This Document carries information that will help you decide whether our Unit Trusts Funds are right for you. You should read this document carefully so that you understand what you are buying, and keep it for future reference.

The prospectus shall remain effective till any change occurs outside the scope of the information provided therein and such changes shall be submitted to the Registrar of Financial Institutions for approval and thereafter circulated to the unit holders.

Old Mutual Building, 30 Glyn Jones Road, P O Box 393, Blantyre, Malawi.
Disclaimer

Old Mutual Unit Trust Company (Malawi) Limited (hereinafter referred to as “Management Company” or OMUTM) units on offer in this prospectus are subject to investment and other risks, including possible delays in repayment and the loss of income and principal invested. Neither the Unit Trust nor the trustee (Standard bank limited) guarantees the repayment of capital, the performance of the trust or any particular rate of return from the unit trust fund. However, OMUTM together with the Trustees undertake that all decisions and investments of the trust will be carried out with due care and diligence.

Potential Investors should read this prospectus carefully and are advised to seek professional advice when investing in Unit Trusts.
Simplified Prospectus

This document includes the key features of the funds, and the terms and conditions for Old Mutual Unit Trusts Funds, to help you decide whether to invest in one or more of the funds. This document needs to be retained for future reference.

You will find details of our Money Market and Balanced Funds inside, as well as how to invest a lump sum or set up a regular savings plan.
Why do I need to read this document?
This document tells you about the basic concepts, structure behind a Collective Investment Scheme (CIS) and the range of unit trusts we offer for retail and corporate investors to help you to decide if you want to invest in any of the funds.

Structure of a Collective Investment Scheme
The fundamental premise behind a “Collective Investment Scheme” (CIS) is that a group of investors pool their money in order to get a spread of professionally managed investments. An important characteristic of a CIS is that investors share the risks and benefits of investment in a scheme in proportion to their participatory interests in the scheme. Unit Trusts have been introduced to give ordinary people and companies access to the Malawi Stock Exchange and Reserve Bank securities. The average investor does not usually have sufficient money to buy a spread of quality shares and securities (and a range of shares is important to reduce risks). Via a Unit Trusts, an investor can own part of a diversified, professionally managed blue-chip portfolio by investing a modest amount of money, either once-off or on a monthly basis.

The popularity of Unit Trusts can be attributed to the simplicity of the product structure, cost transparency, the ease of valuing Unit Trusts investments and the simplicity of buying into and selling out of these products.

This document explains the key features of the funds, their investment aims and the possible risks associated with investing in them. It also answers other questions and provides information to help you make a decision. You should read and fully understand all the information provided here, particularly the risks associated with investing, before you decide whether to invest.

If you decide to invest, you should keep this document as you may need to refer to it in the future. As far as we know, the information we have given here is correct as at 01st June 2011 but you should remember that minimum investment limits, fund charges and other terms can change.
Management Company’s Remuneration
The Management Company shall make a periodic charge, herein known as the management fee payable out of the income of the Unit Trusts Funds and this shall be expressed as an annual percentage of the value of the Unit Portfolio. Check the fee table under fees category.

The management fee applied in respect of the Unit Trusts Funds shall be calculated at such percentage by the Management Company on the daily market value of the total investment of the Unit Portfolio. This fee shall be included in the daily net asset value price and paid to the Management Company on a monthly basis.

These payments may be made to the Management Company in accordance to the provisions of the Act and the Trust Deed.

Powers of the Management Company
The Management Company is mandated to do all transactions necessary for the administration of the scheme and to enter in any contract subject to the Act and Trust Deed which is available for inspection at Old Mutual premises upon request.

Duties of the Management Company
The Management Company shall administer and invest fund’s assets according to the regulations of the Act and the Trust Deed. It will also daily publish unit prices in a newspaper of national circulation.

The Management Company will issue statement of accounts half yearly specifying the investment and transaction details of investor accounts which will be presented as evidence of the title and unit holding of the investor.

Liability of Management Company
The Management Company of Unit Trusts Funds shall not be liable for any loss, damage or depreciation in the value of the Funds or of any investment comprised therein or the income there-from which may arise by reason of depreciation of the market value of the shares and other assets in which the scheme funds are invested unless such loss, damage or depreciation in the value of the scheme fund arises from negligence whether professional or otherwise, willful default or fraud of the Management Company or any of its agents, employees or associates.
In the absence of fraud or negligence, the Management Company shall not incur any liability by reason of any matter or thing done or suffered or omitted by it in good faith under the provisions of the Deed and/or the Act.

The Management Company shall not be under any liability except such liability as may be expressly assumed by the Management Company under the Act or the Deed, nor shall the Management Company save as expressly provided therein, be liable for any act or omission of the Trustee.

