



FINANCIAL
BUILDING & PRESERVING YOUR WEALTH

■ EXPLANATORY MEMORANDUM

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

JB VANTAGE SHORT TERM GILT FUND

JANUARY
2016

The JB Vantage Short Term Gilt Fund provides a high level of safety by investing primarily in Government of Sri Lanka issued or guaranteed short-term debt instruments. The fund offers minimal risk while providing greater liquidity than short-term bank deposits. This fund may be suitable for short-term investors who are interested in minimal capital risk and looking for safety of principal.

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Key Fact Sheet	
Name	JB Vantage Short Term Gilt Fund (“the Fund”)
Nature of Fund	Open Ended Unit Trust, offering units for sale or redemption every business day
Issuer/Fund Manager	JB Financial (Pvt) Ltd.
Trustee/Custodian	Deutsche Bank AG, Colombo Branch
Investment Plan	Invests only in Government of Sri Lanka short-term, interest bearing instruments
Minimum Initial Investment	Rs. 1,000,000
Subsequent Investment	Rs. 100,000
Inception Date	January 2016
Management fee and Trustee fee	0.60% p.a. ¹
Front-End/Exit fee	None
Taxation of return	Tax free in the hands of unit holders
Investor Eligibility	Individuals, corporate bodies, non-residents and foreign institutional investors
Price	Latest available Manager’s Selling Price

¹ Taxes may be applicable on fees. Presently, Trustee fees are subject to VAT at 12%.

WHAT DOES THE FUND INVEST IN?

INVESTMENT OBJECTIVES

The fundamental investment objective of the JB Vantage Short Term Gilt Fund is to preserve the value of investment capital and maintain liquidity while providing current income consistent with short-term treasury market rates.

The Fund invests in debt securities known as gilt edged or “gilts” issued by or guaranteed as to principal and interest by the Government of Sri Lanka (GOSL) such as treasury bills and bonds throughout the money market (1-365 days) yield curve.

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INVESTMENT STRATEGIES

The portfolio advisor seeks to achieve the fundamental investment objective of the Fund by offering income, liquidity and short-term safety by investing in GOSL related securities with a term to maturity from several days to one year while taking into consideration the local macroeconomic and interest rate environment.

A secondary part of the Fund's strategy is to anticipate interest rate changes with a three to six month view on short-term rates. In order to increase the Fund's yield, it may also take opportunities to invest in Treasury Bonds with less than one year remaining for maturity. Generally, the Fund employs a "buy-and-hold" strategy but will be available to provide liquidity at short notice.

The Fund may engage in repurchase or reverse repurchase transactions in a manner consistent with its investment objectives and as permitted by the Securities Exchange Commission of Sri Lanka.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?



Treasury funds are generally expected to be of very low risk and/or a "safe" category of investment. This is due to the high credit worthiness of the Government of Sri Lanka, liquidity and depth of the treasury market and shorter maturities of the underlying investments. Therefore a treasury fund has a low susceptibility to repayment risk.

However, any dividend paid or interest accruing will change in line with changes in current interest rates due to the short-term and liquid nature of the Fund.

The JB Vantage Short Term Gilt Fund comes under the category of money market (interest bearing instruments with tenors up to one year). Investors in money market funds face the following three types of risk:

1. Income risk

This is the chance that the fund's income will decline because *short-term interest rates decline*. As the fund's income is based on short-term interest rates this risk is expected to be high. Compared to rates "locked in" over a longer time horizon, money market funds will generate less income when rates fall due to their shorter time horizon. Conversely, when interest rates rise, money market fund yields tend to rise faster than longer-term maturity products.

2. Inflation risk

This happens when *inflation increases faster than short term interest rates*. However, this risk is limited because the average duration of money market funds is ninety days and short-term interest rates usually keep up with inflation.

3. Credit risk

This is the risk that the government, company or trust issuing the security will fail to pay interest and principal in a timely manner or *default on interest and/or principal*. This risk is meaningfully limited by the Fund's concentration in Rupee denominated securities issued or guaranteed by the Government of Sri Lanka.

Other risks of investing in the unit trust may include:

- Large investor risk
- Repurchase and reverse repurchase agreement risk
- Concentration risk

The above risks along with the specific regulatory measures in place for their mitigation are explained on pages 4 and 5.

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WHO SHOULD INVEST IN THE FUND?

