

# ALGEBRA INCOME TRUST

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**A Unit Trust  
Investment Scheme**

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**GOG BONDS**  
**FUNDS** **FIXED**  
**DEPOSITS**  
**SAVINGS** **T-BILLS**  
**MONEY** **CORPORATE**  
**BONDS**  
**MARKET** **CASH** **COMMERCIAL**  
**LIQUIDITY** **PAPER**

**PROSPECTUS**  
**For Initial Public Offer**



**Algebra  
Capital  
Management  
Limited**

## **PREFACE**

Algebra Income Trust is a Unit Trust, a type of Collective Investment Scheme. An avenue for various individuals and institutions to invest funds to attain their respective financial objectives. The scheme was designed to create a portfolio that will provide diversification for investors. The main target of AIT is to preserve capital and provide growth for medium to long term liquidity needs.

Algebra Capital is a licensed Fund Management firm regulated by the Securities & Exchange Commission. By virtue of our fund management license, we have also been licensed by the National Pensions Regulatory Authority to provide investment advice as a Pension Fund Manager.

We are directly associated with Algebra Securities Limited, a licensed Corporate Finance firm and thus, we are able to combine our strengths to provide full-fledged Investment Banking Services to both Institutional and Individual clients. We are a team of young but experienced investment banking professionals who have converged to redefine the business and tap into the huge opportunities available within the Ghanaian space.

Although we appear the same as our market competitors we are inherently different and that reflects in our delivery.

## Summary Information

<b>Scheme:</b>	<b>Algebra Income Trust (AIT)</b>
<b>Fund Manager:</b>	Algebra Capital Management Limited 5th Floor, Nester Square, North Liberation Link, Airport City. P. O. Box GP 18469 Accra, Ghana. fundmanager@algebracapital.com.gh + 233 302 778 552/3
<b>Trustee:</b>	Guaranty Trust Bank (Ghana) Limited 25A, Castle Road, Ambassadorial Area, Ridge-Accra. gh.trustee@gtbank.com (+233 302) 611560, 680 662
<b>Legal Counsel:</b>	AfriyieDwamena & Associates Hse No F146/2 Lokko Road, 2 <sup>nd</sup> Floor Christian Council Building Osu. P.O. Box CT6494 Cantonments, Accra. stephan@adwamena.com +233 264385880
<b>Auditors:</b>	John Kay & Co. 7 <sup>th</sup> Floor, Trust Towers, Farrar Avenue, Adabraka. P.O. Box 16088, Airport, Accra.
<b>Minimum Subscription:</b>	GHS100.00
<b>Subsequent investments:</b>	In multiples of GHS50.00

## Contents

Contents.....	2
1. Algebra Income Trust.....	6
2. Expression of caution.....	6
2.1. Legal Basis .....	6
2.2. Reliance on representations .....	6
2.3. Fees and Charges .....	7
2.4. Income Guarantee .....	7
2.5. Regulators Exclusion of Liability.....	7
2.6. Non-Resident Investors.....	7
3. Summary of the Prospectus.....	8
4. The Offer .....	9
4.1. Offer Time table .....	9
4.2. The Manager .....	10
4.2.1. Board of the Manager.....	10
5. The Trustee & Other Advisors.....	10
6. Constitution and Objectives of the scheme.....	11
6.1. Investment Objective .....	11
6.2. Investment Strategy.....	11
6.3. Investment Policy.....	12
6.4. Investment Restrictions .....	13
6.5. Fund Management.....	14
6.6. Certificate of Units .....	14
6.7. Income and Deductions .....	15
6.7.1. Income accounts .....	15
6.7.2. Deductions from and additions to income account .....	16
6.8. Administration of the Scheme and the Assets and the Scheme.....	16
6.8.1. Inclusion in and custody of the assets of the scheme .....	16
6.8.2. Registration of transfers .....	16
6.8.3. Valuation and Pricing .....	16
6.9. Rights to Borrow .....	17
6.10. Management of Other Schemes and Portfolio .....	18
6.11. Remuneration of Scheme Manager .....	18
6.12. Remuneration of Trustee .....	18
6.13. Accounts and Audit .....	19
6.13.1. Accounts.....	19
6.13.2. Audit.....	20
6.14. Report to Unit Holders.....	20

6.14.1.	Matters to be contained in the Investors Report .....	20
6.14.2.	Availability of investors’ reports .....	21
6.14.3.	Trustee’s report .....	21
6.14.4.	Register of investors .....	21
6.14.5.	Where register is to be kept .....	22
6.14.6.	Right to inspect .....	22
6.14.7.	Availability to the public .....	23
6.14.8.	Closure of the register .....	23
6.15.	General information.....	23
6.15.1.	Meetings, attendance and voting .....	23
6.15.2.	Powers of a meeting of investors .....	24
6.15.3.	Notice of meetings .....	24
6.15.4.	Quorum .....	25
6.15.5.	Chairperson .....	25
6.15.6.	Votes of Members.....	25
6.15.7.	Material contract .....	25
6.15.8.	Complaint procedure .....	25
6.15.9.	Copies of Regulations.....	26
7.	Fees and Expenses .....	26
8.	Issue and sale of Units .....	26
8.1.	Issue of Units.....	26
8.2.	Minimum Investments .....	27
8.3.	Maximum Investments .....	27
8.4.	Payment Options.....	27
8.5.	Mobile Money.....	27
8.6.	Redemption of holdings.....	27
9.	Risk factors and special considerations .....	28
10.	Application and Dispatch of contract note .....	29
10.1.	Application .....	29
10.2.	Dispatch of Contract Notes .....	29
10.3.	Receiving Agent.....	30
11.	Definition of terms .....	30

## **1. Algebra Income Trust**

Algebra Income Trust is a fixed income unit trust designed to provide a mixture of income and capital growth opportunities. It is designed to provide a preferred investment bouquet for individuals and organisations who intend to build liquidity reserves for the medium to long term. The scheme is structured to relieve clients from the investment risk associated with the market and by creating an opportunity for them to leverage on the strong risk assessment module deployed at Algebra Capital to enhance quality of their investments. The scheme is also structured to appeal to Pension Fund Managers as an alternative investment product suitable for their portfolio rebalancing. By its nature, Pension Fund Managers can invest in the scheme as a means of meeting their short term withdrawal obligations without necessarily losing value on returns.