Resignation, Retirement, Suspension, Removal, Termination or Liquidation of Management Company

- **Resignation**
  The Management Company may, with the written approval of the Registrar, give three months notice of its intention to resign as a Management Company to the Trustee of the Unit Trusts Funds, and shall give reasons for the resignation. This process will be carried out according to the provisions of the Act and the Trust deed in order to ensure the smooth running of the fund thus safeguarding the interests of the investors.

- **Suspension**
  If the Management Company’s licence is suspended, it shall not, for the duration of the suspension, issue new units. But it shall as regards to existing units apply conditions similar to those applicable as stipulated in the Deed.

- **Removal**
  The Management Company shall be removed immediately on court order, appointment of a receiver, revocation of the licence by the regulator or any other conditions as may be stipulated in the Act and the Trust Deed.

- **Termination**
  The Trustee may, with the approval of the Registrar and on giving three months notice in writing, terminate the services of the Management Company if the change of the management company is necessary or at least 75% of unit holders (except units held by the management company) shall request for the removal in writing.

- **Liquidation/ Winding Up of Management Company**
  In the event of the Liquidation/ Winding up of the Management Company, the trustee shall immediately appoint new management company and ensure appropriate hand over is done according to the Act and the Trust Deed.

The Trustee

- **Appointment and powers of trustee**
  Standard Bank Limited has been appointed and has accepted appointment as the Trustee of the scheme. The Trustee shall have all powers necessary to protect the interests of unit holders in terms of the Act and the Trust Deed and shall, save as otherwise provided in the Trust Deed, have the powers and authority necessary to carry out its functions to achieve the objectives of the scheme and its portfolios.
Legal proceedings relating to a portfolio of the scheme
Legal proceedings relating to a portfolio of the scheme must be instituted by or against the Trustee in its capacity as such, and the Trustee may institute, prosecute, intervene in or defend any legal proceedings relating to or concerning a portfolio of the scheme or its affairs and, as a prerequisite to such action, may require the Management Company to indemnify it against all costs, expenses and liabilities thereby incurred.

The Trustee shall not be liable to make any payment to any investor except out of any funds held by or paid to it for that purpose under the provisions of this Trust Deed.

Duties of the Trustee
The Trustee shall safeguard the interests of the investors and serve the unit trusts funds in compliance with the Act and the Trust Deed, and shall act according to duties as specified in the same.

Remuneration of Trustee
The Management Company shall pay the Trustee by way of remuneration for its services, such sums as may from time to time be agreed with the Management Company, which will be disclosed to the unit holders in the annual report each year.

Registration and retention of assets by Trustee
The property of this Unit Trusts shall be held in the name of the Trustee on behalf of the unit trusts.

The assets of a portfolio shall be registered either in the name of the Trustee or with the written consent of the Registrar in the name of the nominee company of the Trustee.

Removal of trustee
A Trustee shall not be entitled to resign except upon the appointment of a new Trustee. If the Trustee wishes to resign, it shall give three months notice in writing to that effect to the Management Company and the Registrar. The Management Company shall with the approval of the Registrar within two months after the date of such notice, appoint some other qualified person as the new Trustee.

The Custodian

Appointment of Custodian
Standard Bank Nominees Limited has been appointed and has accepted appointment as Custodian of this Scheme.

Duties of the Custodian
The duty of a Custodian is to keep custody of assets under management in accordance with the provisions of the Act and the Trust Deed.

Remuneration of the Custodian
The Management Company shall pay the Custodian by way of remuneration for its services, such sums as may from time to time be agreed with the Management Company under the Custody Agreement, which will be disclosed to the unit holders in the annual report each year.

Resignation/Removal of the Custodian
The Custodian shall not be entitled to resign except upon the appointment of a new Custodian. If the Custodian wishes to resign, it shall give three months notice in writing to that effect to the Trustee and the Management Company and the Custodian shall give reasons for the resignation.

The Management Company shall with the approval of the Trustee appoint within two months after the date of notice, some other qualified person as the new Custodian and subject to such person being approved by the Registrar and entering into a Custody Agreement similar to the agreement comprised in the Trust Deed.
Which funds are referred to in this document?

- Old Mutual Money Market Fund
- Old Mutual Balanced Fund

Money Market Fund
The objective of the Money Market fund is to provide an efficient investment medium whereby investors can participate in a diversified portfolio of debt securities, fixed deposit instruments or near cash and cash holdings in the Malawi market while offering maximum security to the unit holders. The securities include Treasury Bills and Government bonds.

Balanced Fund
This fund aims to provide an efficient investment medium whereby investors can participate in a diversified portfolio of securities to achieve steady regular income from the money market portion of the fund as well as capital growth from the equity portion of the fund while carrying only a medium level of risk. The investment options available include equities (e.g. shares listed on Malawi Stock Exchange) and Interest bearing assets (e.g. fixed deposits). This fund has a medium to long term focus.

How do I get more information?
For more information, call us on the number shown below. You can also find more information on our website www.oldmutualmalawi.com, including fact sheets showing the most up-to-date information for each fund, and the latest fund reports.

