

**YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROPECTUS.** Before subscribing, please consult your Stockbroker, Solicitor, Banker or an independent Investment Adviser registered with the Securities and Exchange Commission.

This prospectus has been seen and approved by the Directors of Meristem Wealth Management Limited and they jointly and individually accept full responsibility for the accuracy of all information given and confirm that, after having made enquiries which are reasonable in the circumstances, and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

For information concerning certain Risk Factors which should be considered by Prospective Investors, please refer to "Risk Factors" on page 20.

## MERISTEM EXCHANGE TRADED FUNDS

(MERISTEM GROWTH ETF | MERISTEM VALUE ETF)

(Authorized and Registered in Nigeria as Exchange Traded Funds with the Securities & Exchange Commission)

### INITIAL PUBLIC OFFERING

OF

NAME OF FUND	UNITS	PRICE	BENCHMARK INDEX
Meristem Growth ETF	50,000,000	₦10 each	NSE-Meristem Growth Index
Meristem Value ETF	50,000,000	₦10 each	NSE-Meristem Value Index

### PAYABLE IN FULL ON APPLICATION

Fund Manager



RC 764153



FCMB CAPITAL MARKETS LIMITED  
A MEMBER OF FCMB GROUP PLC

RC 446561

Lead Issuing House



RC 1297664

Joint Issuing House

**Application List Opens: 25 February 2020**

**Application List Closes: 2 June 2020**

"This Prospectus and the Units which it offers have been registered with the Securities and Exchange Commission. The Investments and Securities Act No 29 2007 provides for civil and criminal liabilities for the issue of a Prospectus which contains false or misleading information. Registration of this Prospectus and the Units which it offers does not relieve the parties of any liability arising under the Act for false or misleading statements contained or for any omission of a material fact in this Prospectus."

"The valuation approved or accepted by the Commission shall only be utilized for the purpose of the proposal submitted to and approved by it and shall not be considered as an endorsement by the Commission of the value of the subject assets for any other purposes."

This prospectus is dated 14 January 2020

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## DEFINITION OF TERMS

Term	Description
"Allotment Date"	The date of clearance of the basis of allotment of the IPO
"Application Form"	The form to be completed by investors subscribing for Units in the respective Funds contained on page 64
"Authorized Dealer"	Meristem Stockbrokers Limited or any other Stockbroking firm authorized to make market in, and provide liquidity for the ETFs
"Basket"	Means, in the context of the Meristem Exchange Traded Funds, a portfolio of shares/securities which comprises the minimum number of shares of each of the constituent stocks contained in the NSE-Meristem Growth ETF and the NSE-Meristem Value ETF and in the same weighting as they are included in the indices, and this consist of 100,000 units for each of the Funds.
"Bid price"	The price at which an investor can sell/redeem Units of the respective Fund on the relevant day
"Block"	500,000 units of the MG ETF (i.e. 5 baskets); 500,000 units of the MV ETF (i.e. 5 baskets), at the date of issue of this prospectus.
"Business day"	Any day on which commercial banks are open for business in Nigeria other than a Saturday, Sunday or an official public holiday as declared by the Federal Government of Nigeria
"CBN"	Central Bank of Nigeria
"CCI"	Certificate of Capital Importation
"CHN"	Clearing House Number
"CSCS"	Central Securities Clearing System Plc
"Custodian"	Zenith Bank Plc
"Daily Official List"	The daily official list of The NSE which provides data, on a daily basis, on transactions that take place on the floor of the NSE
"Deposited Property"	The assets of the respective Fund held in trust on behalf of the Fund by virtue of the Trust Deed
"ETF"	Exchange Traded Fund
"FGN"	Federal Government of Nigeria
"Fund"	The Meristem Value Exchange Traded Fund or the Meristem Growth Exchange Traded Fund, authorized and registered in Nigeria as unit trust schemes
"Funds" or "ETFs"	Meristem Growth Exchange Traded Fund and Meristem Value Exchange Traded Fund, authorized and registered in Nigeria as unit trust schemes
"Fund Manager" or "MWML"	Meristem Wealth Management Limited
"Index"	NSE-Meristem Growth Index or NSE-Meristem Value Index
"Indices"	NSE-Meristem Growth Index and NSE-Meristem Value Index
"IPO" or the "Offer"	Initial Public Offering of 50,000,000 Units of ₦10 each issued at par in the Meristem Growth Exchange Traded Fund and 50,000,000 Units of ₦10 each issued at par in the Meristem Value Exchange Traded Fund

## DEFINITION OF TERMS

"ISA" or the "Act"	Investments and Securities Act No 29 2007
In-Kind Redemption	In – Kind Redemption" means redemption of any unit of the ETF by any means other than cash as may be permissible under the SEC Rules.
In-Kind Subscription	In – Kind Subscription" means subscription for any unit of the ETF by means other than cash as may be permissible under the SEC Rules.
"Joint Issuing House"	Meristem Capital Limited
"Lead Issuing House"	FCMB Capital Markets Limited
"LFN"	Laws of the Federation of Nigeria
MG ETF	Meristem Growth Exchange Traded Fund
MV ETF	Meristem Value Exchange Traded Fund
"NAV" or "Net Asset Value"	The total value of the Funds' underlying investment portfolio, less any fees, charges, expenses and other liabilities accrued by the Funds, which may be adjusted to the nearest kobo at the discretion of the Fund Manager.
"NEFT"	NIBSS Electronic Funds Transfer
"NSE" or the "Exchange"	The Nigerian Stock Exchange
"NSE – MGI"	NSE – Meristem Growth Index
"NSE – MVI"	NSE – Meristem Value Index
"Prospectus"	The Offer document which is issued in accordance with the rules and regulations of the Commission
"Receiving Banks"	Zenith Bank Plc and Union Bank of Nigeria Plc
"Register"	Register of Unit holders
"Registrar"	Meristem Registrars & Probate Services Limited
"Relevant Index"	Applicable Index
"SEC" or the "Commission"	Securities and Exchange Commission
"Tracking Error"	The divergence of the Funds' returns from those of the Underlying indices.
"Trust Deed"	The Deed dated 14 January 2020 between MWML and VTL governing the Fund
"Trustee" or "VTL"	Vetiva Trustees Limited
"Underlying Index"	The NSE-Meristem Growth Index which tracks the growth stocks on the NSE or the NSE-Meristem Value Index which tracks the value stocks on the NSE