At all stages in its activities, the scheme will adopt a high risk assessment module that would guide its selection of investments as it creates wealth for its stakeholders. Investment paper issuers shall be thoroughly screened on the three key fundamentals below:

- ♣ Governance & control
- ♣ Operational fortitude
- ♣ Financial stability

Ultimately, Algebra Income Trust has a long term objective of being acknowledged as the most reliable scheme in the provision of sustainable value for its clients. It intends to achieve this on the basis of the following:

- ❖ Statutory compliance
- ❖ Optimum client confidentiality
- ❖ Up to date market research

## **2. Expression of caution**

### **2.1. Legal Basis**

In compliance with the provisions of the Securities Industry Act, 2016 (ACT 929), Securities Industry (Amendment) Act, 2000 (Act 590), Securities and Exchange Commission Regulations, 2003, (L.I. 1728) and the Units Trust and Mutual Funds Regulations, 2001 (L.I. 1695), Algebra Income Trust (the “Scheme”) is being offered on the basis of the information contained and representations made in this Prospectus, and other references cited herein.

### **2.2. Reliance on representations**

In furtherance of the above, any other representations made by any other person or body should not be relied upon as having been authorized by the scheme and thus any person who

desires to acquire a unit in the scheme must read carefully the entire contents of this prospectus and where in doubt make enquiries from the Scheme Manager or his duly authorized agent or seek professional advice from his or her duly licensed investment advisor.

### **2.3. Fees and Charges**

Investing in the scheme attracts fees and charges and hence, prospective investors should properly acquaint themselves with the fees and charges structure as outlined in this prospectus prior to making that investment decision.

### **2.4. Income Guarantee**

Whilst the Manager will perform his functions exercising professional competence, care, skill and due diligence, the past performance and its related income distributions will not guarantee entirely the assurance of future performances and its income distributions.

### **2.5. Regulators Exclusion of Liability**

In compliance with the relevant statutes, the Securities and Exchange Commission has reviewed and approved the documentation forwarding the scheme only for the purposes of discharging their regulatory obligations and not in an advisory capacity for which they share in liability for the contents of this document or guarantee the performance of the scheme.

### **2.6. Non-Resident Investors**

Any person not a resident of Ghana and who intends to invest in the scheme is strongly advised to seek legal advice whether they require any governmental or other consent or need to observe any formalities to enable them to invest in the scheme or to determine if the scheme may be lawfully sold in their jurisdiction.

### 3. Summary of the Prospectus

<b>The Scheme</b>	The scheme is called Algebra Income Trust. It is an open-ended fixed income unit trust with unlimited duration.
<b>The Manager</b>	Algebra Capital Management Ltd (SEC License No. SEC/FML135/20)
<b>Investment Objectives</b>	<p>The scheme will actively invest and trade in Fixed income instruments issued at both primary and secondary markets in order to provide continuous growth opportunities for its unit holders. That way, the scheme is able to meet its primary objectives of providing income and capital growth at the same time. Typically, it would invest in the following:</p> <ul style="list-style-type: none"> <li>▪ Financial institutions deposits</li> <li>▪ Commercial paper</li> <li>▪ Government bonds</li> <li>▪ Corporate bonds</li> <li>▪ Other similar fixed income instruments</li> </ul>
<b>Base Currency</b>	Ghana Cedis (GHS)
<b>The Offer</b>	Ordinary units of no par value
<b>Regular Investment Purchases</b>	Subsequent to the expiration of the offer period, a regular investment plan is available for others who intend to purchase on regular basis
<b>Initial Purchases</b>	Minimum units of 100 (Equivalent to GHC100)
<b>Subsequent Purchases</b>	After initial purchase of GHC100, subsequent minimum purchase shall be GHC50
<b>Periodic investment top-up</b>	Periodic investment top-up is encouraged to achieve significant growth but it is not an obligation
<b>Management Fees</b>	2.0%p.a. accrued daily on the scheme's average daily net asset value and charged monthly in favour of the Manager
<b>Administrative Expenses</b>	The scheme imposes a monthly fee at an annual rate of 0.60% of the scheme's average daily net asset value
<b>Trustees Fees</b>	The trustee fee shall be 0.25% p.a on the Net Asset Value accrued daily and paid monthly
<b>Income Distribution</b>	The scheme shall not pay out any dividends. All net investment income and realized capital gains shall be re-invested to grow the scheme at an accelerated rate. Hence, investors may rather cash out via a redemption of their investment
<b>Redemption</b>	Except on statutory public holidays, investors may redeem their investment in writing to the manager and deliver such request within the normal business hours three(3) clear days before the desired redemption date
<b>Risk Factors</b>	Investing in fixed income securities, the scheme will be subject to prevailing economic conditions in the country at each point in time such as inflation, price fluctuations, investors perception etc



#### 4. The Offer

The scheme is offering to the market an initial 500,000 units at a price of GHC1.00 per unit. It is an open ended scheme made up of unlimited number of units having an initial minimum investment of GHC100 and subsequently in multiples of GHC50.00 during the IPO.

The scheme manager will contribute a minimum of 5% of the initial units being issued. Thus, a minimum of 25,000 units at the price of GHC1.00 per unit will be contributed into the scheme by the scheme manager.

In addition to the 5% contribution, the scheme manager further guarantees the entire minimum raise of GHC500,000 to ensure a successful offer.

The prospectus is thereby issued under the Securities Industry Act 2016 (Act 929) as amended and the Unit Trusts and Mutual Funds Regulations, 2001 (LI1695) subsequent to the filing of same with the Securities and Exchange Commission.

The initial public offer begins on the 23<sup>rd</sup> February, 2021 to 14<sup>th</sup> April, 2021 from 08:00hours to 17:00hours each business day. Any variation in the offer period shall be made by the Manager with the consent of the Commission and shall be duly communicated.