If there is anything you do not understand in this document, we recommend that you contact us.

How do I contact Old Mutual Unit Trust Company (Malawi) Limited

Phone: 01 820 677
E-mail: mwunittrust@oldmutual.co.mw
Website: www.oldmutualmalawi.com/unittrust

Old Mutual Unit Trust Company (Malawi) Ltd
Fund Administration
30 Glyn Jones Road
Blantyre
P.O. Box 393
BLANTYRE
We can sum up the aims of the investment range as a whole as follows:

· To give you access to investments linked to country, regional and global financial markets
· To target long term capital growth, a regular income or a combination of both
· To spread the risk by investing in different funds which meet your investment aims
· To offer you the option of switching funds as your investment aims change

Each fund has its own specific investment aim. You should read the fund aims carefully to help you make an investment decision.

Your Investment

The funds are invested in different instruments on the financial market depending on their individual aims. Recommended minimum investment periods differ per type of fund. Within the investment limits referred to in the next section, you can invest in one or more of our funds, either by a lump sum or by a regular monthly investment plan or by an Ad Hoc investment. You can invest in all the funds featured here, and you may also transfer existing funds from other managers into our funds. You can top up or make withdrawals on your investment at any time, subject to the investment limits. The funds may issue different classes of units to suit different types of investors. We also offer accumulation units (where any income is retained within the units, leading to a higher unit price). These may be invested in by both institutional and individual investors.

What are the investment limits?

For you to hold units in our Funds, you will be required to make a minimum initial investment of MWK360,000 as a lump sum.

Thereafter, you may add to your investment through regular i.e. monthly, quarterly, or adhoc investments at a minimum of MWK30,000 per transaction.

Risk factors

All investments in financial markets involve risk, so you need to understand all the risks associated with any fund you invest in. Some risks apply to both our funds, others to just specific funds.

Risks applying to both funds

The value of your investment and the income from it can rise as well as fall and you may not get back the amount you originally invested. We cannot guarantee either the performance or the income from any fund. Remember past performance is not a guide to future performance.

The performance of any fund can differ considerably from that of its benchmark index or other funds investing in the same sector.

If you have paid an initial charge on your investment and you need to sell your units very soon thereafter, you may not get back the amount you invested, even if the value of the underlying investments has not fallen as your fees are not refunded.

Inflation will reduce the buying power of your investment over time. Our aim however is to do deliver returns above inflation on your money.
If you invest for a particular reason (for example to pay off a mortgage), you may not achieve your target amount if you do not keep up with your contributions or if the investment value does not sufficiently increase. Any tax benefits that apply at the time of your investment may be affected by changes in government policy or in your personal circumstances.

Funds offering the possibility of higher returns are generally higher risk as far as your investments are concerned.

On occasion, we may not be able to sell the underlying asset in a fund as quickly as we would like, or at a reasonable price. This liquidity risk could affect the performance of the fund.

Although unlikely, it is possible that the issuer of an asset, or a counter party, may default on their obligations to pay.

In the unlikely event that a fund was not able to meet its financial responsibilities, the legal structure of an Open Ended Investment Company (OEIC) means that other funds within the OEIC may meet those responsibilities. However, investors are not responsible for the debts of the funds, and you will not need to make any further payments after you have bought units.

**Risks applying to specific funds**

The following risks apply to one or more of the funds rather than to the full fund range.

- **Deduction of charges from capital**
  For funds where we take the annual management charge from the income, if the fund has not generated enough income, the balance may have to come from the capital of the fund.

- **Lower diversification (spread of risk)**
  Generally, the more securities you invest in, the less the impact of a sharp movement in one security on the whole portfolio.

Some funds may have a portfolio of assets which is concentrated in individual companies or market sectors. If one of these investments fell sharply in value, this would have a greater effect than would be the case in a more diversified portfolio where the risk is more widely spread.
Who is a typical investor?
The funds invest in financial markets that can go down as well as up, so typical investors are likely to invest their money for as long as possible, without needing to cash in their investment on a specific date. Investors may already have savings where the capital (the original investment) is protected, and they now want to invest to target higher returns or income, and are willing to accept the risk of losing capital. Whether a fund would be appropriate for you will depend on your own needs and how much risk you are willing to take.

How do I invest?
For lump sum investments, you can buy units by calling our dealing desk on 01 820 677 between 7:30 am and 4:30 pm on any weekday (except holidays). We will send you an application form showing how much you need to pay. You can also download specific forms on our website. You must make your payment within four working days of the date on the application form or you should enclose a cheque with your application form, payable to:

Old Mutual Unit Trust Company (Malawi) Limited

- Direct deposits and electronic transfers can be made to the following bank account:
  
  **Bank:** Standard Bank  
  **Branch:** Corporate Banking Centre Branch  
  **Branch code:** 010125  
  **Swift Code:** CBICMWMX  
  **Account Name:** Old Mutual Unit Trust Company (Malawi) Limited  
  **Account Number:** 0140071005401

- Please use surname and initials as reference for the deposit or electronic transfer
- Direct deposits and electronic funds transfers made into our account will only be processed on receipt of the cash and matching to a corresponding application form. Kindly deliver proof of payment to us.
- Cheque deposit values will only be accounted for on the day the cheque is cleared.