## DEFINITION OF TERMS

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"Units"	Unit(s) of participation in the respective Fund
"Unit-holder"	Any person or corporate body registered as a holder of Units of the Fund(s) including persons registered as joint Unit-holders

**ABRIDGED TIMETABLE**

DATE	ACTIVITY	RESPONSIBILITY
25- Feb- 2020	Application List opens	Issuing Houses
2-June-2020	Application List closes	Issuing Houses
16-June-2020	Receiving Agents make return	Receiving Agents
30-June-2020	Forward Allotment Proposal to the SEC	Issuing Houses
14-May-2020	Receive SEC clearance of Allotment Proposal	Issuing Houses
15-May-2020	Pay net proceeds to the Custodian	Receiving Banks
22-May-2020	Allotment Announcement	Issuing Houses
22-May-2020	Return rejected applications (if any)/excess application monies	Meristem Registrars
29-May-2020	Dispatch statement of Unit holdings to successful applicants	Meristem Registrars/CSCS
29-May-2020	File Declaration of Compliance & General Undertakings, with the NSE	Meristem Stockbrokers
12-June-2020	Listing the Funds on the Exchange	Meristem Stockbrokers
26-June-2020	File post-transaction completion report with the SEC	Issuing Houses

*Please note that all dates are indicative only and are subject to change without prior notice.*

## SUMMARY OF THE OFFER

The following information should be read in conjunction with the full text of this Prospectus from which it is derived. Investors are advised to seek information on the Fees, Charges and Operating Expenses before investing in the respective Fund:

1	<b>FUND MANAGER</b>	Meristem Wealth Management Limited.							
2	<b>ISSUING HOUSES</b>	FCMB Capital Markets Limited and Meristem Capital Limited							
3	<b>TRUSTEE</b>	Vetiva Trustees Limited							
4	<b>CUSTODIAN</b>	Zenith Bank Plc							
5	<b>THE OFFER</b>	<table border="1"> <thead> <tr> <th>NAME OF FUND</th> <th>UNITS</th> </tr> </thead> <tbody> <tr> <td>MERISTEM GROWTH ETF</td> <td>50,000,000</td> </tr> <tr> <td>MERISTEM VALUE ETF</td> <td>50,000,000</td> </tr> </tbody> </table>	NAME OF FUND	UNITS	MERISTEM GROWTH ETF	50,000,000	MERISTEM VALUE ETF	50,000,000	
NAME OF FUND	UNITS								
MERISTEM GROWTH ETF	50,000,000								
MERISTEM VALUE ETF	50,000,000								
6	<b>METHOD OF OFFER</b>	Offer for Subscription							
7	<b>UNITS OF SALE</b>	1,000 Units and multiples of 100 Units thereafter.							
8	<b>OFFER PRICE</b>	₦10.00							
9	<b>OFFER SIZE</b>	Meristem Growth ETF: 50,000,000 Units Meristem Value ETF: 50,000,000 Units							
10	<b>NATURE OF THE FUNDS</b>	<p>The ETFs are open ended and seek to replicate the style indices (i.e. NSE – Meristem Growth Index and NSE – Meristem Value Index) with no intention of outperforming the Indices. This means that equal weightings of stocks will be replicated as is in the Indices with the aim of attaining returns as close as possible to that of the Indices, gross of transaction fees. The Funds will invest in qualifying listed stocks on the Premium and Main boards of The NSE that have passed rigorous liquidity and governance checks. The stocks that constitute the indices are sector agnostic, therefore cut across a broad range of sectors including financial services, petroleum marketing, consumer goods and industrials Further categorization of the stocks into the growth and value styles was based on multifactor approach. Factors such as dividend yield, P/E ratio, earnings growth rate, return on asset etc. were considered.</p> <p>Companies that have corporate governance breaches, uncertainties about their going concern, non-compliance with The NSE listing rules etc. are classified as restricted stocks and are excluded from the Funds, even when they have either growth or value orientation.</p> <p>The Funds will be traded on the floor of the NSE. Additionally, the Funds will issue new units or redeem units of the Funds in Creation Units of 500,000 Units through the Authorized Dealer. The Unit price of the Funds will be determined by forces of demand and supply and may deviate from the prevailing secondary market prices of constituent stocks.</p>							
11	<b>INVESTMENT OBJECTIVES</b>	<p>The Objective of the ETF is to provide a style investment opportunity for investors based on growth and value philosophies.</p> <p>This saves investors the rigors of stock valuation, screening, selection, and the risks associated with liquidity, and the inability to diversify their investments.</p> <p>Growth style focuses on the historical and potential growth in key value drivers of the Constituent Companies and is less dependent on how the stock is trading relative to the value drivers, while Value style places emphasis on the price that investors are willing to pay to purchase a company's earnings, book value, and dividend among others.</p>							



## SUMMARY OF THE OFFER

12	<b>INVESTMENT STRATEGY</b>	<p>The Funds aim to achieve its objective of replicating the returns of the relevant Index by using a passive or index strategy approach. This means that equal weightings of the constituent stocks will be replicated as is in the applicable Index. The Fund Manager will therefore not attempt to out-perform the relevant Index or market.</p> <p>The Fund Manager is obliged to ensure tracking of the Indices by purchasing in equal weightings, as far as practicable, underlying shares comprising the relevant Indices. However, under certain situations, where it may be impracticable or impossible to purchase these stocks in the required portions as the underlying Index, a representative sampling strategy may be used.</p> <p>Representative sampling strategy involves holding a sample of securities with similar fundamental and liquidity features, market capitalization as the relevant Index.</p> <p>The Fund Manager provides no guarantee or assurance of an exact or identical replication, at any time, of the returns of the relevant Index.</p>
13	<b>PAYMENT TERMS</b>	In full on application
14	<b>INCOME AND DISTRIBUTION</b>	<p>The Funds will invest in qualifying listed stocks on the Premium and Main Boards of the NSE. As such, the Funds are expected to earn dividends from the stocks held.</p> <p>The Funds will make annual distributions from each Fund's net income, to qualifying Unit holders. All Unit holders as at the qualification date will be entitled to a rateable share of the Funds distributions.</p> <p>Distributions in form of dividend will not be re-invested.</p>
16	<b>CREATION AND REDEMPTION</b>	<p>In-kind subscription and redemption of the Units of the Funds would only be done in Block Units (i.e. 500,000 Units) and subsequently in lots of Baskets (100,000 Units) through the Authorised Dealer.</p> <p>In addition to secondary trades on The NSE, Investors may purchase/sell units of the Funds through the process of In-kind subscription /redemption, subject to a minimum creation/redemption value threshold of a Block Unit (i.e. 500,000 units of each of the Funds) and subsequently in lots of Basket (i.e. 100,000 units of each of the Funds)</p> <p>Units of the Fund can be created or redeemed in-kind (i.e. the creation and/or redemption of Units in exchange for the securities of the Underlying Index), cash or a combination of in-kind and cash.</p> <p>This allows investors to exchange the underlying shares for the relevant equivalent number of Units of the Funds (and back again).</p>
17	<b>TARGET INVESTORS</b>	Investment in the Funds is open to all classes of individual investors, corporates, foundations, societies and local & foreign institutional investors.
18	<b>MANDATORY SUBSCRIPTION</b>	In accordance with rule 450 (2) of SEC rules and regulations which requires promoters of authorised schemes in Nigeria to subscribe to a minimum of 5% of the initial issue of such Schemes, MWML will subscribe to 5% of the offer size.
19	<b>OVERSUBSCRIPTION</b>	In the event of oversubscription, additional Units of the funds will be registered with the SEC
20	<b>OPENING DATE</b>	25 February 2020