All applications for the units should be directed to the Manager at its registered office:

Algebra Capital Management Ltd  
5<sup>th</sup> Floor  
Nestar Square  
North Liberation Link  
Airport City

##### 4.1. Offer Time table

	<b>Date</b>	<b>Time</b>
<b>Offer Opens</b>	29-04-2021	08:00hrs
<b>Offer Closes</b>	14-05-2021	17:00hrs
<b>Allotment starts</b>	17-05-2021	08:00hrs
<b>Allotment ends</b>	20-05-2021	17:00hrs
<b>Results of offer communicated to the Commission</b>	24-05-2021	13:00hrs
<b>Final Dispatch of Contract Notes</b>	26-05-2021	14:00hrs
<b>Continuous and regular investments begins</b>	31-05-2021	08:00hrs

#### 4.2. The Manager

<b>Name</b>	<b>Algebra Capital Management Ltd</b>
<b>Date of Incorporation</b>	18 <sup>th</sup> November 2014
<b>Country of Incorporation</b>	Ghana
<b>Registration Number</b>	CS520312014
<b>Nature of Corporate Form</b>	Limited Liability Company
<b>Registered Address</b>	5 <sup>th</sup> Floor Nester Square, North Liberation Link, Airport City, Accra.
<b>Telephone</b>	+233302 778 552 / +233 302 778 5523
<b>Email</b>	fundmanager@algebracapital.com.gh
<b>Website</b>	www.algebracapital.com.gh

##### 4.2.1. Board of the Manager

<b>Name</b>	<b>Position</b>	<b>Other Directorship</b>	<b>Address</b>	<b>Occupation</b>
<b>Hon. Isaac Osei</b>	Chairman	Intravaneous Infusions Ltd. Algebra Securities Ltd.	PLT 17 West Nhyieso, Kumasi.	Industrialist/ Politician/ Diplomat
<b>Kofi Osafo-Sampong</b>	Director	Ward & Aldridge Ltd. Algebra Securities Ltd.	U54, Sir Arku Korsah Street, Tema.	Investment Banker/Engineer
<b>Felicia Payin Marfo</b>	Director	Ward & Aldridge Ltd. Algebra Securities Ltd.	No.37 Pawpaw Street, Community 6, Tema.	Business Executive
<b>Stephan Antoh</b>	Director	Ward & Aldridge Ltd. Algebra Securities Ltd.	HNo.1 Tebibiano Teshie, Ledzekuku Krowor, Accra.	Legal Practitioner

##### 4.2.2. The Investment Officer

<b>Name</b>	<b>Paul Allotey</b>
<b>Designation</b>	Fund Manager
<b>Qualifications</b>	BA Information Studies & Economics

**Investment Representative License Number**  
**Telephone**  
**Email**

MBA Finance
SEC/FMRL 04/135/20
+233268629602
paul.allotey@algebracapital.com.gh

## 5. The Trustee & Other Advisors

**Name of Trustee**  
**Nature of its corporate form**  
**Country of incorporation**  
**Date of incorporation**  
**Name of Holding Company**  
**Address**  
  
**Auditors**  
**Telephone**

<b>Guaranty Trust Bank (Ghana) Limited</b>
Limited Liability Company
Ghana
01-March-2006
25A, Castle Road, Ambassadorial Area, Ridge-Accra
Messrs KPMG
(+233 302) 611560, 680 662

**Legal counsel**  
**Address**

**Telephone**  
**Email**

<b>AfriyieDwamena &amp; Associates</b>
Hse No F146/2 Lokko Road 2 <sup>nd</sup> Floor Christian Council Building Osu, Accra P.O. Box CT6494 Cantonments, Accra
+233 264385880
stephan@adwamena.com

## 6. Constitution and Objectives of the Scheme

### 6.1. Investment Objective

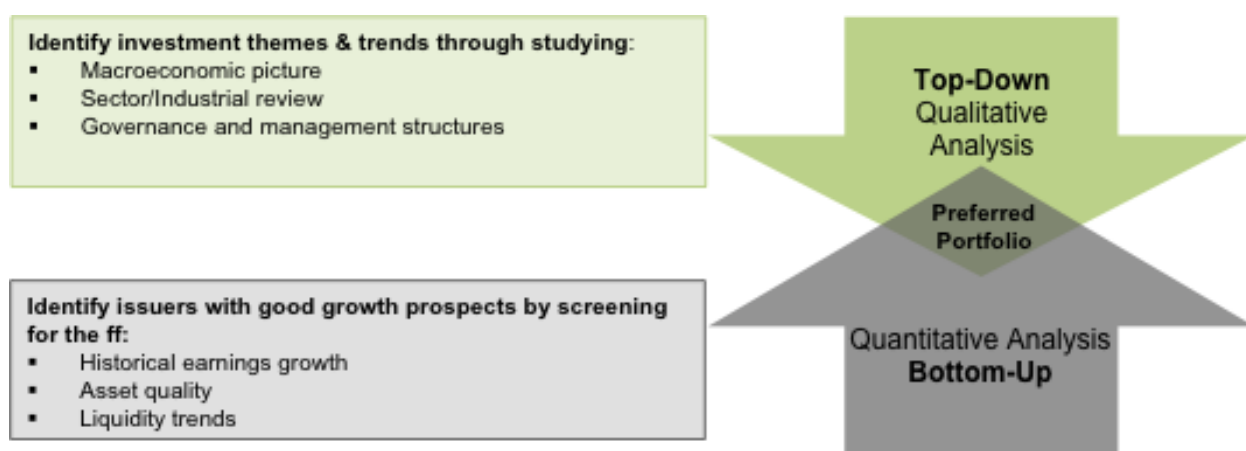
The scheme seeks to achieve income growth and preservation of capital. This will be attained through a portfolio of fixed income instruments that will be targeted at generating a return above the average fixed income benchmark.

### 6.2. Investment Strategy

The investment strategy is leveraged on a strong three-tier risk management module that protects the investor before, during and after stages of an investment's life cycle.



The scheme will adopt an informed approach towards the selection of its' preferred investment assets. This is particularly important to bring on board our professionalism in the management of the scheme. As an approach, we would use a bottom-up and a top-down mixed approach to arrive at our decision as follows:



For each investment issuer, we shall undertake an analysis of their sectorial/industry performance; review the opportunities & threats within the context of the entire macroeconomic environment as it relates to their business in order that we can appreciate the environmental feasibility of their continued existence. Additionally, we shall have a thorough review of their governance structure and system and the degree of independence of the Shareholders, Board of Directors and Key Management from each other. Subsequently, the risk assessment evaluation exercise will consider the historical financial trends of the issuer to test and project its' financial health.