The Fund may be suitable for short term investors who want :

- A high level of safety by investing in Government of Sri Lanka treasury bills and other government guaranteed short-term debt instruments
- A lower risk and greater liquidity than short-term bank fixed deposits
- A cash shelter between investing in the stock market

How to invest in the fund

Please read this Explanatory Memorandum carefully and wholly, then complete, sign and deliver the JB Financial Unit Trust new account application together with a purchase form. Forms and explanatory memoranda are available

- ✓ At our office: 150, St. Joseph's Street, Colombo 14, Post Code: 01400, Sri Lanka.
- ✓ By post, please call 112 490 900 to request a copy.
- ✓ From a JB Financial distribution agent - Call 112 490 900 to set up an appointment
- ✓ From our website www.jbvantage.lk

HOW TO FIND THE DAILY FUND PRICES

Fund prices will be published daily in the Daily Mirror and Daily News (generally Tuesday to Saturday barring holidays) and on the JB Vantage website, www.jbvantage.lk

WHAT FUND EXPENSES ARE INDIRECTLY BORNE BY INVESTORS

While unit trusts are a cost effective way to invest in securities, it does not mean they are cost free. Unit trusts pay for some expenses out of fund assets and investors indirectly pay for these expenses through lower returns.

Service and administrative costs of running the

Fund such as recordkeeping, brokerage, audit, legal, investor communication, financial reporting and statutory fees and expenses are paid by the Fund and therefore indirectly borne by investors.

The Manager may pay commission to authorized agents (if applicable) but such payments will **not** be borne by unit holders or the Fund.

WHAT IS A UNIT TRUST AND WHAT ARE THE RISKS OF INVESTING IN A UNIT TRUST?

What is a unit trust?

A unit is a vehicle that pools money from many individual investors to buy securities. *The securities in which the JB Vantage Short Term Gilt Fund may invest are restricted to government securities (treasury bills and treasury bonds), repurchase agreements on the same and other government related debt instruments with maturities of less than one year.*

Each unit trust has an investment objective. Some have the objective of achieving long-term capital growth by investing in equities, and others have the objective of generating regular income payments by investing in coupon-paying securities. *This fund invests for safety by buying short-term, gilt edged interest income bearing investments.*

A professional money manager or portfolio advisor makes buy-and-sell decisions of securities in adherence to the investment objective. The values of these securities may vary responding to changes in interest rates, economic conditions and related capital market events. *The portfolio advisor closely monitors and studies the interest rate environment and takes a view on short-term interest rates when investing in the Fund.*

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Unit trusts issue units and record the investor's share of the units it has issued. The greater the investments, the larger the units owned and greater the share of the unit trust's income, gains and losses. In order to withdraw an investment from a unit trust, the units owned can be redeemed by selling them back to the unit trust management company.

Unit trust investments are not guaranteed. **The prices of units can move down as well as up from time to time due to market events.**

What are the risks of investing in a unit trust?

Risk is often measured through volatility or the extent to which the value of a unit trust's units fluctuate. As a general rule, investments with the greatest risk also have the greatest potential return. While this risk/return trade-off has generally been true over periods of five years or longer, there have been times in the past when the least volatile investments have been the most rewarding, particularly over periods of a year or less.

Each investor has a different tolerance for risk. Some investors are significantly more conservative than others when making their investment decisions. It is important to take into account one's own comfort with risk as well as the amount of risk suitable for one's financial circumstances and goals. The risks associated with investing in a unit trust include the risks associated with the securities in which the unit trust invests.

In the case of the JB Vantage Short Term Gilt fund the volatility in the value of the units is low as it invests only in low risk short-term, GOSL related interest-bearing securities. Generally, the fund's price will move only upwards incrementally, representing the accrual of interest income not yet

paid out to unit holders until a distribution date, if any, when it is paid out. This pattern would be repeated in each distribution cycle. Other than that the fund's price would move downward only in the event of credit default by the GOSL, a virtually improbable event for Sri Lankan Rupee denominated debt.

DESCRIPTION OF FUND SPECIFIC RISKS AND THEIR MITIGATION

The following is a summary of the various types of investment risk that may be applicable to the Fund.

Credit/default risk

This is the risk that the government, company or trust issuing the security will fail to pay interest and principal in a timely manner or default on interest and/or principal. This risk is meaningfully limited by the Fund's concentration in Rupee denominated securities issued or guaranteed by the Government of Sri Lanka.