**SUMMARY OF THE OFFER**

21	<b>CLOSING DATE</b>	2 June 2020																																																																								
22	<b>INCOME DISTRIBUTIONS</b>	The Funds will invest in qualifying listed stocks on the Premium and Main Boards of the Nigerian Stock Exchange. The Funds will make annual distributions from each Fund's net income, to qualifying Unit holders. All Unit holders as at the qualification date will be entitled to a rateable share of the Funds' distributions. Distributions in form of dividend will not be re-invested.																																																																								
23	<b>FORECAST OFFER STATISTICS (EXTRACTED FROM REPORTING ACCOUNTANTS REPORT)</b>	<table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> <tr> <th></th> <th>N'm</th> <th>N'm</th> <th>N'm</th> <th>N'm</th> <th>N'm</th> </tr> </thead> <tbody> <tr> <td>Opening Net Asset Value</td> <td>495.5</td> <td>556.30</td> <td>969.18</td> <td>1,444.7</td> <td>1,397.5</td> </tr> <tr> <td>Gross Income</td> <td>33.58</td> <td>34.55</td> <td>48.20</td> <td>47.85</td> <td>56.82</td> </tr> <tr> <td>Fees and Expenses</td> <td>15.28</td> <td>14.82</td> <td>19.71</td> <td>19.78</td> <td>23.81</td> </tr> <tr> <td>Closing Net Asset Value</td> <td>556.30</td> <td>969.18</td> <td>1,444.7</td> <td>1,397.5</td> <td>1,827.8</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> <tr> <th></th> <th>N'm</th> <th>N'm</th> <th>N'm</th> <th>N'm</th> <th>N'm</th> </tr> </thead> <tbody> <tr> <td>Opening Net Asset Value</td> <td>495.5</td> <td>584.69</td> <td>650.89</td> <td>1,135.8</td> <td>1,221.6</td> </tr> <tr> <td>Gross Income</td> <td>21.59</td> <td>27.32</td> <td>36.68</td> <td>32.96</td> <td>38.54</td> </tr> <tr> <td>Fees and Expenses</td> <td>15.55</td> <td>13.50</td> <td>19.34</td> <td>20.88</td> <td>26.14</td> </tr> <tr> <td>Closing Net Asset Value</td> <td>584.69</td> <td>650.89</td> <td>1,135.8</td> <td>1,221.6</td> <td>1,654.0</td> </tr> </tbody> </table>		2020	2021	2022	2023	2024		N'm	N'm	N'm	N'm	N'm	Opening Net Asset Value	495.5	556.30	969.18	1,444.7	1,397.5	Gross Income	33.58	34.55	48.20	47.85	56.82	Fees and Expenses	15.28	14.82	19.71	19.78	23.81	Closing Net Asset Value	556.30	969.18	1,444.7	1,397.5	1,827.8		2020	2021	2022	2023	2024		N'm	N'm	N'm	N'm	N'm	Opening Net Asset Value	495.5	584.69	650.89	1,135.8	1,221.6	Gross Income	21.59	27.32	36.68	32.96	38.54	Fees and Expenses	15.55	13.50	19.34	20.88	26.14	Closing Net Asset Value	584.69	650.89	1,135.8	1,221.6	1,654.0
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24	<b>QUOTATION</b>	An application has been made to the Council of the NSE for the admission of the Funds to its Memorandum List																																																																								
25	<b>STATUS</b>	The Units qualify as securities in which Pension Fund assets can be invested under the Pension Reform Act No 4 of 2014, and securities in which Trustees may invest under the Trustees Investments Act Cap T22 LFN 2004																																																																								
26	<b>DETERMINATION OF NAV</b>	The Net Asset Value is computed by deducting the liabilities of the Trust from its assets and which may be adjusted to the nearest kobo at the discretion of the Fund Manager																																																																								
27	<b>RISK FACTORS</b>	Investment in the Funds involve various risks. Investors in the Funds should be willing to accept a high degree of volatility in the price of the Units. Therefore, investors should consider carefully the following risks factors which are set out on page 20 of this Prospectus before investing in the Fund(s).																																																																								
28	<b>TRACKING ERROR</b>	<p>The Funds are subject to tracking errors which are the risk that their returns may not correlate exactly with those of the relevant Indices. Tracking errors can be caused by the following: cash drag, index changes, Fund expenses and trading fees.</p> <p>Tracking errors may be minimised by periodically rebalancing the respective ETF portfolio to the constituents of the benchmark index in line with Index Methodology. The index will be rebalanced twice a year, in June and December.</p> <p>It is expected that annual distribution will also minimise tracking error caused by cash drag.</p>																																																																								
29	<b>INFORMATION ON THE UNDERLYING SECURITIES</b>	Information on the underlying securities would be published daily on the Fund Manager's website.																																																																								
30	<b>INDEX AGREEMENT LICENSE</b>	The Fund Manager has been granted a license by the Indices Provider, The NSE to use the relevant Indices and the trademarks for the creation, issuance, operation, listing, management, marketing, promotion and sale of the Funds.																																																																								

## THE OFFER

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### THE OFFER

A copy of this Prospectus and the documents specified herein have been approved by the Trustee and delivered to SEC for registration.

