person transferring the Units will remain entitled to the Units until the name of the person to whom it was transferred is entered as Unit Holder in the Register in respect of those Units.

Statements are to be dispatched to Unit Holders on a quarterly basis, specifying the number of Units purchased or held, the name of the Unit Holder and the value of their investment.

A Register of Unit Holders will be kept by the Registrar. The Register will list the names and addresses of Unit Holders and the number of Units held by each. Where a Unit Holder becomes the owner of Units by virtue of an instrument of transfer, the Register will list the name and address of the transferor, the date of registration of the transfer and the name and address of the transferee. The Register will be opened on each business day to each Unit Holder without charge.

Instruments of transfer must be signed by the transferor. Each instrument must be left with the Registrar for registration along with the certificates (if issued) relating to the Units being transferred. There is no fee chargeable for the issue of a new certificate (if issued) in the name of the transferee. On the death of a Unit Holder, the executor or administrators of the deceased's estate will be the only persons recognized as having title to the Units. On the death of any one of the joint holders of Units, the survivor(s) will be the only person(s) recognized as having title to the Units.

## **14. CONVERSION OF UNITS**

A Unit Holder holding Units in any Portfolio may convert those Units to Units in another Portfolio by serving the Manager with a Conversion Notice requesting that the Manager procure the conversion of the Units. Provided always that the Manager may determine whether Units in a Portfolio shall be convertible into or out of that Portfolio in its sole discretion.

## **15. OTHER VALUATION DISCLOSURES**

### **Value of Units**

The Scheme may hold different types of securities, depending on the investment objectives of each Portfolio. The value of these securities may change from day to day, reflecting changes in interest rates, economic conditions and company news. As a result, the value of a Portfolio's Units may go up or down and the value of a Unit Holder's investment in a Portfolio may be more or less when redeemed relative to when purchased. The full amount of a Unit Holder's investment is not guaranteed.

### **Derivatives:**

The Scheme may own a variety of investments including shares, bonds, debentures, promissory notes, and derivative instruments deriving their value from these underlying investments. The Scheme may also hold futures contracts, warrants, and other structured products including swaps, forwards, credit-linked notes and shares in mutual funds.

Though the Scheme proposes to use derivatives primarily for hedging purposes the use of derivative instruments involves an inherent amount of risk

and as such the FSC requires that disclosure of their possible use be made in this Offering Circular.

## 16. STATEMENT OF INVESTMENT

In addition to the last audited statement of the Scheme, a Unit Holder may at any time request from the Trustee or Manager, a listing of the investments in the Portfolio in which that Unit Holder has Units, provided that such listing gives information on the investments held in the Portfolio at the end of the quarter immediately preceding the request.

## 17. SPECIAL TAX CONCESSIONS AND WITHHOLDING TAX

By virtue of the provisions of Section 12(t) of the Income Tax Act of Jamaica ("ITA") the income received by the Trustee of the Scheme is exempt from tax, and if tax is deducted at source from such income, the Trustee of the Scheme is entitled to be refunded the amount so deducted. While distribution of income by the Trustee to the Unit Holders would be subject to Jamaican tax, in practice, the Scheme does not distribute its income but rather reinvests it, and the Unit Holders enjoy the benefit of this reinvestment through accretions in the price of their Units. When Units are encashed, disposed of or redeemed by a Unit Holder, the accretion thereupon realized by the Unit Holder is taxable in Jamaica as income, and is subject to Jamaican withholding tax at the rate of 25% under section 39(3) of the ITA.