Large investor risk

Securities of unit trusts may be purchased and sold by "large" investors, such as institutional funds and investment portfolios. If a large investor redeems a portion or all of its investment from a unit trust, that fund may have to incur capital losses and other transaction costs in the process of making the payout.

In addition, some securities may have to be sold at unfavourable prices, thus reducing the fund's potential return. Conversely, if a large investor was to increase his/her investment in a fund, that fund may have to hold a relatively large position in cash for a period of time while the portfolio advisor attempts to find suitable investments. This could also negatively impact the performance of the fund.

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Liquidity risk

Liquidity risk is the possibility that a unit trust will not be able to convert its investments to cash when it needs to or will not be able to do so at a reasonable price. Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, a shortage of buyers or other reasons. Generally, investments with lower liquidity tend to have more dramatic price changes and may subject the holder to losses or additional costs.

Trading in short term GOSL securities occurs frequently with readily available buyers. Therefore, liquidity risk is minimized for this fund.

Repurchase and reverse repurchase agreements risk

Sometimes unit trusts enter into what are called repurchase transactions and reverse repurchase transactions. A repurchase transaction is where a fund sells a treasury bill that it owns to a third party for cash and agrees to buy the same security back from the same party at a specified price on an agreed future date. In a reverse repurchase transaction, a fund buys such a security at one price from a third party and agrees to sell the same security back to the same party at a specified price on an agreed future date.

The risk with these types of transactions is that the other party may default under the agreement or go bankrupt. In the case of a repurchase transaction, the fund could incur a loss if the other party defaults and the value of the collateral provided has fallen lower than the security sold.

These risks are reduced by requiring the other party to provide collateral to the fund. With the electronic lodgement of GOSL treasury bills and bonds on LankaSecure in 2004, securities lending risk of repurchase and reverse repurchase transactions is

effectively eliminated. However, the collateral provided by third parties is monitored to ensure that it is sufficient.

INVESTMENT RISK MITIGATION MEASURES IMPOSED BY THE UNIT TRUST CODE 2011

The SEC Unit Trust Code 2011 specifically addresses the above unit trust specific risks by regulation and limitation on investments (*in non-GOSL related securities*)

Large Investor risk

Where a large investor wishes to redeem units which amount to 3% or more of the NAV of the unit trust, the unit holder shall give at least fourteen days written notice prior to the date of redemption to the unit trust management company.

Liquidity risk

The Fund shall maintain a level of liquidity amounting to at least 3% of the deposited property in cash or near cash to assure ease of redemptions. The expression "near cash" means liquid investments that are readily convertible into known amounts of cash without any risk of change in value as defined in the Unit Trust Code 2011. The Fund is also permitted to borrow up to 15% of the deposited property for short-term liquidity purposes such as the timely repayment of redemption requests.

In addition, to ease liquidity tightness, total redemption requests from the Fund exceeding 10% of the NAV of the Fund, the Fund may defer redemption of the excess to the following Valuation Day.

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ORGANIZATION AND MANAGEMENT OF JB FINANCIAL UNIT TRUSTS

The following table sets out the parties that are involved in managing or providing services to the Funds and the functions they perform.

Manager JB Financial (Pvt) Ltd. 150, St. Joseph's Street, Colombo 14.	As manager, JB Financial manages the overall day-to-day affairs of the Fund.
Trustee Deutsche Bank AG 86, Galle Road, Colombo 03.	Deutsche Bank AG is the trustee (the "Trustee") of the JB Vantage Unit Trusts and holds actual title to the property of the JB Vantage Unit Trusts - the cash and securities - on behalf of unit holders. When you invest in a Unit Trust you are buying units of a trust. The Trustee is responsible for the oversight of the JB Vantage Unit Trusts.
Custodians Deutsche Bank AG 86, Galle Road, Colombo 03.	The custodian has physical and book-based custody of the assets of the Fund.
Registrar and Transfer Agent JB Financial (Pvt) Ltd. 150, St. Joseph's Street, Colombo 14.	As registrar and transfer agent, JB Financial maintains all unit holder records, processes purchase, switch, and redemption orders, and issues investor account statements and financial reports to unit holders on behalf of the Funds.
Portfolio Advisor	The portfolio advisor provides investment advice and portfolio management services to the Funds. The portfolio advisor is bound by the CFA Institute Code of Ethics and Standards of Professional Conduct and the CFA Institute Asset Manager's Code. ²
Auditors Ernst & Young 201, De Saram Place, Colombo 10.	The Auditors conduct an audit of the financial records of the Funds and report to the unit holders on the Fund's annual financial statements in accordance with Sri Lankan accounting and auditing standards.