For investments in a monthly savings plan, you can buy units by filling in the application form, including the direct debit instruction. For regular savings plan investments, you must fill in the direct debit instruction on the application form. The payments will come out of your account on the day of the month that you indicate on the debit order form (or the next business day). We need to receive your application form by the 10th of the month so that we can start taking payments the next month.
The fund is valued using the latest market closing prices on any particular day (this is known as the valuation point). The price you pay for units is set at the next valuation point after we receive your application form. We use the valuation point to calculate the price for units.

How do I know that you have invested my money?
If you are investing a lump sum, we will send you a welcome letter showing the number of units you have, and the price and date on which you bought them. We will post this statement on the next business day after the date of your investment. We do not issue unit certificates but we will send you statements half yearly showing the units you own and the value of your investment.

If you set up a monthly savings plan, we will collect your monthly contribution by direct debit on the day that you indicated on the application form, or on the next working day. We will buy units on the same day as we receive your payment. If you have paid via cheque, we will only buy units for you once the cheque has been cleared, we will write to you to confirm that we have received your investment application. We will not send you a statement for each monthly investment, but you will get a statement every six months showing how much you have invested and how many units have been allocated to your account each month.

What if I change my mind after I apply?
You will have the right to cancel your investment. We will give you a cancellation notice, which you need to fill in and return to us within the same day of your application submission.

If you cancel your investment, you will get back either the full amount you invested or, if the unit price has fallen since your investment, we will reduce your refund by the amount of the fall.

How do I increase my investment?
To increase your investment, you can make a direct deposit into our account or send us a cheque (payable to Old Mutual Unit Trust Company (Malawi) Limited) with your instructions, and include your account number. The minimum top up amount is K30 000.00 per any investment instance.

How can I track my investment?
We will send you two statements each year, dated 30 June, and 30 December within one month of these dates. The statements will show any transactions during the period and the value of your investments as at the date of the statement.

Our Fund Administration Team can also give you a valuation of your investments. You can call them from Monday to Friday between 7:30 am and 4:30pm on 01 820 677. Fund prices are updated each day and are published in the newspaper or our website at www.oldmutualmalawi.com. These statements provide details of each fund’s performance, an investment review for the reporting period, and details of the largest investments in the fund portfolio. We prepare all reports to investors in this format, but you can see the full report and accounts by contacting us to ask for a copy or by visiting our website at www.oldmutualmalawi.com

Can I switch between funds?
You can switch between funds at any time, as long as your investment in any fund does not fall below K360 000.00. By switching between funds, you are actually selling and then buying units, you may have to pay fees if you switch from a fund with a lower entry fee than the fund you are buying into.

How is my investment priced?
We work out the price of units in each fund at the close of each day. The price is directly related to the value of the assets held by the fund, and is calculated according to the number of units in issue. Latest prices are available on our website at www.oldmutualmalawi.com or in either of the two leading daily newspapers.

We buy or sell units on a ‘forward’ basis, which means that whether you are buying or selling, your deal will be priced at the next valuation point after we receive your instructions.

How do I reduce or stop monthly payments?
You should write to us if you want to reduce or stop your monthly investment. You can only reduce monthly investments by multiples of K5 000.00, down to the minimum payment of K30 000.00 a month.

If your account is worth more than the K360 000.00 minimum, you can stop your contributions either temporarily or permanently. If you want to start investing again in the future, you may have to fill in a new application form.

Please make sure that your valid and accepted instruction reaches us 10 days before debit order collection date.
How do I sell my investment?
You can instruct us to sell all or part of your investment in writing. You must sell at least K30 000.00 in value of your investment, and the value of your remaining units must be at least K360 000.00 (unless you sell all of your investment).

If you give us your instructions over the phone, we will send you a contract note and renunciation form. You should fill in the renunciation form and return it to us. We will transfer your money into your bank account within four business days of receiving your correctly completed form. If you give us your instructions in writing, we will send the payment to you within the same timescale.

If you need more information about selling your units, please contact us on (+265) 01 820 677.

Will I have to pay tax?
Yes, you will have to pay withholding tax of 20% (or any other rate as specified by government) on interest for any amount over K10 000.00. This amount will be deducted and remitted to Malawi Revenue Authority on your behalf by Old Mutual Unit Trust Company (Malawi) Limited.