This Prospectus is being issued in compliance with the provisions of the Investments and Securities Act No 29, 2007, the Rules and Regulations of the Commission and the listing requirements of the Exchange, for the purpose of giving information to the public with regard to the Initial Public Offering of 100,000,000 Units issued at ₦10 per unit, in the Meristem Exchange Traded Funds. The Funds have been authorised and registered by the SEC as Unit Trust schemes. An application has been made to the Council of the Exchange for the admission of each Fund's 50,000,000 Units being offered for subscription, to its Memorandum List.

The Directors of the Fund Manager individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects, and confirm having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

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## FCMB Capital Markets Limited

RC 446561

And

## Meristem Capital Limited

RC 1297664

ON BEHALF OF

## Meristem Wealth Management Limited

RC764153

OFFER FOR SUBSCRIPTION

AND ARE AUTHORISED TO RECEIVE APPLICATIONS FOR

50,000,000 UNITS of ₦10 EACH AT PAR

IN EACH OF THE

## MERISTEM EXCHANGE TRADED FUNDS (MERISTEM VALUE ETF | MERISTEM GROWTH ETF)

(Authorised and Registered in Nigeria with the Securities and Exchange Commission as Exchange Traded Funds)

PAYABLE IN FULL ON APPLICATION

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The application list for the Units now being offered will open on 25 February 2020 and close on 2 June 2020

Fund Manager	Corporate Information
<b>The Fund Manager</b>	<p><b>Meristem Wealth Management Limited</b>            3 Norman Williams Street            South-West Ikoyi, Lagos            Telephone: +234 (1) 4488260            Email: <a href="mailto:wealthportfoliomanagement@meristemng.com">wealthportfoliomanagement@meristemng.com</a>            Website: <a href="http://www.meristemwealth.com">http://www.meristemwealth.com</a></p>
<b>Chairman</b>	<p><b>Chief Michael Ade. Ojo (OON)</b>            3 Norman Williams Street            South-West Ikoyi, Lagos</p>
<b>Director</b>	<p><b>Wole Abegunde</b>            3 Norman Williams Street            South-West Ikoyi, Lagos</p>
<b>Director</b>	<p><b>Olusegun Olusanya</b>            3 Norman Williams Street            South-West Ikoyi, Lagos</p>
<b>Director</b>	<p><b>A.S. Kele</b>            3 Norman Williams Street            South-West Ikoyi, Lagos</p>
<b>Director</b>	<p><b>Chief Sylverius I.C. Okoli</b>            3 Norman Williams Street            South-West Ikoyi, Lagos</p>
<b>Managing Director</b>	<p><b>Sulaiman Adedokun, CFA</b>            3 Norman Williams Street            South-West Ikoyi, Lagos</p>
<b>Company Secretary</b>	<p><b>Meristem Nominees Limited</b>            3 Norman Williams Street            South-West Ikoyi, Lagos</p>
<b>Investment Committee Members</b>	<p><b>Taiwo Yusuf, CFA</b>  <b>Sulaiman Adedokun, CFA</b>  <b>Kemi Akinde, CFA</b>  <b>Theresa Orji</b>  <b>Khadijat Olopade</b>  <b>Toye Adeola (Independent Member)</b></p>

Professional Parties	Company Details	
<b>Lead Issuing House</b>	<b>FCMB Capital Markets Limited</b> First City Plaza, 6 <sup>th</sup> Floor 44, Marina Lagos Island Lagos	
<b>Joint Issuing House</b>	<b>Meristem Capital Limited</b> 124 Norman Williams Street Ikoyi Lagos	
<b>Trustee</b>	<b>Vetiva Trustees Limited</b> 266B Kofo Abayomi Street Victoria Island Lagos	
<b>Custodian</b>	<b>Zenith Bank Plc</b> Plot84/87, Ajose Adeogun Street Victoria Island, Lagos	
<b>Reporting Accountants</b>	<b>Pedabo Audit Services</b> 67 Norman Williams Street Ikoyi, Lagos	
<b>Solicitors</b>	<b>Portalls Advisory Services</b> 27A, Providence Street Lekki Phase 1 Lagos	
<b>Authorised Dealer / Market Maker</b>	<b>Meristem Stockbrokers Limited</b> 124 Norman Williams Street Ikoyi, Lagos	
<b>Receiving Banks</b>	<b>Zenith Bank Plc</b> Plot 84/87, Ajose Adeogun Street Victoria Island Lagos	<b>Union Bank of Nigeria Plc</b> Stallion House, 36, Marina Lagos
<b>Registrar</b>	<b>Meristem Registrars &amp; Probate Services Limited</b> 213 Herbert Macaulay Way Yaba Lagos	

### 1. Overview of Exchange Traded Funds

Exchange Traded Funds are tradable investment products (like stocks) whose returns track the performance of an underlying index. An ETF holds assets such as Equities, Bonds, Currencies, Commodities or Real Estate, etc and its return should closely align with the returns of the underlying index, save for trading costs, etc.

An ETF combines the valuation features of a stock (demand & supply) and a mutual fund (trading at its NAV). An integral arbitrage mechanism therefore keeps its value close to the NAV of its constituent units.

There are various types of ETFs, depending on the index that each track;

- Markets ETF: Tracks general or subset of markets. i.e. NSE All Share Index, Nasdaq 100, NSE 30
- Sector or Industry ETF: Tracks a sector or industry. i.e. NSE Banking Index, FTSE Consumer, etc
- Style ETF: Tracks stocks based on a style ideology. i.e. Growth, Value, Dividend paying etc
- Commodity ETF: Tracks commodities. i.e. Gold, Wheat, Energy, etc
- Market Capitalization ETF: Tracks stocks based on a designated band of their market value i.e. Small Cap, Mid-Cap, Large Cap, Mega Cap, etc.

### 2. The Funds

**The Meristem Growth ETF** is a Unit Trust Scheme authorised and registered in Nigeria by the Commission under Section 160 of the ISA, and Part J7A of the SEC Rules 2013. The Fund is constituted under a Trust Deed executed between the Fund Manager and the Trustee and is comprised of 50,000,000 Units with a value of ₦10 per Unit.

The Meristem Growth ETF Securities are based on the NSE-Meristem Growth Index. Therefore, by purchasing units in the MG ETF, an investor will obtain market exposure to the constituent companies of the NSE-Meristem Growth Index. The returns expected from holding MG ETF will therefore substantially replicate the returns of the NSE-Meristem Growth Index.