² CFA Institute, a global, not-for-profit organization comprising the world's largest association of investment professionals, is dedicated to developing and promoting the highest educational, ethical and professional standards in the investment industry worldwide.

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PURCHASES AND REDEMPTIONS

HOW ARE A FUND'S UNITS PRICED

All transactions are based on the price of a Fund's units - the net asset value per unit ("NAV"). The valuation day for each Fund is the day on which a NAV is calculated ("Valuation Date"). The NAV for each Fund is generally calculated daily at 4.00 PM. The NAV can change on each Valuation Date. A separate NAV is calculated for each JB Vantage Unit Trust by taking the Fund's assets less liabilities and deducting from this amount all duties and charges relating to trading. The assets of the Fund are money market assets, valued at the cost of investments plus accrued interest. The NAV per unit is then derived by dividing the NAV of the trust by the total number of units outstanding for the trust.

FORWARD PRICING

Both buy and sell transactions are traded at prices next determined, that is, based on the NAV of the fund at the end of the day. The dealing prices for transactions made will only be known at the end of each business day.

There are two prices for a unit trust - the Manager's Selling price and the Manager's Buying price. The Selling price is the price at which the Manager sells its units to unit holders. The Buying price is the price at which the Manager buys back units. These prices are derived from the NAV but include any buying or selling charges within the fund.

HOW TO PURCHASE OR REDEEM UNITS

Purchase or redemption of units can be done by completing the Purchase or Redemption form:

In person

- ✓ Call over at 150, St. Joseph's Street, Colombo 14.

- ✓ Through a JB Financial distribution agent. Please call 112 490 900 to locate a JB Financial Planner in your area, or visit www.jbvantage.lk.

By post

- ✓ Please mail to:
The Registrar,
JB Financial (Pvt) Ltd.
150, St. Joseph's Street,
Colombo 14.

By fax or email

- ✓ Contact the Customer Relationship Officer, JB Financial on 112 490 900 if applicable.
(This last option is only available if authorization to accept fax or email instructions has been ticked and signed in the JB Financial Unit Trusts application form.)

Full instructions including completing the section entitled Payment Information, and a signature for verification must be provided when completing the Purchase and/or Redemption forms.

PURCHASE

The units of the Fund offered under this Explanatory Memorandum are offered on a "no-load" basis - that is, units are sold without a commission or sales charge. The purchase price of units will be the Manager's Selling Price next determined after receipt of funds.

Please note that purchase orders are processed *upon realization of funds*. A new account will be opened within one business day of receiving an application. All duly completed orders will be processed within one business day of its receipt. Fund prices may change within this time period. Confirmation of purchase of units of a Fund duly dated will be dispatched within two business days of the purchase.

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MINIMUM INITIAL INVESTMENTS AND ACCOUNT BALANCES

Minimum initial investment and subsequent transaction criteria must be met in order to purchase units of a Fund. Minimum initial investment and account balance levels are established in an effort to control the cost of servicing accounts which impacts all unit holders.

Minimum Initial Investment	Minimum Additional Investment
Rs. 1,000,000	Rs. 100,000

The above minimums do not apply to units purchased through the reinvestment of distributions/dividends.

SWITCH

All or a portion of the units held in one JB Financial unit trust can be redeemed to buy units of another JB Financial unit trust as long as the minimum initial investment, minimum account balance and other requirements are met. This is called a Switch.

REDEMPTION

Units can be redeemed in full or partly. The redemption price of a unit will be the relevant Manager's Buying price next determined after receipt of the Redemption Form.

For Redemption requests received before 12.00PM on a business day, that day's (redemption day) Manager's Buying price will apply and proceeds will be dispatched within two business days (market days), provided all sections are completed and signed for verification. Payment will be made to the first holder on record (if applicable), by direct deposit if a bank account is indicated in the application to the linked JB Securities brokerage account (if applicable) or failing which by crossed cheque sent by ordinary post to the address on file.

As per the SEC rule on "large investor" described on page 5 above, investors redeeming 3% or more of the NAV of the fund are required to give a minimum three (03) business days (market days) notice prior to the redemption date. Thereafter payment will be made as above.