What fees will I have to pay?
Your investment will be affected by fees and expenses involved in the management of the funds:

- **Initial Fee**: This is the total up-front cost which applies when buying units or participatory interests. This is part of the Initial fees that is paid to a broker or sales agent.

- **Commission Fee**: This is the money payable to the agent that advised you when making the investment.

- **Annual Service Fee**: This fee is charged by the manager or Management Company for asset management and related services. This fee is expressed as a percentage of the funds under management. This fee is quoted as an annual percentage but in practice, it is recovered monthly or even daily by the fund. The amounts which a manager is entitled to deduct from a portfolio are as follows:
  - All charges payable by the manager in the process of buying and selling securities and other assets for the portfolio. These include:
    - Brokerage
    - Marketable securities tax
    - Value-added tax
    - Stamp duties
  - Auditor’s fees, bank charges, trustee and custodian fees and other levies or taxes
  - Share creation fees payable to the Registrar of Companies for the costs incurred in the creation and issue of participatory interests
  - The agreed and disclosed service charges of the manager (i.e., the annual service fees)

- **Switching Fee**: This is the difference between lower entry fee class/fund into high entry fee class/fund.
### Fees Summary

**Fund charges:** (excludes 16.5% VAT)

Note: Initial fees is the sum of Commission and Administration fee

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<td>Old Mutual Balanced Fund</td>
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</tbody>
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**Exit Fee**

Note that the below are for guidelines only. The default exit fee is Zero. However, the Management Company reserves the right to charge to a maximum of as per guidelines on a case by case basis.

- Below 1 year = 2.00%
- Between 1-2 years = 1.00%
- Between 2-3 years = 0.50%
- No exit fees will be charged for redemptions after 3 years of investments

**Total Expense Ratio (TER):**

Total Expense Ratio is defined as “the direct costs as a percentage of the total assets of the fund”. It does not include any Entry costs, Service fees. Trading costs may or may not be included depending on the manager’s decision.

**What if I have a complaint?**

If you want to complain about any aspect of our service, please write to us at:

Old Mutual Unit Trust Company (Malawi) Limited,
P O Box 393,
Blantyre,
Malawi.

We will deal with all complaints in line with our complaints handling procedures.

**What if I die while my Unit Trust investment is in force?**

Once we have been notified of your death, the investment will continue until we receive written instructions from your executors or personal representatives about selling or transferring your units.

**Language of Communication**

All our communications relating to Old Mutual Unit Trusts investments will be in English.

**Governing Law**

This agreement is construed in accordance with the laws of Malawi.

**Legal Information about the Funds**

The Custodian of the funds

Standard Bank Nominees Limited

C/O Standard Bank Limited

Kaomba Centre

Cnr Victoria Avenue & Sir Glyn Jones Road,
P O Box 1111,
Blantyre,
Malawi.

Tel: +265 (0)1 820 144

Fax: +265 (0)1 820 956

The Trustee of the funds

Standard Bank Limited

Kaomba Centre

Cnr Victoria Avenue & Sir Glyn Jones Road,
P O Box 1111,
Blantyre,
Malawi.

Tel: +265 (0)1 820 144

Fax: +265 (0)1 820 956
**Auditors**
Both fund auditors and Management Company auditors are eligible and entitled to act as such under the Public Accountants and Auditors Act. The auditors are as follows:

The Auditor of the Management Company
KPMG
Public Accountants and Business Advisors
MASM House, Lower Sclater Road
P.O Box 508,
Blantyre,
Malawi.
Tel: +265 (0)1 820 744/ 820 391
Fax:+265 (0)1 820 575
Email: kpmg@kpmgmw.com

The Auditor of the Fund
Deloitte & Touche
First Floor Indebank House
Kaohsiung Road
P.O Box 187
Blantyre
Malawi
Tel: +265 (0) 1 822 277 / 820 536 /506
Fax: +265 (0) 1 821 229
Email: btdeloitte@deloitte.co.mw

The Legal Advisor of the fund
Wilson and Morgan
Whitehall
6 Victoria Avenue
P.O Box 527
Blantyre,
Malawi.
Tel: +265 1 820 988 (work)
Fax: +265 1 822 993
E-mail: info@wilsonmorganmw.com
Money laundering
We must act in line with Malawi laws designed to prevent money laundering. This means that we may ask you for proof of your identity when you buy or sell units. Until we have satisfactory proof of your identity, our dealing with you in units may be delayed.

Personal information
We will only pass on information about your investment directly to you or to our authorized professional adviser, unless you tell us in writing to share information with someone else. However, we will pass on confidential information about your account if we have to do so by law, or we are called to do so by the Reserve Bank of Malawi (which regulates us).

Data Protection Act
Under this Act, we will hold any details that we receive about you on a database and we may use this information to keep you informed about other products and services we offer, or that are offered by other companies within the Old Mutual Group. You can choose not to receive this sort of information by ticking the appropriate box on your application form. You can also tell us at any time, in writing, if you do not want to receive this sort of information.