**The Meristem Value ETF** is a Unit Trust Scheme authorised and registered in Nigeria by the Commission, under Section 160 of the ISA, and Part J7A of the SEC Rules 2013. The Fund is constituted under a Trust Deed executed between the Fund Manager and the Trustee and is comprised of 50,000,000 Units with a value of ₦10 per Unit.

The Meristem Value ETF Securities are based on the NSE-Meristem Value Index. Therefore, by purchasing units in the MV ETF, an investor will obtain market exposure to the constituent companies of the NSE-Meristem Value Index. The returns expected from holding MV ETF will therefore substantially replicate the returns of the NSE-Meristem Value Index.

The Funds are open-ended, and an application has been made to The Council of The Exchange for the admission of the 50,000,000 Units of MG ETF and 50,000,000 Units of MV ETF being offered for subscription to its Equities List. At the conclusion of the Offer, investors will be free to trade existing units of the Fund through a stockbroker. Additionally, the Fund will issue new units or redeem units of the Fund only in Creation Units through the Authorised Dealer.

### 3. The Objectives of the Funds

The objective of the Funds is to replicate as closely as possible, before fees and expenses, the net return of The NSE-MGI and the NSE-MVI. The Funds seek to achieve this by investing primarily in securities issued by companies that comprise the Underlying Indices.

### 4. Particulars of the Underlying Indices

#### The NSE-Meristem Growth Index

The NSE-MGI is an equity style index intended to track the performance of **growth-oriented equities** listed on the floor of The NSE. Meristem adopts a multifactor approach in placing stocks into the NSE-MGI. Growth style focuses more on the historical and potential growth in key value drivers of the company and is less dependent on how the stock is trading relative to the value drivers. The factors considered include:

- Historical revenue growth rate
- Historical earnings growth rate
- Number of consecutive years of earnings growth in the selected period
- Projected earnings growth rate
- Average return on asset

The NSE-MGI is comprised of stocks on The NSE that are perceived to have the ability to grow, faster than the market average. The return potential in growth stocks therefore lies in the seeming inherent ability of the stock to grow faster than the rest of the market. This is usually supported by the companies' fundamentals.

#### The NSE-Meristem Value Index

The NSE-MVI is an equity style index intended to track the performance of **value-oriented equities** listed on the floor of The NSE. Meristem adopts a multifactor approach in placing stocks into the NSE-MVI. Value style places more emphasis on the price that investors are willing to pay to purchase a company's earnings, book value, and dividend among others. The factors considered include;

- Average Dividend Yield
- Historical Earnings to Price Ratio
- Forward Earnings to Price Ratio
- Book Value to Price Ratio

**The NSE MVI is comprised of stocks on The NSE that are perceived to be under-priced.** The return potential in value stocks lies in the perceived inherent ability of the stock to correct for the seeming mispricing. The perceived mispricing cannot therefore be justified by the companies' fundamentals.

The stocks that constitute the indices are sector agnostic, therefore cut across a broad range of sectors including financial services, petroleum marketing, consumer goods and industrials. The weighting of each security in the underlying index is determined by the size of its market capitalisation relative to the market capitalisations of the other securities represented in the index.

### 5. Investment Policy

The ETF will replicate the relevant style index with no intention of outperforming the index. This means that equal weightings of stocks will be replicated as is in the relevant index with the aim of attaining returns as close as possible to that of the relevant Index, gross of fees. The stocks in the relevant index are made up of listed stocks on the Premium and Main boards of Nigerian Stock Exchange having passed the liquidity check. Further categorization of the stocks into the growth or value style was based on multifactor approach. Factors such as dividend yield, P/E ratio, book-to-price ratio, earnings growth etc. were considered. Stocks of companies that have issues with their corporate governance, going concern, compliance with listing rules etc. are classified as restricted stocks and are excluded even when they have growth or value orientation.

### 6. Investment Incentives

The benefits of investing in the Funds include:

### **Liquidity**

The Funds are liquid, convenient and cost-effective mechanism to invest in the NSE Meristem growth index and NSE Meristem value index, as a single security purchase of each of the Funds gives exposure to the relevant indices.

### **Professional Management**

Investors will have the benefit of the professional and skilled management expertise of the Fund Managers, whose members have over 150 consecutive years of experience in successfully managing investment portfolios similar to the Funds, through different market conditions.

### **Diversification:**

Investing in the Funds will serve as an important diversification tool for asset managers as it is an efficient way of acquiring all of the securities included in relevant indices, compared to investing in each individual stock. At any point in time, an investor can execute a single ETF trade and immediately obtain broad exposure to the group of securities in the relevant index which cuts across different sectors.

### **Lower Transaction Costs**

As a passive fund, the Funds would have much lower transaction costs and fees when compared to typical mutual funds. It affords the investor to purchase a single security which gives them simultaneous exposure to multiple underlying stocks thereby reducing transaction cost associated with buying all the underlying securities individually.

## **7. Investing in the Funds**

There are two ways in which investors can transact in units in the Funds, viz *Cash* or *In Kind*:

### **Buying or selling in the secondary market of the NSE**

This option is applicable to all classes of investors. The secondary market price of the ETFs may trade at a premium or discount to the Net Asset Value of the applicable fund, subject to market forces.

### **Creation and redemption of units in the primary market**

Creation and redemption of units in the ETFs can only be made through the Authorised Dealer in Creation Units. A large block of each ETF Units (being 1,000,000 units of the Fund) forms a Creation Unit. Units of the Fund can be created or redeemed in-kind (i.e. the creation of units in exchange for the underlying securities), cash or a combination of in-kind and cash. For in-kind subscription and redemption, a block (i.e. 1,000,000 units) will be the minimum subscription/redemption unit then subsequently in lots of baskets.(i.e. 100,000 units). The process for creation and redemption of units in the Fund are as follows:

#### **Creation of Units**

Applications for the creation of units of the ETFs can only be made through the Authorised Dealer. Only the Authorised Dealer may submit creation applications to the Fund Manager.

Units of the ETFs will be continuously offered through the Authorised Dealer who may apply for the purpose of holding in its own account or for the account of its clients, by submitting a creation application to the Fund Manager. The Authorised Dealer may, in its absolute discretion, elect to effect a creation request received from its clients in a particular method (i.e. in-kind, cash or a combination of both).