### 6.3. Investment Policy

In its investment making drive, the scheme shall be guided by Regulation 38 & 39 of LI 1695. The permissible asset classes however, are as follows:

- ❖ Commercial paper
- ❖ Corporate bonds
- ❖ Fixed deposits
- ❖ GoG Securities
- ❖ Other money market instruments

The policy also fixes the investment exposure limits for each class of portfolio as follows:

	<b>Asset Class</b>	<b>Maximum Investment As a Percentage of Net Asset Value</b>	<b>Limit Per Issuer</b>
1	Commercial Paper	0%-15%	10% of total commercial paper exposure limit
2	Corporate Bonds(listed)	0%-40%	10% of total corporate bond exposure limit
3	Fixed Deposits	5%-40%	20% of total fixed deposit exposure limit
4	GoG Securities	20%-70%	No limit
5	Other money market instruments	0%-20%	20% of such other money market exposures limit
6	Cash and Cash equivalent	5%	

#### **6.4. Investment Restrictions**

From the investment exposure limits in the policy set above and in reference to regulation 39 of LI1695, the investment restrictions shall be as follows:

- a) Invest in any other instrument apart from what is outlined in the investment policy above.
- b) The scheme shall not invest in excess of 10% of its total investment in commercial papers issued by a single issuer.
- c) The scheme shall not invest in excess of 10% of its total investment in corporate bonds issued by a single issuer.
- d) The scheme shall not invest in excess of 20% of its total fixed deposit investments issued by a single issuer.
- e) The scheme shall not invest in excess of 20% of its total investments in other money market instruments issued by a single issuer.
- f) The cumulative effect of exposures to one single issuer who issues various papers shall not exceed 20% of the total net asset value of the scheme at any point in time.

- g) The scheme shall not apply any part of the assets of the scheme in the acquisition of an investment which is likely to involve the scheme in any liability, contingent or otherwise.
- h) The scheme shall not enter into any underwriting or sub-underwriting contracts in relation to the subscription or purchase of any investment; or
- i) Invest in any securities of a class in a company or other body if any officer or collectively officers of the manager of the scheme own more than 5% of the total nominal amount of the securities of that class issued by the company or body.

### **6.5. Scheme Management**

- a) The manager shall manage the unit trust on a day to day basis, select investments to be owned by the company and carry out any other functions assigned to it under contract from the unit trust
- b) The manager shall be subject to the directions of the directors of the unit trust and shall perform the normal functions carried out by the managing director of a company
- c) Where the directions given to the manager by the directors of the unit trust contravene this law or any other enactment, the manager shall refer the matter to the commission for guidance
- d) The manager of this trust shall maintain such minimum paid up capital and have the amount and type of financial and material resources as may be directed by the commission
- e) The manager shall not allow the assets of the company to be used or invested contrary to the investment restrictions under this constitution.
- f) The manager shall ensure that its directors or other persons concerned with the management of its business have the necessary qualifications and experience required by the commission
- g) The manager shall act in accordance with investment policies laid down by its directors and the provisions of this constitution.

The Unit Trust has appointed Algebra Capital Management Limited, the Manager to provide administrative services, manage its business affairs and invest its assets.

### **6.6. Certificate of Units**

- a) Certificates shall be issued in a form that may from time to time be agreed upon between the manager and the Trustee.
- b) A certificate shall in addition to whatever requirements that are specified under any other law,
  - I. be dated;
  - II. bear the name of the scheme and the scheme's license number;
  - III. bear the names and addresses of the manager and the trustee;
  - IV. bear a distinctive serial number;

- V. specify the number of interests represented by the certificate; and
  - VI. bear the name and address of the investor as they appear in the register maintained under the Law.
- a) Certificates may be issued in denominations of interests that may for the time being be prescribed in writing and in fractions of an interest as agreed upon between the Manager and the Trustee.
  - b) Only one class of certificate shall be issued.
  - c) Certificates may be engraved or lithographed or printed and shall be signed by a duly authorized officer of the Trustee, except that the Trustee may in writing appoint the manager as its agent for the purpose of issuing and signing certificates.
  - d) Notwithstanding the above, the certificate may be generated electronically, issued in electronic format and delivered by electronic mail to the investor
  - e) A certificate shall not be of any effect until signed as provided under regulation 92 sub section (6) of LI1695 except that where the certificate is generated, issued and delivered electronically, the signature requirement shall be waived.
  - f) Certificates signed in the prescribed manner shall be valid and binding notwithstanding that before the date of delivery of the certificate, any person whose signature appears on the certificate as a duly authorized signatory may have ceased to hold office.
  - g) Certificates shall be in required denominations and shall only be issued against payment or transfer to the Trustee of the cash or other property receivable by the Trustee in respect of the issue of the interests concerned.
  - h) Certificates shall be issued to investors not more than twenty-one business days after the allotment of interests or the registration of transfer of interests.
  - i) In the case of interests held jointly by several persons, the issue of one certificate and delivery of that certificate to the person named first in the certificate constitutes sufficient issue and delivery to all joint holders.

## **6.7. Income and Deductions**

### **6.7.1. Income accounts**

- a) Income of the scheme shall, as and when received by the trustee be paid into a special account known as the "Income Account" and shall be held there pending disbursement of expenses, distribution or capitalization in accordance with this regulation.
- b) The proceeds of sale of rights and other receipts considered by the Manager, after consulting the auditors, to be in the nature of capital accruing from investments of the scheme, shall not be regarded as income but shall be retained as a part of the capital of the assets of the scheme.

### **6.7.2. Deductions from and additions to income account**

- a) The following deductions and additions may be made in consultation with the auditor of the scheme and the Trustee, to the income account:
  - I. deduction of the remuneration of the Manager and Trustee for the relevant period;
  - II. deduction of interest paid during the relevant period, together with any amount of interest accrued but that remains unpaid at the end of the relevant period on any borrowings effected by the scheme;
  - III. addition or deduction of a sum by way of adjustments to allow for the effect of sales or purchases of securities, with or without, dividend;
  - IV. addition of a sum that represents any interest or dividend accrued but not received by the Trustee at the end of the relevant period;

## **6.8. Administration of the Scheme and the Assets and the Scheme**

### **6.8.1. Inclusion in and custody of the assets of the scheme**

- a) Cash which forms the assets of the scheme shall be paid or transferred to the Trustee within three working days of receipt by the Manager of the scheme or by any person authorized to do so for and on behalf of the scheme.
- b) Cheques or other forms of payment which form the assets of the scheme shall be transferred to the Trustee within seven working days of receipt by the Manager of the scheme or by any person authorised to do so for and on behalf of the scheme.
- c) Any consideration paid for new interests shall be included in the assets of the scheme as soon as it is received by the Trustee.
- d) Assets shall be held by and under the control of the Trustee and assets capable of being registered shall be registered in the name of or to the order of the trustee.
- e) The Trustee shall be responsible for the physical safe-keeping of investments comprised in the assets of the scheme.