We, and other companies within the Old Mutual Group, may need to disclose your personal data to service providers, agents and sub contractors providing services to us abroad, in countries which do not have data protection laws offering the same level of protection as those in Malawi. If we do so, we will ensure that your personal data is processed only in accordance with the applicable legislation and under suitable obligations of confidentiality.

Legal responsibility
We, and any of our associates, will not be legally liable for any actions or omissions of any person, firm or company who has carried out any transactions for your account. We, and any of our associates, will not be legally liable for any loss that you suffer except to the extent that it is directly caused by our negligence, willful default or fraud. We will not be responsible for any loss or damage you suffer as a result of circumstances beyond our reasonable control.

We do not guarantee the performance or profitability of units held within your investment. We will not accept any liability for any default, fraud or negligence by any approved bank that holds cash on your behalf.

Debit Orders
If the amounts you need to pay or the payment dates change, we will tell you in writing at least 14 days beforehand. If we or your bank makes a mistake in your dealings, you are guaranteed to receive from your bank or ourselves a full and immediate refund of the amount taken from your account. You can cancel a direct debit at any time by writing to your bank. Please also send us a copy of your letter.

Choice of funds and types of units
Funds, including investment risks associated with them, are referred to earlier in this document. You should read and understand all the relevant information before deciding whether you want to invest.

If you are not sure whether an investment is right for you, you should get independent financial advice. You may have to pay for this advice.

How do I invest in a Unit Trusts?
Before we can buy units for you, we must have your Unit Trusts application form and payment in full. If you want to make regular monthly investments, you must also fill in the direct debit authority on your application form. Any units we buy for you will be governed by these terms and conditions. If you are making a lump sum investment, you should make your cheque or banker’s draft payable to Old Mutual Unit Trust Company (Malawi) Limited. If you are paying each month, you must pay by direct debit. If your cheque did not clear, or if your direct debit is not paid, we may cancel your application and any transactions up to that point. You agree to cover us against any direct or indirect losses, costs and expenses that arise as a result of your investment and later cancellation.

How do I know that you have invested my money?
We keep an account for you that shows the funds and the number of units after receiving your investment.

We collect regular monthly Unit Trusts investments by direct debit on the day that you indicate on the debit order form (or on the next business day). We allocate units to your account on the basis described in the earlier section called ‘How do I invest?’

We acknowledge lump sum investments by sending a statement to you and your authorized professional adviser by 4:30pm on the next business day after we bought your units. For a regular monthly investment by debit order, we acknowledge your initial application by writing to you and your authorized professional adviser. We will send a statement to acknowledge any further lump sum investments to the account.
Registration of units
Your units will be registered in your name and the Trustee will hold them on your behalf. We cannot record any other person’s interest in your account.

How do I close my account?
You must tell us in writing if you want to close your account. We will deposit your money in your bank account on the fourth business day after we receive your instructions. If you prefer, you can phone us and we will send you a statement and a renunciation form. You should fill in the renunciation form and return it to us.

We can close your account, after giving you notice in writing, under certain circumstances allowed for in the Unit Trusts regulations. These circumstances could include us deciding that it would not be practical to continue with your Unit Trusts account, or you breaking any of these terms and conditions.

What happens if the Unit Trusts account becomes void?
If at any time you tell us about, or we become aware of, any failure by you to follow the regulations, we will tell you in writing that your Unit Trusts investment has, or will, become void (in other words, no longer valid under the UT regulations).

What if my personal details change?
You must tell us in writing immediately if:

- Your permanent home address change.
- Your Bank account changes.
- If you are not sure whether you need to tell us about a change, you should contact us.

Further information
The terms and conditions apply to you and you cannot transfer or assign them to another party.

We may employ agents to advise on or perform any of our responsibilities under these terms and conditions. We will only do this if we are satisfied that these agents are competent to carry out those functions and responsibilities.

We will write to tell you beforehand about any such a change if we need to do so. As far as we know, this information is correct at the time of printing. Please note that minimum investment levels, charges and other terms and conditions mentioned in this document can change.

A copy of the Trust and supplemental deeds in respect of the fund is available at our registered offices. You are most welcome to inspect the same during all normal business hours.
A
Accrued Interest
The current value of the earned portion not yet paid or received.

Annual Report
The formal report on the unit trusts funds finances and operations sent to all unit holders. It discloses the fund’s business activity during the year.

Annuity
A type of investment contract that pays you a regular income, usually after retirement.

Assets
Everything that the unit trusts fund owns. Any possessions that have monetary value.

B
Basis Point
One hundredth of a percentage point (0.01%)

Bonds
Loan stock issued by government or parastatals.

Beneficiary
The person (or in some other case the estate) named to receive the value of the unit trusts investment.

Beta
Measure of a stock’s risk in relation to the market for example: 0.6 means a stock price is likely to move up or down 60% of the market change; 1.2 means that the stock is likely to move up or down 20% more than the market.