The Authorised Dealer may from time to time submit creation applications to the Fund Manager following receipt of creation requests from clients or where it wishes to create units of the Fund for its own account. To be effective, a creation application must be given by the Authorised Dealer in accordance with relevant provisions of both the Trust Deed and the Authorised Dealer Agreement and must specify the number of units to be created. The creation application should be sent on or before 12.00 noon on the trade date to enable the Authorised Dealer to process it. The trade date is the date on which the transaction is deemed to have taken place and on which the basket constituents and trade value are determined. Creation of units will be effective after the creation application and the supporting KYC documents have been properly verified by the Authorized Dealer. Hence, the date creation application is received may be different from the date the units are created.



The Authorised Dealer reserves the right to suspend, acting in good faith, any creation request received from a client under exceptional circumstances, including without limitation, the following circumstances:

- Where there is in existence, any trading restriction or limitation such as the occurrence of a market disruption event, suspended market misconduct, or the suspension of dealing in relation to any of the securities in the Underlying Indices;
- Where such creation would constitute a concentration risk (i.e. investor holding more than 25% of the Fund units);
- Where the in-kind securities are different from the underlying securities;
- Where the creation application request is not in an acceptable form;
- Where acceptance of the creation request or any security in connection with such creation request will render the Authorised Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the authorised dealer and/or any of its connected persons; and
- Other circumstances outside the control of the Authorized Dealer make it for all practicable purposes, impossible to process the creation request.

Where the Fund Manager accepts a creation application in respect of the Funds from the Authorised Dealer, it shall instruct the Transfer Agent to effect:

- the creation of the Units in exchange for either a transfer of securities, or cash or a combination of both (at the discretion of the Authorised Dealer); and
- the issue of Units to the Authorised Dealer, both in accordance with the operating guidelines and Trust Deed.
- The creation and issue of units pursuant to the creation application shall be effected on the day on which the creation application is received (or deemed received) and accepted in accordance with the operating guidelines and the Trust Deed and the Register will be updated on the settlement day (i.e. three working days following receipt of the creation application).
- Basket customization fee will be charged for the creation of basket.

### **Redemption of Units**

Applications for in-kind redemption of units for the ETFs can only be made through the Authorised Dealer in Creation Units. and only the Authorised Dealer may submit in-kind redemption applications to the Fund Manager For cash redemptions, investors can trade directly on the exchange. The Authorised Dealer may redeem Units for its own account or for the account of its clients by submitting a redemption application to the Fund Manager. Units of the ETFs will be redeemed based on the Net Asset Value as determined after receipt of a redemption request by the Authorised Dealer.

The Authorised Dealer may, in its absolute discretion, elect to effect a redemption request received from its clients in a particular method (i.e. in-kind, cash or a combination of both). The Fund Manager nonetheless reserves the right to require a redemption application to be effected in a particular method. Specifically, the Fund Manager nonetheless has the right to instruct the Custodian to deliver the cash equivalent of any security in connection with the redemption application to the Authorised Dealer if:

- Such security is unlikely to be available for delivery or available in sufficient quantity for delivery in connection with the redemption application; and
- the Authorized Dealer is restricted by regulation or otherwise from transacting in that security.

The Authorised Dealer may from time to time submit in-kind redemption applications to the Fund Manager following receipt of redemption requests from clients or where it wishes to redeem units of the any of the ETFs for its own account. To be effective, a redemption application must be given by the Authorised Dealer in accordance with the relevant provision of the Trust Deed and the Authorised Dealer Agreement and must specify the number of units to be redeemed. The redemption application must be sent on or before 12.00 noon on the trade date. The trade date is the date on which the transaction is deemed to have taken place and on which the basket constituents and trade value are determined.

The Authorised Dealer reserves the right to suspend any redemption request received from a client under exceptional circumstances, including without limitation the following circumstances:

- Where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspended market misconduct or the suspension of dealing in relation to any of the securities in the Underlying Index;
- Where acceptance of the redemption request would render the Authorised Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Authorised Dealer and/or any of its connected persons; or
- Circumstances outside the control of the Authorised Dealer make it for all practicable purposes impossible to process the redemption request.

Where the Fund Manager accepts a redemption application in respect of any of the ETFs from the Authorised Dealer, it shall instruct the Registrar to effect the redemption and cancellation of the relevant units and require the Custodian to transfer to the Authorised Dealer the securities or cash or a combination of both in accordance with the relevant provision in the Trust Deed.

The Authorised Dealer will then transfer the relevant securities, or cash or a combination of both to the relevant client if the redemption application was submitted by the Authorised Dealer for the account of its client.

Any accepted redemption application will, at best effort, and as practicable as possible, be effected on the settlement day (i.e. three working days following receipt of redemption application) provided that a redemption application duly signed by the Authorised Dealer (to the satisfaction of the Fund Manager and the Trustee) has been received. However, this is subject to current market realities, regulatory constraints, investors sentiments and if daily total redemption requests from unitholders is not 10% or more of the total outstanding number of ETF unit as at that day.

Cash redemption fee/basket redemption fee.

### 8. Valuation

The ETFs will use stable Net Asset Value basis which will be calculated by making all permissible deductions (such as transaction cost and fees) from the value of the assets held by the ETFs. This is determined with reference to the market value of the underlying securities, which takes into account both incomes received by the ETFs and amounts which the Authorised Dealer must pay the Fund Manager on the creation of new securities to afford them equal participation in the income which has accrued in the portfolio. The NAV per unit is calculated by dividing the NAV of the portfolio by the number of the outstanding units in the respective ETF, generally expressed in Naira. This information is determined at close of trade on each business day.

$$\text{NAV} = \frac{\text{Current Value of the Fund's Net Asset} + \text{Cash}}{\text{Total no. of Units issued}}$$

\* *Current Value of the Funds' Net Asset = Value of all securities – Liabilities*

The ETFs pricing will be provided using live data from the market makers' front-end trading terminal. Thus, based on live data from The NSE, prices for all the constituent securities are fed into a pricing matrix which includes the management fees and adjustable spreads (i.e. bids and offer spreads) to generate the continuous prices for the Funds.

In times of severe market disruption or low trading volume in the Funds' Units, this spread between the bid and the offer prices can increase significantly. It is anticipated that the Units will trade in the secondary market at prices that may differ, to varying degrees, from the NAV of the Units especially during periods of extreme market movements or volatility.