Payment by direct deposit to the bank account on file is the quickest way to receive redemption proceeds.

How we process your purchase or redemption orders

If an order is received before 12.00PM on a Valuation Date, the Manager's Buying and Selling price will be based on the NAV of that day.

If an order is received after 12.00PM on a Valuation Date, or at any time on a day that is not a Valuation Date, the Manager's Buying and Selling price will be based on the NAV of the next Valuation Date.

The company has the right to reject a purchase order within one business day of receiving it. If an order is rejected the funds will be returned immediately without interest. Accepted orders will be confirmed via a transaction receipt that will act as the proof of the transaction.

Generally, the information required for redemption will include:

- ✓ Fund name and account number;
- ✓ Rupee amount or number of units to be redeemed;
- ✓ Payment instructions;
- ✓ Signatures of all account owners exactly as registered;

Units are held in scrip less form in an electronic ledger therefore no certificates are issued upon purchase. A record of the number of units owned and their value will be sent out every six months.

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REGISTER

A register of Unit Holders is maintained in electronic form and contains the beneficiary's name, address and quantity of units owned. The person named in the Register is the only one who will be recognized by the Trustee and Managers.

Any change of name or address must be immediately advised in writing, together with any supporting documentation that may be required. Units are freely transferrable.

FINANCIAL REPORTING

An annual report that includes the audited financial statements of the Fund will be made available to unit holders. The financial year end for this Fund is 31st December. A biannual financial statement will also be made available.

SUSPENSION OF DEALING

Under specific exceptional circumstances detailed in the Trust Deed, dealing in units may be temporarily suspended. However, this may only

be done with the prior written consent of the SEC and the Trustee.

DIVIDEND DISTRIBUTIONS

Distributions by a unit trust may be received as cash or be reinvestment in additional units. Distributions are payable to unit holders on record as at the close of business on the Valuation Date immediately preceding the distribution date. The distribution frequency for this unit trust is at the manager's discretion and *is presently none*. The unit holder will receive a half yearly statement indicating the number of units allotted and how the distribution has been paid.

RIGHTS OF UNIT HOLDERS

Unit Holders have the right to

1. Redeem or transfer units registered in their name
 2. Receive annual and biannual financial information of the Fund.
 3. Participate and vote at unit holders meetings.
- For further information on rights of unit holders, please refer to the Trust Deed.

FEES AND EXPENSES

The following table lists the fees and expenses that are payable in a unit trust. The unit holder pays some of these expenses directly. Others are payable by the Fund, which reduces the value of the investments in the Fund.

Fees and expenses payable by the unit trust

Management fees	All unit trusts pay an annual management fee. This fee is calculated and accrued daily and paid monthly. See the Key Fact Sheet on page 1 above for the management fee that is payable by the Fund.
Portfolio Transaction Costs	Each unit trust may pay costs associated with portfolio transactions, including, but not limited to, brokerage commissions to purchase and sell portfolio securities and research and execution costs, if any.

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Administration fee	An annual administration fee will be payable in consideration of the operating expenses of the Fund which include the cost preparing and modifying the trust deed and other documents, professional fees, taxes and duties, unit holder communication and payout costs - including preparing, printing and disseminating of financial reports, account statements and confirmations and other disclosure documents, stamp duty, regulatory filing fees, unit holder meeting cost and bank charges (if applicable).
Trustee fee	This fee is calculated and accrued daily and paid monthly. See the Key Fact Sheet on page 1 above for the trustee fee that is payable by the Fund.
Taxes	Any taxes and other duties payable in the establishment, execution, management or termination of the unit trust.
Custodian fee	The custodian fee is Rs. 180,000 per annum.

MANAGER'S AND TRUSTEE'S COVENANTS

MANAGER'S COVENANTS

1. Carry on the business of the Trustee efficiently and in the interests of the Unit Holders
2. Hand over any money to the Trustee promptly
3. Redeem units when requested by Unit Holders
4. Provide information required by Trustee
5. Appoint a Compliance Officer
6. Give Unit Holders 21 days' notice of any meeting of Unit Holders

TRUSTEE'S COVENANTS

1. Take reasonable care in dealing with the Trust's activities
2. Keep the books of the Trust
3. Have the Trust audited annually
4. Send the accounts to the Unit Holders
5. Prepare and act according to a Code of Conduct

TAXATION CONSIDERATIONS

Income tax considerations for individual investors

All dividend distributions paid to unit holders

either in cash or reinvestments in additional units are tax free in the hands of unit holders.