### **6.8.2. Registration of transfers**

- a) An investment in registered form, shall be registered in the name of the Trustee as soon as reasonably practicable after receipt of the necessary documents by the Trustee and shall remain so registered until disposed of.
- b) Expenses of whatever nature incurred in effecting the registration of or providing safe custody for investment shall be payable out of the assets of the scheme

### **6.8.3. Valuation and Pricing**

- a) The offer and redemption prices of the Unit Trust shall be calculated on the basis of the net asset value of the Unit Trust divided by the number of interests outstanding



- b) The net asset value will be determined by the value of the assets of the scheme less liabilities
- c) The offer and redemption prices of the Unit Trust may be adjusted by the fees, levies and charges permitted to be made from the assets of the scheme in accordance with regulation 21(2) of LI1695
- d) An issue price quoted or published shall be the maximum price payable on the purchase of interests and the redemption price shall be the net prices receivable on redemption of interests
- e) There shall be no other charges payable by investors other than stamp duty or other taxes

### **6.9. Rights to Borrow**

The Unit Trust shall not borrow more than 15% of the total net assets of the Unit Trust at the time of borrowing. Such borrowings shall only be secured for liquidity purposes.

The following conditions shall apply in connection with borrowing

- a) The borrowing may be from the Trustee or their associates with the best commercial terms;
- b) The aggregate outstanding of borrowings whether in local or foreign currency at any time shall not exceed 15% of the net value of the assets of the scheme;
- c) Any interest on the borrowing and expenses incurred in negotiating, entering into, varying, carrying into effect and terminating the borrowing arrangements shall be payable out of the assets of the scheme;
- d) For the purposes of securing the borrowing, the Trustee is entitled, with the concurrence of the Manager, to charge or pledge in any manner all or any part of the assets of the scheme, and where any part of the assets of the scheme or any document of title of the assets is for the time being under the custody and control of a person other than the trustee in consequence of any charge or pledge, the provisions of Regulation 76(2)(d) of LI1695 as to the custody and control of the assets of the scheme or the documents of title to the assets shall be deemed not to have been infringed;
- e) Any charge or pledge on the assets of the scheme shall be made upon the terms that no action shall be taken to enforce the security constituted until thirty days after notice in writing has been given to the Trustees demanding repayment of the monies secured;
- f) Where borrowing is undertaken for the account of the scheme, assets that form a part of the deposited property may be registered in the lender's name or in the name of a nominee appointed by the lender; provided that the lender or its nominee, enters into a written commitment that under no circumstances will it pledge or obligate any part of the assets to any other person or use any part of them to margin, guarantee,

secure, discharge or settle any borrowing, trades or contracts, or dispose of any part of them, or treat them as if any person other than the unit trust and the lender had any interest in them.

- g) Where assets of the scheme or any part of the assets is registered in the name of a lender as security for a loan obtained for and on behalf of the scheme, the Trustee is liable for any act or omission of the lender or the lender's agent with respect to the property.
- h) Any cash raised by borrowing shall constitute a part of the assets of the scheme.

#### **6.10. Management of Other Schemes and Portfolio**

The Manager shall be responsible for the actual management of the Unit Trust's portfolio and constantly review the holding of the scheme in the light of its research analysis and research from other relevant sources. The responsibility for making decisions to buy, sell or hold a particular security shall rest with the Manager

#### **6.11. Remuneration of Scheme Manager**

- a) The Manager shall be entitled to receive as a fee the preliminary charge and Management Fees set out hereunder. The price of issue will include a preliminary charge of 1.0% of the net asset value per unit.
  - i. The preliminary charge shall not in any event exceed 7% of the issue price of an interest. The preliminary charge shall be paid to the Manager upon receipt of the funds payable for all new units issued. The preliminary charge is currently set at 1.0%
- b) The Management Fee will be calculated as 2.00% of the value of the net assets of the Unit Trust for each closing day divided by 365 (or, in a leap year, 366) to ascertain the fee for that closing day. The fee for that closing day, shall be accrued with subsequent day's fee as computed and charged in bulk to the scheme on monthly basis. The Management Fee will be paid out of the property of the Scheme.
- c) Any indirect tax chargeable in respect of the services supplied by the Manager in consideration of the Management Fees shall be withheld from the gross fee payable and remitted to the Ghana Revenue Authority by the Scheme.

#### **6.12. Remuneration of Trustee**

- a) The Trustee is entitled to receive remuneration for its services which (together with any indirect taxation thereon) shall be paid out of the asset of the Scheme. Such remuneration shall consist of a periodic charge calculated in accordance with sub (c) and (d) below
- b) Subject as stated herein, the periodic charge payable to the Trustee shall be calculated in respect of successive calendar quarterly periods ("Payment Periods") PROVIDED that no charge shall be payable in respect of the initial offer period and the first Payment Period shall begin on the day following the end of the initial public offer

period and end on the last day of the quarter in which such offer period expires and in respect of the first Payment Period the relevant valuation point shall be the first valuation point of the scheme following the end of the initial offer period;

- c) The amount of the periodic charge for each such Payment Period shall be calculated as such percentage of the value of the assets of the Trust divided by 365 (or, in a leap year 366) and multiplied by the number of days (including fractions of a day) comprised in the relevant Payment Period
- d) For the purposes of calculating the Trustee's periodic charge in respect of the Payment Period, the net asset value of the Trust shall be determined by using the bid basis of valuation at the relevant valuation point. The relevant valuation point shall be the most recent point to have occurred; and
- e) In the event of winding up of the Trust, the final Payment Period for the purposes of calculating the Trustees' periodic charge shall end on the day on which the final distribution of such winding up shall be made or, in the case of a winding up following the passing of a special resolution at a meeting of unit holders pursuant to the Regulations such other day as may be specified by the resolution of the terms of the scheme or proposal thereby approved
- f) The calculation of the remuneration to which the Trustee is entitled under this Regulation shall be made without taking into account any indirect taxation in respect thereof
- g) Any amount of remuneration payable to the Trustee calculated under sub-Regulation (c) above in respect of any Payment Period shall accrue on a daily basis and shall be paid to the Trustee on or as soon as possible after the date on which the relevant Payment Period ends.