Unit Holders may however seek to take advantage of section 12(1)(ak) of the Income Tax Act, which states that they shall be exempt from income tax as follows:-

*"accretions realized on the encashment, disposal or redemption of units in a money market fund (within the meaning of section 31A) operated by a qualified unit trust scheme, which have been acquired on or after the 1st June, 1999 where the following conditions apply-*

- i. the units are to be held by individuals for a period of not less than 5 years;
- ii. the units are not transferable except on the death or bankruptcy of the investor;
- iii. not more than seventy-five per cent of the accretions realized in any year have been paid out;
- iv. the amount invested in the acquisition of any such units in any year does not exceed one million dollars;

*and for the purposes of this paragraph the valuation of a money market fund shall be determined on the basis of its average monthly value during the prior three-month period."*

### **Section 31A(6) of the ITA defines a money market fund as:**

*"a pool of financial assets administered or managed collectively in respect of which-*

- a. *at least 31 percent of the value as regards interest arising before 1st January, 2000;*
- b. *at least 51 percent of the value as regards interest arising after 31st December, 1999,*

*is comprised of interest-bearing instruments."*

There is no stamp duty, transfer tax or capital gains

charged in Jamaica on the encashment, disposal or redemption of Units. For tax purposes, Unit Holders who are residents outside of Jamaica should seek advice as to the tax treatment of any investment in the Portfolios in their jurisdiction of residence.

## 18. RISK FACTORS ASSOCIATED WITH THE FUND

The Scheme may hold different types of securities, depending on the investment objectives of each Portfolio. Different investments have different types of risks. The NAV will fluctuate in value to reflect the movement of the underlying assets. NCBCM cannot guarantee that the full amount of an investor's original investment in any of the Portfolios will be returned to them. Investors need to take account of their risk tolerance as well as the amount of risk suitable for their investment goals. Below is a summary of the various types of investment risk that may be applicable to the Portfolio you decide to invest in.

### Concentration Risk

A Portfolio may concentrate its investments in securities of a small number of issuers. The result is that the securities in which it invests may not be diversified across many sectors or they may be concentrated in specific countries. A Portfolio may also have a significant portion of its investments in the securities of a single issuer. A relatively high concentration of assets in a single or small number of investments may reduce diversification and liquidity of the Portfolio.

### Liquidity Risk

Liquidity is an indicator of how easily an investment may be converted into cash. Investments with low liquidity can have significant changes in market value.

### Interest Rate Risk

Fixed-income securities are subject to risks resulting from changes in interest rates. When interest rates fall, bond prices rise. This is because, under such conditions, existing bonds paying higher rates than newly issued ones are worth more. When interest rates rise, bond prices fall, and so will the Unit value of Portfolios that hold them. The income earned by a Unit Trust, and the income paid by the Portfolios to shareholders, are also affected by changes in interest rates.

### Credit Risk

Credit risk is the possibility that an issuer of a bond or other fixed-income investment may not be able to pay interest or to repay the principal at maturity. The risk of this occurring is greater with some issuers than with others. Where the risk is considered greater, the interest rate paid by the issuer is generally higher than for an issuer where the risk is considered to be lower.

### Sovereign Risk

The value of foreign securities may be influenced by foreign government policies, lack of information about foreign companies, political or social instability and the possible levy of foreign withholding tax. There may be lower standards of government supervision and regulation in foreign

financial markets. Foreign stock markets may also be less liquid and more volatile. In addition, the securities markets of many countries have, at times in the past, moved relatively independently of one another due to different economic, financial, political and social factors. This may reduce gains the Portfolio has derived from movements in a particular market. A Portfolio that holds foreign securities may have difficulty enforcing legal rights in jurisdictions outside Jamaica.

### **Foreign Currency Risk**

The Jamaican Dollar value of a Portfolio's investments in foreign securities is affected by changes in the value of the Jamaican Dollar relative to the currency in which those securities are denominated. When a Portfolio buys an investment priced in a foreign currency and the exchange rate between the Jamaican dollar and the foreign currency moves unfavourably, it could reduce the value of the Portfolio's investment.

### **Securities Lending, Repurchase and Reverse Repurchase Risk**

The Portfolios may enter into securities lending, repurchase transactions and reverse repurchase transactions in order to earn additional income. Securities lending involves lending securities held by a Portfolio to qualified borrowers who have posted collateral. In lending its securities, a Portfolio is subject to the risk that the borrower may not fulfil its obligations, leaving the Portfolio holding collateral worth less than the securities it has lent, resulting in a loss to the Portfolio.