In addition, profits and income from the redemption of a unit in a Unit Trust or Mutual Fund are exempt from tax.

Taxation of the Fund

a. Tax liability of the Fund

- i. Income Tax - The fund is liable to corporate tax at 10% on its taxable profit (Inland Revenue Act No. 10 of 2006)

b. Taxation liability of unit holders

i. Dividend Distributions

Distribution in the form of dividends is exempt from tax (Inland Revenue Act No.10 of 2006 and Inland Revenue (Amendment) Act No.10 of 2007)

ii. Redemption of Units

Capital gains arising from redemption proceeds of units are exempt from tax (Inland Revenue Act No.10 of 2006 and Inland Revenue (Amendment) Act No.10 of 2007).

iii. Withholding tax - none

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The above is a general summary of the sections relating to unit trust investments of the Sri Lanka Inland Revenue Act. If one is doubtful of one's tax position vis a vis investments in unit trusts one should consult one's tax advisor for more complete advice.

GIPS® COMPLIANCE

JB Financial claims compliance with the Global Investment Performance Standards (GIPS®).

The Global Investment Performance Standards (GIPS® Standards) is a practitioner driven ethical set of principles and a standardized industry-wide approach to calculating and reporting returns to prospective clients. The GIPS® standards are based on the ethical principles of fair representation and full disclosure and provide three important benefits to prospective investors.

1. Confidence in the integrity of performance presentation.
2. Comparability between performance of compliant firms worldwide in a fair and comparable format.
3. Reliability and consistency of provided return calculations.

MINIMUM UNIT HOLDER REQUIREMENT

As per the SEC directive, unit holders will be refunded in full if the fund does not obtain a minimum of 50 unit holders during the IPO period. (8-22 January 2016)

MANAGER AND TRUSTEE

Manager

JB Financial is a company in existence since 1994 and is under the umbrella of the Jafferjee Brothers group and owned largely by the same individual shareholders. JB Financial is a SEC licensed Investment Manager in addition to being a SEC licensed Unit Trust Manager and is engaged primarily in the business of fund management. JB Financial has sufficient reserves at its disposal to enable it to conduct its business effectively and meet its liabilities. In particular JB Financial has an issued and paid up capital and capital

reserves in excess of the minimum required Rs. 25 million. The company maintains at all times a positive net asset position.

The key personnel of JB Financial possess over fifteen years of experience each in fund management, advising and managing high net worth and corporate/institutional funds. Experience includes expertise gained in the money market instruments. JB Financial has sufficient human resources and technical resources at its disposal to carry out both its front office and back office functions and does not rely solely on the expertise of one individual to conduct its business. In particular the company possesses proprietary technical resources from investor account maintenance, recordkeeping and internet transacting.

The overall integrity of the company is safeguarded through a system of internal controls and written procedures in place which are regularly monitored by senior management to ensure timeliness and compliance. Conflicts of interest are addressed to safeguard investor interests.

Trustee

Deutsche Bank AG, Colombo Branch will act as Trustee and Custodian to the JB Vantage Short Term Gilt Fund. Deutsche Bank AG, Colombo branch is 100% owned by Deutsche Bank AG and provides administrative services across a range of financial structures, specializing in Custody and related Trustee Services. Deutsche Bank AG is one of the world's leading international financial service providers, with approximately Euro 1,128 billion in assets and over 68,000 employees in 74 countries worldwide. The Trustee's responsibilities are mainly to exercise due diligence and vigilance over the Fund with the objective of safeguarding the interests of the Unit Holders. The Trustee is the legal owner of the Fund's assets and will hold them on behalf of the Unit Holders. It is also responsible for ensuring that the Manager performs its obligations of all payments on behalf of the Fund and for appointing the Fund's auditors.

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The Directors of the Management Company accept full responsibility for the accuracy of the information contained in this Explanatory Memorandum and confirm having made all reasonable enquiries that to the best of their knowledge and belief there are no other material facts the omission of which would make any statement herein misleading.

The Trustees hereby declare and certify that they have read and agreed with the representations herein.

The Trustee and Managers declare that they will carry out transactions at an arm's length basis and on terms which are best available for the fund, as well as act, at all times, in the best interests of the fund's unit holders.

They further declare that the requirements of the Securities and Exchange Commission's issued guidelines have been complied with.