### 9. Publication of NAV

The NAV of the Funds shall be made available on a daily basis on the Fund Manager's website. The information to be provided on the website is for information purposes only and shall not constitute an invitation to subscribe for or convert the Funds at Net Asset Value.

### 10. Target Investors

The Funds are targeted at all investors who seek compelling return opportunities, or investors usually interested in the investment features of mutual funds coupled with the trading features of equities. Specifically, the Funds are an ideal alternative for:

- i. Institutional investors desirous of exposure to growth-oriented companies, with an expectation of stable growth in performance.
- ii. Institutional investors desirous of exposure to value-oriented companies, with an expectation of a positive alpha, when market adjusts to the constituent stocks' appropriate prices
- iii. Investors seeking exposure to either growth or value style investments, but trying to avoid complexities, associated costs and risks of investing directly on the NSE
- iv. Investors seeking higher yields, without compromising liquidity;
- v. Investors wishing to diversify their investment portfolios, thereby reducing concentration risk.

### 11. Foreign Currency Subscribers

Foreign currency subscriptions will be processed at the autonomous exchange rate i.e. \$/₦, advised by Union Bank Plc on the date of receipt of foreign currency funds. Foreign currency subscribers are requested to complete the Application Form and follow the instructions at the back of the Form.

CCIs will be issued by Union Bank Plc to the foreign currency subscribers within 24 hours of the receipt of payment. The CCI should be kept by the foreign currency subscriber as it will be required for any subsequent repatriation of surplus/return monies (if any) based on the applicable exchange rate on the conversion date.

The CCI will also be required to repatriate in a freely convertible currency of proceeds from sale of Units or from any distribution of the Funds income that the Fund Manager may undertake.

### 12. Income and Distribution

The Funds are expected to earn dividends from the constituent stocks. The Funds expect to pay out substantially all of its net earnings to its Unit holders. The earnings of the Funds, net of expenses, will be passed on to Unit holders as distributions at the end of each Year. All Unit holders in the Funds will be entitled to a share of the Funds' Distributions. Distributions in form of dividend will not be re-invested.

### 13. Unitholders meetings and Voting Rights

The Funds may hold an Annual General Meeting of Unit-holders. All Unit-holders will, in accordance with provisions of the Trust Deed, be entitled to receive notice of, attend and vote at any Annual General Meeting of the Funds.

The Trustee or the Fund Manager shall convene meetings of respective Unit holders of the Funds, at the request in writing of Unit holders holding not less than 25% of the Units then outstanding. Any resolution put to vote shall be decided on a show of hands and each Unit holder shall have one vote. Where a poll is demanded, each Unit holder shall have one vote for every Unit held.

### 14. E-Allotment of Units

The CSCS accounts of successful Unit holders will be credited not later than 15 days from allotment. Investors are thereby advised to state the name of their respective stockbrokers and their CHN details in the relevant spaces provided on the Application Form.

### 15. Fees and Other Expenses

The initial cost of establishing the Funds will be charged against the expected gross proceeds received during the IPO. This charge includes the expenses of this Offer, which comprises regulatory and professional fees, printing, advertising and publicity, and brokerage commission estimated at about ₦7,397,500(1.48% of the offer size) for each Fund. All future costs and expenses of maintaining the Funds shall be chargeable to the respective Funds.

The annual fees payable in respect of managing the funds are detailed below:

Management Fee	The Fund Manager shall be paid an annual management fee of 0.75% of the NAV of the respective Funds. This fee will be paid quarterly in arrears and represents the remuneration due to the Fund Manager for the management and advisory roles involved in the day-to-day management of the Funds.
Custodian Fee	An annual fee of 0.030% of the NAV of the respective Funds, payable quarterly in arrears
Trustee Fee	An annual fee of 0.075% of the NAV of the respective Funds, payable quarterly in arrears
Others	Other expenses include expenses for AGMs, advert, printing, registrar and audit expenses are not expected to exceed 0.50% of the NAV of respective Funds.

**16. Risk factors**

An investment in the ETFs involves various risks. Investors in the Funds should be willing to accept a high degree of volatility in the price of the Units and the possibility of significant losses. Therefore, investors should consider carefully the following risks before investing in the Funds.

**Market Risks**

This is the risk that investors in the Funds experience losses in their positions arising from adverse movements in market prices or due to general factors that affect, negatively, the overall performance of the market. The value of the Funds may therefore decline, due to general factors like political unrest, unfavourable market conditions, global macro-economic downtrends etc. or other events that are not specifically related to the constituent companies in the ETFs.

Also, prevalent market sentiments in either the local and international markets may affect the general prices and trading sentiments and lead to a decline in the market price of the Units. Market risks are generally applicable to any investment listed securities (i.e. equity, fixed income, real estate investment trusts, etc) and investors should be aware that the prices of Units can go down as well as up, without any adverse change in the circumstances of constituent companies of the Funds.

**Trading Liquidity Risks**

There can be no certainty as regards the liquidity in the Funds on the NSE or that the market price of the Funds will be substantially the same as its Net Asset Value.

The Funds may also face a potential lack of an active market for its constituent shares, losses from trading in secondary markets and disruption in the creation/redemption of the Units. Any of these factors may lead to the units trading at a significant premium or discount to its Net Asset Value.

**Index Tracking Risk**

The Funds return may not match the returns of the Indices (NSE-Meri Growth Index and NSE-Meri Value Index) for various reasons, chiefly the inability to accurately replicate the composition of the Indices arising from various trading restrictions or illiquidity. The Funds may not be able to invest in certain securities included in the Indices, or invest in them in the exact proportions in which they are represented in the Indices, due to legal restrictions or a lack of liquidity on The Exchange.

Also, the returns are likely to differ because of the operating expenses incurred by the ETFs which are not applicable to the Indices. These include operational expenses in managing the Funds, like auditors' expenses, AGM expenses, etc. Also, trading costs incurred especially when rebalancing the ETFs' securities holdings to reflect changes in the composition of the Indices. Therefore, because the Funds bear these costs and risks associated with buying and selling securities, while such costs and risks are not factored into the return of the Indices, the Funds return may deviate from the return of the Indices

1. Letter from the Reporting Accountants

The following is a copy of the letter on the profit forecast for the Growth Exchange Traded Fund by Pedabo Audit Services, the Reporting Accountants to the Offer.

9 January 2020

The Directors  
**Meristem Wealth Management Limited**  
13 Norman William Street  
Ikoyi  
Lagos.

and

The Directors  
**FCMB Capital Market Limited**  
44 Marina  
Lagos.