## **6.13. Accounts and Audit**

### **6.13.1. Accounts**

- b) The Manager shall be responsible for keeping the accounts of the Scheme and for preparing and publishing the financial statements of the Scheme, except that the income and distribution accounts provided for in these Regulations shall be maintained by the Trustee.
- c) The statement of assets and liabilities, income and distribution account, capital account and notes to the account as specified in Parts 2, 3, 7 and 8 of Schedule 8 of LI1695, shall form the accounts of the Scheme.
- d) The accounts shall be prepared in accordance with generally accepted accounting principles and presented in accordance with generally accepted accounting standards which is the International Financial Reporting Standards

### **6.13.2. Audit**

- a) The Trustee shall in consultation with the Manager appoint a person qualified to hold office as an auditor under the Companies Act, 2019 (Act 992) to audit the accounts of the scheme. Regulation 48(1) of LI1695
- b) The auditor shall be paid a fee determined by the Manager in consultation with the Trustee.
- c) The Trustee of a unit trust may recommend to members the removal of the auditor for stated reasons but the recommendation shall be reported in writing to the Commission.
- d) The auditor appointed under sub regulation (a) immediately above, should not have been the auditor of the Manager or the Trustee during the previous financial year.
- e) The auditor shall prepare a report to be distributed to investors confirming that the accounts have been audited in accordance with generally accepted auditing standards and stating the matters prescribed in Part 9 of Schedule 8 of LI1695.

### **6.14. Report to Unit Holders**

The Manager shall prepare investors' report in accordance with Regulation 49 of LI 1695, in respect of each annual and half-yearly accounting period in order to facilitate the review of the performance of the Scheme by the holders of interests. The investors' report shall include:

- a) a copy of the Manager's statement on the performance of the investment of the Scheme incorporating the particulars prescribed in Part 1 of Schedule 8 of LI 1695;
- b) a statement of assets and liabilities as at the end of the accounting period; and an income and distribution account where a distribution or allocation of income is made for that accounting period containing the details under Parts 2 to 3 of Schedule 8 of LI1695.

#### **6.14.1. Matters to be contained in the Investors Report**

The investor's report which relates to an annual accounting period shall also include

- a) a portfolio statement;
- b) a statement of movements in net assets;
- c) a comparative table;
- d) a capital account;
- e) notes to the accounts;
- f) a copy of the auditor's report;
- g) a report from the trustee;

The Manager shall also disclose in the investors' report whether the Manager or any other person acting on behalf of or with the permission of the Manager, has;

- a) acquired or disposed of, any securities other than government securities, money market instruments and securities traded on an authorized stock exchange, for the account of the scheme;
- b) disposed of interests at a price lower than the prevailing issue price at the time of disposal or;
- c) acquired interests at a price higher than the prevailing cancellation price at the time of cancellation, that fact shall be disclosed together with the details of the transactions.

**6.14.2. Availability of investors' reports**

- a) An investor's report on a half year accounting period shall be submitted to the Commission and circulated to investors before the expiry of two months of the end of the accounting period; the report may with the approval of the Commission be published in the newspaper in which the prices of the scheme are published before the expiry of the two months period as an alternative to circulation.
- b) An investor's report on an annual accounting period shall be submitted to the Commission and circulated to every investor entered in the register before the expiry of four months after the end of the accounting period.
- c) No sale of interests in the scheme shall be made to any person unless there has been delivered to that person, free of charge, a copy of the most recent annual investor's report and the most recent half-year investor's report of the scheme.

**6.14.3. Trustee's report**

The trustee shall enquire into the conduct of the manager and the management of the scheme in each annual accounting period and submit to the investors a report of the auditor stating the matters set out in Part 10 of Schedule 8 of LI1695.

**6.14.4. Register of investors**

- a) The Manager shall keep and maintain a register of persons who hold interests in the scheme.

- b) The register may be kept either in written form or by any other means including electronic recording, which makes it admissible as evidence in a court of law.
- c) The register shall set out
  - I. the name and address of each investor
  - II. the number including fractions that each investor holds
  - III. the date on which each investor's name was entered in the register in respect of the interests that the investor holds;
  - IV. the amount paid for the interest;
  - V. the number of interests, including fractions where relevant, for the time being in issue;
  - VI. any other relevant information on the investor.
- d) The Manager shall ensure that the information contained in the register is complete and up to date at all times.
- e) The Manager shall keep an index to the register that enables information about each investor to be easily accessed.
- f) A register shall be conclusive evidence of the interest of the persons respectively entitled to the interests entered in the register except that the manager, shall be deemed to be the holder of all interests in issue for which no person is entered in the register as the holder.

**6.14.5. Where register is to be kept**

- a) The register and the index to the register shall be kept at the registered office or at the principal place of business of the Manager or in such other place as the Commission may determine.
- b) The Manager of the Scheme shall notify the Commission in writing of the address at which the register and its duplicate or backup copy is kept.
- c) (3) A duplicate of the register or in the case of electronic recording, a backup copy updated from time to time and duly authenticated by the Manager shall be kept at a location different to the location at which the original register or recording is kept.

**6.14.6. Right to inspect**

- a) The Manager shall permit the Trustee or its duly authorised representative or an investor in the scheme to inspect the register of investors during normal office hours free of charge.
- b) The Manager shall provide a copy of the register or any part of it to the investor for a reasonable fee which shall be computed in consultation with the Trustee of the Unit Trust.

**6.14.7. Availability to the public**

The Manager shall make available a copy of the constitution of the scheme for inspection free of charge to any member of the public during normal office hours at its place of business and provide copies of these documents upon the payment of a reasonable fee.

**6.14.8. Closure of the register**

Any closure of the register for a period exceeding thirty business days shall be notified to the Commission and also to the general public by an advertisement in the newspaper or newspapers in which the price of the interests in the Scheme are usually published.

**6.15. General information**

The annual and half year reports will be published four months and two months respectively after the end of the accounting period

The annual general meeting of unit holders will be held each year. Notices of all meetings will be published in the print media as the Scheme Manager shall from time to time determine in line with SEC rules and will be sent to registered unit holders by email at least twenty-one (21) days prior to the meeting at their addresses in the register of unit holders. Such notices will include the agenda and specify the time and place of the meeting.

Audited annual reports and unaudited reports will be circulated to unitholders entered in the register. Copies of the constitution of the scheme, any amending instrument and the most recent annual and half yearly reports may be inspected and obtained at the registered office of the company.

**6.15.1. Meetings, attendance and voting**

- a) The investors of the scheme shall meet for the transaction of business at such times and places as the Manager may determine except that the Manager shall hold such meetings at least once a year.
- b) The Manager shall at the request in writing of investors registered as holding not less than one-twentieth of the number of interests in issue or at the request of the Trustee made in writing, convene a meeting of the investors within thirty days of the date of the request.
- c) The Manager may attend any meeting of investors but the Manager is not entitled to vote or be counted for a quorum.