Blue Chip
These are companies that can be expected to offer financial stability and reasonably stable performance.

Bond
A certificate you receive for a loan you make to a company or government. In return, the issuer of the bond promises to pay you interest at a set rate and to repay the loan on a set date. Bonds are bought and sold in the bond market with prices varying according to the interest rate. As the interest rate rises the price of bonds fall so that new buyers of existing bonds in the secondary market earn a competitive rate of interest.

Book Value
For an individual investor, book value is the amount you originally invested plus any interest or dividends you earned that have been reinvested.

Business Day
Any day when most business and government offices are open for business. It therefore excludes weekends and Public holidays.

Callable
An investment, such as a bond, that can be ‘called in’ and repaid by the company or government that issued it, before it would be normally due. You are generally paid extra interest if your investment is called in early.

Capital Appreciation
The growth in the market value of an investment. Capital appreciation together with income generated by an asset comprises the total return on an investment.

Capital Gain / Loss
The profit or loss you make when you sell an investment.

Capital Markets
Capital markets have no physical location and refer to any market used to raise capital, e.g., listed equity markets (NSE), fixed interest markets (Bond market) and unlisted securities markets.

Cash
Money “on call” in overnight deposits.

Certificate
A legal document showing that you own units in the case of a unit trusts. It is mainly issued to unit holders who are seeking loans from financial institutions as it displays proof of assets held by the unit holder.
Commission
The fee paid on buying an investment. This can be paid directly to the fund manager or to an intermediary (such as agent / broker).

Common Share
An investment that gives you part ownership of a company and allows you to vote on major decisions affecting the company.

Compound Interest
Interest paid on your initial investment, then also on the interest as it builds up. Over a period of several years, compounding can have a dramatic effect on making your investment grow.

Coupon
This is the portion of the bond that provides the holder an interest payment at a pre-determined rate. Coupons are the amount of interest that will be paid on an annual basis. Most bonds, however, pay interest semi-annually.

Cum Dividend
It refers to the price of a unit, which includes the income accruals up to the close of business on the day that a distribution is declared. Any investors who hold units on the day of declaration date are entitled to the distribution.

Custodian
The legal person, a financial institution, which safeguards the unit trusts fund’s assets on behalf of unit holders.

Debenture
Another name for a bond. Money is secured by the credit of the company or the government issuing it.

Debt
Money that has been borrowed and must be repaid, usually with interest and by a set date.

Derivatives
Geared instruments such as futures, options and warrants

Director
A person elected by the holders of the common shares at an annual meeting to direct a company’s policies.

Discounted
The market price of a share can be said to have been discounted when an event that is expected to happen, such as an increase in dividends or lower earnings, has been reflected in its price.

Distribution
The periodic payment to unit holders of the income (interest and dividends) which has been earned by their units.

Diversification
The practice of buying several different types of investments over a broad range of industries, sectors and companies in order to reduce your risk if one particular industry, sector or investment performs poorly.

Dividend
The part of a company’s profits that you may receive if you are a shareholder of the company. Preferred shares earn a set dividend, while dividends for common shares vary with the company’s profits. Companies are under no legal obligation to pay dividends to their shareholders.

Dividend Yield
The dividend yield of unit trusts quoted in the daily newspaper is the sum of the past 12 months’ dividends expressed as a percentage of unit price.

Earnings per Share
Net income of a company for the past twelve months divided by the number of common shares outstanding.

Estate
Net assets at time of death.

Equities
Ownership interest of common and preferred shares in a particular company. These usually mean stock or shares which represent part of the funding and ownership of a company.
**Exchange Rate**
The price at which one country’s currency can be converted into another currency.

**Ex Dividend**
This is the price of a unit the day after a distribution has been declared. This price will usually be less than the ‘cum div’ price by the amount of the distribution, provided that there is no significant movement in the market.

**Face Value**
The value of a bond or debenture that is printed on the face of the certificate. Face value is usually the amount the issuer will pay at a certain date. Face value is no indication of market value.

**Fixed – Income Securities**
Securities that generate a predictable stream of interest or dividend income, such as bonds, debentures, and preferred shares.

**Financial Advisor**
Helps clients evaluate the investing and financing options available to them.

**Fund**
The pool of cash made up for investors’ contributions and invested in turn of stocks, shares, bonds and interest-bearing investments. The portfolio manager is the person responsible for running the fund, choosing and monitoring the investments it makes.

**Growth Shares**
A company which over a period of time seems destined for above average expansion therefore their shares have prospects for growth that are above average.

**Hedging**
An investment strategy used to reduce risk.

**Income Accrual**
This is defined as any dividend or interest received by the Trustee, Custodian or Manager on behalf of investors in a portfolio and for distribution to investors.

**Income Distribution**
The income of a unit trusts is accrued daily and distributed quarterly or half-yearly after deducting the service charge.