### **Valuation Risk**

Valuation risk is the financial risk that an asset is overvalued and is worth less than expected when it matures or is sold.

## **19. TERMINATION OF THE SCHEME OR ANY PORTFOLIO**

The Scheme or any Portfolio can be terminated in the following circumstances:

- a. If, (there being only one (1) Portfolio or only one (1) Portfolio remaining) the Trustee having given one (1) year's notice to the Manager that a change of Manager is desirable in the interest of the Unit Holders and the Trustee has not found an acceptable person ready to accept the office of Manager.
- b. If it becomes illegal, or in the Trustee's opinion, impractical, inadvisable, or contrary to the interest of the Unit Holders to continue the Scheme.
- c. If the Unit Holders, by Extraordinary Resolutions, so determine.
- d. If the Trustee notifies the Manager of its intention to retire and no new Trustee has been appointed within six (6) months of the receipt of such notice by the Manager, or within such extended period as the Manager agrees.
- e. If the Manager notifies the Trustee of its intention to retire and the Trustee fails to appoint another suitable person as Manager

who the Trustee considers to be a suitable replacement for the Manager within six (6) months after the notification of the Trustee, or within such extended period as the Manager agrees.

- f. On the expiration of the Scheme period.
- g. If either the Trustee or the Manager goes into liquidation and the other fails to appoint another suitable person as Trustee or Manager (as the case may be).
- h. If the registration of the Scheme is cancelled by the FSC pursuant to the provisions of the Collective Investment Scheme Regulations.
- i. If the Portfolio, in the Trustee's opinion, becomes or is about to become insolvent thereby prejudicing the value of the Units in other Portfolios.
- j. If on the expiration of thirty (30) days after notifying the Manager of the Portfolio that a change of Manager is desirable in the interest of the Unit Holders of that Portfolio and the Trustee has not found another person ready to accept the office of Manager of that Portfolio of whom the Trustee shall approve.

**On termination of the Scheme or any Portfolio, the Trustee or (as the case may be) the Manager is required to:**

- a. Sell all investments held as a part of the Scheme or Portfolio, such sale being carried

out and completed in such a manner and period after termination as the Trustee or the Manager considers advisable.

- b. Distribute from time to time to Unit Holders in pro rata to the number of Units held by them all net cash proceeds obtained from the sale of the property of the Portfolio or Scheme. The Trustee is entitled to retain monies sufficient to meet all costs, shares, expenses claims and demands arising out of the Scheme's or Portfolio's liquidation, including the fees of the Trustee, the Registrar and the Manager.

## **20. OTHER DISCLOSURES**

The Trustee and the Manager of the Scheme accept full responsibility for the accuracy of the information contained in this Offering Circular and, to the best of their ability, believe that there are no other facts, the omission of which would make this Offering Circular misleading.

Other important information is provided in the audited financial statements along with other disclosure documents of the Scheme. The audited financial statements of the Scheme and other disclosure documents can be viewed during business hours at the offices of the Manager or accessed at any time on the NCB Capital Markets Limited website ([www.ncbcapitalmarkets.com](http://www.ncbcapitalmarkets.com)).

Important – if you are in any doubt about the contents of this document, you should seek independent financial advice.

## 21. DATE OF SUBMISSION, REGISTRATION AND EXPIRATION OF THIS OFFERING CIRCULAR

This Offering Circular was submitted for registration on February 10, 2022. This Offering Circular was registered on February 14, 2022 and is valid until February 13, 2023.

## 22. FINANCIAL YEAR END

The Financial Year end for the Scheme is September 30 of each year.

## 23. PORTFOLIO COMPOSITION & PERFORMANCE

As at December 2021, the composition and performance of the Portfolio are as follows:

Portfolio	Type	Net Asset Value	Return
JMD High Yield Asset & Loan Portfolio	Fixed Income	4,277,747,437.36	4.58%

The past performance of the Portfolio should not be taken as an indication of future performance.