### **6.15.2. Powers of a meeting of investors**

- a) The investors may by a special resolution at a meeting duly convened,
  - I. Sanction any modification, alteration or addition to the provisions of the scheme, which shall be binding on parties to the scheme.
  - II. approve a departure from any policy statement included in the scheme particulars;
  - III. give directions to the Manager regarding the management of the assets of the scheme;
  - IV. remove the Manager and replace the Manager with a nominated person;
  - V. approve an arrangement for the transfer of the whole or part of the assets of the scheme to another licensed scheme in exchange for the issue of interests in that other scheme;
  - VI. sanction an increase in the maximum amount of the manager's periodic charge;
  - VII. terminate the scheme;
  - VIII. take any other decision in pursuance of their interests in the scheme.
- b) Every resolution is binding upon all investors whether present or not present at the meeting and each of the investors, the Manager and Trustee are bound to give effect to the resolution accordingly.
- c) In these Regulations unless the context otherwise requires a "special resolution" means a resolution proposed and passed at a meeting of investors duly convened and held in accordance with this Part and carried, whether on a show of hands or on a poll, by a majority consisting of 75 per cent of the total number of votes cast for or against the resolution.

### **6.15.3. Notice of meetings**

- a) A notice of the meeting of investors shall specify the mode or place, day, time and the terms of the resolutions proposed.
- b) A copy of the notice shall be sent by email or delivered to the office of the Commission.
- c) A meeting of the investors shall be convened
  - I. by giving at least twenty-one days written notice to investors, exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given, or
  - II. by publishing at least fourteen days, exclusive of the day on which notice is served or deemed to be served and of the day on which the notice is given, before the meeting, the notice of the meeting in a newspaper in which the dealing prices of the scheme are published.
- d) A meeting of investors shall not be invalidated because of accidental omission to give notice or because of the non-receipt of notice by any of the investors.



#### **6.15.4. Quorum**

- a) The quorum for a meeting of investors is,
  - I. twenty investors present in person or by proxy;
  - II. ten investors present in person or by proxy who hold at least 50% of Net Asset Value of the Scheme.
- b) The investors shall not transact any business at a meeting unless the requisite quorum is present at the commencement of business.
- c) If within an hour from the time appointed for the meeting a quorum is not present the meeting shall not be held.

#### **6.15.5. Chairperson**

- a) A person nominated in writing by the trustee shall chair the meeting of the investors and in the person's absence a person elected by the membership of the investors present from among their number shall preside.

#### **6.15.6. Votes of Members**

- a) On a show of hands, each member and each proxy lawfully present at the meeting shall have one vote, and on a poll, each member present in person or by proxy shall have one vote for each unit held by him.
- b) In the event of an electronic ballot being directed pursuant to sub-sections (6), (7) and (8) of section 170 of the Companies Act, each member entitled to attend and vote at the meeting shall have one vote for each unit held by him.

#### **6.15.7. Material contract**

- a) The Management Agreement is between Algebra Capital Management Ltd and Algebra Income Trust. Copies of the Management Agreement of the scheme can be inspected and obtained from Algebra Capital Management Ltd ("The Manager") at 5<sup>th</sup> Floor, Nester Square, North Liberation Link, Airport City, Accra Ghana.

#### **6.15.8. Complaint procedure**

- a) The Manager of a scheme shall maintain a register into which shall be recorded every complaint received, the date on which the complaint was received, and the details of it.
- b) The Manager shall investigate or cause the investigation of all complaints received in an expeditious manner.
- c) If, for any reason, the complaint is not settled to the satisfaction of the complainant within three months after its receipt by the manager, the manager shall give notice to the Commission of the details of the complaint, the action taken in response to it and inform the complainant that the Commission has been notified and provide the date of the notice.

- d) After receipt of the notice, the Commission shall investigate the complaint and provide the complainant with such redress as is provided under the Law.

#### **6.15.9. Copies of Regulations**

Copies of the regulations of the scheme can be inspected and obtained from Algebra Capital Management Ltd ("The Manager") at 5<sup>th</sup> Floor, Nester Square, North Liberation Link, Airport City, Accra Ghana

### **7. Fees and Expenses**

- a) The fees and other expenses associated with investing in the scheme is as below. Unit holders Fees which is paid directly from your investment

Fee/Charge	Rate
<b>Initial Charge</b>	1.00%
<b>Redemption Charge</b>	0.00%

- b) Scheme Operating Expenses which are deductible from scheme assets quarterly

Fee/Charge	Rate
<b>Management Fee</b>	2.00%p.a
<b>Trustee Fee</b>	0.25%p.a
<b>Administrative Fess</b>	0.60%p.a
<b>Total Scheme Operating Expenses</b>	<b>2.85%p.a</b>

### **8. Issue and sale of Units**

#### **8.1. Issue of Units**

- a) The units of the Trust are issued at the prevailing price which shall at all times, be the closing price of the previous business day. Units can be purchased within normal business hours of between 08:00GMT to 17:00GMT. All such purchase request shall be received by the Manager within the stated time periods from Monday to Fridays except where there is a statutory public holiday.
- b) All payments for the purchase shall be made in local currency. Where, a purchase is being made in a currency other than the local currency, the Manager reserves the right to reject the payment at his option otherwise, such purchases shall experience delay in processing and will only take effect upon successful conversion of such funds
- c) In all circumstances, the issue of units shall be conditional upon the receipt of subscription monies and cleared funds by 16:00GMT on a valuation day.
- d) If for any reason, timely settlement is not made an application may lapse and be cancelled. In such circumstances the scheme has the right to bring an action against the defaulting applicant to obtain compensation for any loss directly or indirectly

resulting from the failure by the applicant to make good settlement by the settlement date.

- e) No unit of the Scheme will be sued during any period when calculation of the net asset value per unit is suspended by the Scheme

## **8.2. Minimum Investments**

The minimum investment during the initial offer period is GHC100.00 and subsequently during the ordinary period of existence after the initial offer period, GHC50.00

## **8.3. Maximum Investments**

No one single investor shall hold in excess of 25% of the total assets of the Unit Trust at each point in time and hence, the maximum investment shall be guided by this rule.