**Inflation**
A general increase in prices and a fall in the purchasing value of money.

**Interest**
Money you pay for the use of someone else’s money.

**Investment**
The creation of more money through the use of capital.

**Investment Company**
A company that invests in other companies. There are two types:
- Closed ended funds and Open ended funds;
- Closed ended funds have a fixed number of shares which are traded on the stock exchange
- Open ended funds like unit trusts continually issue more shares as people want them.

**Liquid**
Easily converted to cash without loss of value.

**Listed shares**
Shares of publicly owned companies which are traded on the stock exchange.

**Management Fee**
The fee paid by each Old Mutual Unit Trusts Fund for arranging the management of its expenses, investments and the provision of administrative services.

**Market Capitalization**
The value that the market place ascribes to a listed company. This can be calculated by multiplying the number of shares in issue by their current market price.

**Market Price**
The most recent price at which the investment has been bought or sold.
Maturity Date
The date on which the principle amount of a bond or debenture comes due and is to be paid in full.

Merger
The combining of two or more companies.

Money Market Fund
A unit trusts that invests in commercial paper, banker’s acceptances, government securities, certificates of deposit. The investments are usually highly liquid and safe. Treasury bills usually make up the bulk of trading in the money markets. The funds net asset value remains at a constant MWK 1 a unit; only the interest rate goes up and down.

Net Asset Value
The market value of a fund unit. Net asset value is calculated by most funds after the close of business each day by taking the closing market value of all securities owned plus all other assets such as cash, subtracting all liabilities, then dividing the result (total net assets) by the total number of unit outstanding. The number of units outstanding can vary each day depending on the number of purchases and redemptions.

Options
The right to buy or sell specific securities or properties at a specified price within a specified time.

Par Value
The face value of a bond or share as set by the company or government that issued it.

Portfolio
A collection of investment holdings, either in a unit trusts fund or in one’s personal account.

Portfolio Manager
Professional manager responsible for buying and selling shares and other securities on behalf of clients. Sometimes referred to as a money manager, he/she would be skilled in selecting investments and would strive for the highest return possible on the client’s portfolio, while minimizing the risks as far as possible. A portfolio manager may work for a unit trusts management company, pension fund, insurance company, stockbroker, bank or registered portfolio company.

PTR (portfolio turnover rate)
The portfolio turnover rate is a figure which indicates the rate at which the manager of the fund turns over the value of the portfolio (that is, buys and sells underlying assets in the fund). If the portfolio turnover rate is high, the costs related to buying and selling the underlying assets may cause a greater reduction in fund performance. At the same time, the increased activity by the fund manager may mean that changing investments increases the performance of the fund enough to outweigh these costs.

Price
The value at which units are traded in Unit Trusts.

Principle
The initial amount invested.

Prospectus
A thorough written description of a unit trusts, as well as the legal selling document.

Proxy
Written authorization you give for someone else to vote in your place at a unit holders meeting.

Redemption
The act of withdrawing funds from your unit trusts account. Redemptions can either be partial (where the unit holder just withdraws a portion) or can be full (where the unit holder withdraws the full value of their account).

Reinvestment
An agreement by which the income distribution due to a unit holder is used to buy additional units after the distribution is declared.

Renunciation
Declaration by the unit holder that he does not need the Unit Trusts account anymore and should be closed permanently.

Securities
A term for stocks, Bonds and money market instruments.

Seven Day Yield
Yield for a seven day period including the day reported.
Shares
Certificates or book entries representing ownership in a company.

Switch
The movement from one unit trusts fund to another unit trusts fund within the same company at the request of the unit holder.

T
Top Holdings
The arrangement of securities by weighting (from largest to smallest) within a unit trusts fund. The proportion of top holdings to each Fund’s assets is expressed as a percentage.

Transfer
The change of ownership occurring from one unit holder to another effected within the same unit trusts fund.

Treasury Bills
Short term government debt. They are bought at a price below its face value and mature at par (100% of face value). The difference is the interest you have earned on your money.

Trust Deed
The document that contains full details of the constitution and investment objectives of a unit trusts as well as enshrining its trust structure. The trust deed also contains provisions relating to the trust’s charges.

Trustee
The legal person, usually a bank, which creates and liquidates units, takes charge of the actual securities held by the unit trusts fund, and acts on the unit holder’s behalf in ensuring that the management group keeps to the provisions of the trust deed, particularly in relation to investment objectives.

U
Underlying
Refers to the individual securities that make up the unit trusts fund.

Valuation Day
The day on which the net asset value per unit of a mutual fund is calculated.

Volatility
A measure of risk based on the standard deviation of the asset return.

W
Will
A legal document, signed by you, appointing a person or persons to carry out the terms outlined by you in setting out how your estate is to be distributed.

Y
Yield
The effective interest rate dividend on an investment.