## **8.4. Payment Options**

- a) Settlement for units allocation shall be by:

- i. Direct cash payment
- ii. Cheque issue in favour of manager
- iii. Bank Transfer
- iv. Mobile Money

- b) Settlement by direct bank transfer shall be made to account details as below:

Bank:	Guaranty Trust Bank (Ghana) Ltd
Branch:	Head Office Branch
Account Name:	Algebra Income Trust

Upon transfer, investors should retain the advice slip and email to the manager at [fundmanager@algebracapital.com.gh](mailto:fundmanager@algebracapital.com.gh) for a receipt to be issued in acknowledgement

## **8.5. Mobile Money**

- a) Where an investor desires to settle via mobile money transfer, such transfer should be made in favour of mobile money number as advertised by the Scheme Manager

## **8.6. Redemption of holdings**

- b) All redemption requests shall be made within the same business hours specified for the purchase of units. Redemptions shall be computed at the prevailing price which shall at all times, be the closing price of the previous business day.
- c) Redemption shall be deemed to have been requested upon the receipt of a formal letter from the investor in clear unambiguous terms requesting same, or by the filing of a "Redemption Form" duly signed by the investor.
- d) All such redemption request shall be processed after verification of mandate and validation of supporting documentation such as ID cards inter alia.

- e) Payment for units redeemed will be made not later than five (5) bank business days after the redemption request has been received in good order.
- f) The right of redemption will however be suspended with the approval of SEC at times when:
  - i. Any of the principal markets on which any of the substantial portion of the investments of the Scheme quoted are closed otherwise than for ordinary holidays or during which dealings therein are restricted or suspended
  - ii. The existence of any state of affairs which constitute an emergency as a result of which disposal or valuation of assets owned by the Scheme would be impracticable; and
  - iii. There is a breakdown in the means of communication normally employed in determining the price or value of any of the investments of the Scheme or during any other period when the Securities and Exchange Commission (the "SEC"), by order, so permits.
- g) Any such suspension shall be published in a newspaper of national circulation by the Scheme and same shall be notified to the attention of unit holders whose request for redemption is initiated at the time of making such publication.

## **9. Risk factors and special considerations**

- a) There is no assurance that the Unit Trust will achieve its investment objective. Past performances of the Scheme does not also guarantee future performance of the Scheme. The investments of the Scheme will be subject to normal market fluctuations and other risk inherent in investing on the market
- b) Credit risk refers to the possibility of the issuer of a security being unable to make interest payments and or repay the principal on its debt
- c) Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates
- d) The Scheme will work with third parties such as the Trustees. There is no guarantee that these parties will not fail to discharge their obligations as expected. The risk can lead to the incurring of cost relating to the replacement of the deal.
- e) There also exists operational risk. Whilst the Manager and the Trustee of the Scheme intend to use the services of only best qualified parties, the choice of available options may be limited. Investors in the Unit Trust will have to understand that they may have to bear such risk.
- f) Market risk is the risk that the value of an investor's investment may decline due to fluctuations in the market
- g) Liquidity risk may also exists in the course of the Scheme's investment when particular investments are difficult to purchase or sell, possibly preventing the Scheme from selling out of these illiquid securities at an advantageous price. This

could lead to extended withdrawal periods due to the Scheme's inability to meet redemption requests.

- h) In addition, the Unit Trust is particularly at risk that the purchasing power of your investment may be eroded overtime by inflation.
- i) The Investment Manager actively manages the Scheme's assets to reduce the risk of losing any principal investment as a result of any of the above risk.
- j) Under the Ghanaian tax laws, the interest, dividends, or any other income of a Unit Trust is exempt from income tax. Similarly, the interest or dividends payable to a member of a Unit Trust is exempt from tax
- k) Notwithstanding the above, the fee charged to the Scheme is subject to VAT and hence, investors will be levied the VAT element of the service provider fees and remitted to the Government of Ghana.

## **10. Application and Dispatch of contract note**

### **10.1. Application**

- a) Application must be made on the application form enclosed. Care must be taken to complete the form as wrongly completed forms will be rejected.
- b) Application for the units now offered will open at GHC1.00 per unit. Application for the units must be for a minimum of 100 units.
- c) The number of units for which application is made and the amount of the cheque, money order or cash attached should be entered in the space provided.
- d) All other joint applications should provide their full names and addresses in the space provided.
- e) Each application should be forwarded together with cheque or cash for the full amount of the purchase price to the Receiving Agent below.
- f) Cheques and money orders must be crossed to "ALGEBRA INCOME TRUST" and made payable to the Receiving Agent with whom the application is lodged.
- g) All cheques will be presented upon receipt and all applications in respect of which cheques are returned unpaid will be rejected.

### **10.2. Dispatch of Contract Notes**

- a) The Manager reserves the right to reject or accept any application.
- b) Application monies will be retained in the trust account by ALGEBRA INCOME TRUST, pending investment.
- c) Contract Notes for accepted applications will be sent by email at the applicant's risk within twenty-eight (28) days of the close of the offer.
- d) If any application is not accepted, the amount paid on application will be returned in full – either in person to the subscriber or through a designated account within 28days of the close of the offer; or after 28days, interest will be paid from that day at the prevailing Bank of Ghana Prime Rate.

### 10.3. Receiving Agent

- a) Copies of the Scheme particulars may be obtained free of charge from the office of Algebra Capital Management Ltd, 5<sup>th</sup> Floor, Nester Square, North Liberation Link, Airport City, Accra Ghana.

## 11. Definition of terms

<b>Term</b>	<b>Definition</b>
<b>“The Scheme”</b>	Algebra Income Trust
<b>“The Manager”</b>	Algebra Capital Management Limited.
<b>“The Act”</b>	Companies Act, 1963 (Act 179).
<b>“The Trustee”</b>	Guaranty Trust Bank (Ghana) Limited.
<b>“Management Fees”</b>	2.0% p.a. accrued daily on the scheme’s average daily net asset value and charged monthly in favour of the Manager.
<b>“Application Form”</b>	The application form for shares enclosed with this document
<b>“Unit Holder”</b>	The registered holder of a unit
<b>“Business Day”</b>	Monday to Friday excluding any day designated as a public or statutory holiday in Ghana between the hours of 08:00hrs to 17:00hrs
<b>“The Offer”</b>	Offer of units of Algebra Income Trust
<b>“IPO”</b>	Initial Public Offer
<b>“Net Asset Value”</b>	The value of net assets of the scheme as determined in accordance with terms of this prospectus
<b>“The Commission”</b>	The Securities and Exchange Commission
<b>“The Regulations”</b>	The Unit Trust and Mutual Fund (Regulations, LI 1695)
<b>“The Law”</b>	The Securities Industry Act 2016, (Act 929)
<b>“Regular Investment Purchase”</b>	The regular monthly purchase of units