Gentlemen,

**PROFIT FORECAST**

We have reviewed the assumptions and calculations made in preparation of the Profit Forecasts of the Meristem Growth Exchange Traded Fund ("The Funds") for the years 2020, 2021, 2022, 2023 & 2024 respectively. The Funds have made the profit forecast including the assumptions based on the prevailing market conditions.

In our opinion, the Profit Forecast so far as calculations are concerned, have been properly compiled based on the assumptions made by the Fund, and are presented on a basis consistent with prevailing market conditions.

However, there will usually be differences between forecasts and actual results for the reason that circumstances do not occur as expected, and these differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.



Ajibade Taofeek Fashina  
FRC/2013/ICAN/0000000904  
Lagos, Nigeria  
**For and on behalf of Pedabo Audit Services**

## 2. Profit Forecast

The Directors are of the opinion that subject to unforeseen circumstances, and based on the set-out assumptions, the profit forecast for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 will be as detailed below:

<b>PROFIT FORECAST</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>₦ '000</b>	<b>₦ '000</b>	<b>₦ '000</b>	<b>₦ '000</b>	<b>₦ '000</b>
<b>Revenue</b>					
Dividend Income	33,584	34,548	48,201	47,847	56,818
Gross Income	33,584	34,548	48,201	47,847	56,818
<b>Expenses</b>					
Marketing and Miscellaneous	111	194	289	279	366
Management Fees	4,172	7,269	10,835	10,481	13,708
Custodian Fees	167	291	433	419	548
Trustee Fees	417	727	1,084	1,048	1,371
Auditors' Fees	750	750	750	750	750
Index Fees	4,654	4,902	5,187	5,158	5,417
Brokerage Fees	510	684	1,129	1,644	1,647
Pre Offer Expenses	4,500				
<b>Total Expenses</b>	<b>(15,282)</b>	<b>(14,816)</b>	<b>(19,707)</b>	<b>(19,780)</b>	<b>(23,806)</b>
<b>Profit before taxation</b>	<b>18,302</b>	<b>19,732</b>	<b>28,495</b>	<b>28,066</b>	<b>33,012</b>
Tax expenses	(3,358)	(3,455)	(4,820)	(4,785)	(5,682)
<b>Profit after tax</b>	<b>14,944</b>	<b>16,277</b>	<b>23,674</b>	<b>23,282</b>	<b>27,330</b>

## 3. Financial Position Forecast

The Directors are of the opinion that subject to unforeseen circumstances, and based on the set-out assumptions, the Statement of Financial Position as at the years ending 31 December 2020, 2021, 2022, 2023 and 2024 will be as detailed below:

<b>FINANCIAL POSITION FORECAST</b>					
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>₦ '000</b>	<b>₦ '000</b>	<b>₦ '000</b>	<b>₦ '000</b>	<b>₦ '000</b>
<b>ASSETS</b>					
Financial Assets @ FVPL	547,953	955,372	1,425,197	1,379,635	1,805,853
Bank and cash balances	8,345	13,811	19,503	17,818	21,933
<b>Total</b>	<b>556,298</b>	<b>969,183</b>	<b>1,444,700</b>	<b>1,397,453</b>	<b>1,827,786</b>
<b>Net assets</b>	<b>556,298</b>	<b>969,183</b>	<b>1,444,700</b>	<b>1,397,453</b>	<b>1,827,786</b>
<b>Financed By:</b>					
Unit Holders' Interest	510,365	637,956	797,445	996,807	1,246,008
Retained Earnings	45,933	331,227	647,255	400,646	581,778
	<b>556,298</b>	<b>969,183</b>	<b>1,444,700</b>	<b>1,397,453</b>	<b>1,827,786</b>

#### 4. Basis of Assumptions

##### Introduction

This projection has been prepared to summarize the information available to the Fund Manager at the time of preparing the profit forecast of the financial performance and position of the proposed Fund for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 respectively.

##### Forecast

The Fund Manager is of the opinion that subject to unforeseen circumstances and based on the assumptions stated below, the forecasted net income before distribution for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 is estimated at ₦14.94 million, ₦16.28 million, ₦23.67 million, ₦23.28 million and ₦27.33 million respectively.

##### Basis of Assumptions

The financial projection is based on the following bases and assumptions:

##### Basis

The financial forecast, stated in the proceeding pages, for the years ending 31 December 2020 to 2024 have been prepared in compliance with the requirements of International Financial Reporting Standards and SEC Rules and Regulations.

##### Assumptions

The forecast assumes that the prevailing monetary policy environment remains relatively stable and is expected to be sustained in the Long term.

1. Based on the projected level of operations, the Net Income of the Fund for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 is estimated at ₦14.94 million, ₦16.28 million, ₦23.67 million, ₦23.28 million and ₦27.33 million respectively.
2. The Fund is expected to start off with 50,000,000 units of N10 each and is expected to grow over the years.
3. The Fund is expected to commence investment in 2020, subsequently after receipt of SEC's final approval.
4. The Fund is expected to be fully subscribed to at inception.
5. The Fund is expected to grow due to marketing effort and this has been estimated at 3% for the first year and 25% for the remaining years.
6. Dividend income has been estimated as a function of the average dividend yield of securities in the index.
7. A Management Fee of 0.75% of the Net Asset Value is payable to the Fund Managers.
8. A custodian Fee of 0.03% of the Net Asset Value is payable to the custodian.
9. A trustee Fee of 0.075% of the Net Asset Value is payable to the Trustee.
10. Auditor Fee has been estimated at a flat charge of ₦750,000 across the years of forecast.
11. Index fee has been estimated at \$12,000 at the exchange rate of ₦360 plus 0.06% of the Net Asset Value.
12. Brokerage Fee is estimated at 0.1% of the Net Asset Value
13. Distributions will be made to unitholders from the net income earned annually. It is estimated that 100% of the Net Realised Income of the Fund will be distributed to unit holders of the Fund as dividends.

### Significant Policies

The following are the significant accounting policies which are to be adopted by the Fund:

#### **Basis of Accounting**

The forecast is expected to be prepared under the historical cost convention as modified by the revaluation of investments.

#### **Investments**

The Fund will be invested in companies with growth in dividend.

#### **Income Recognition**

Dividend is expected to be declared and paid by the companies the fund is invested in and it is accrued for on a yearly basis.

#### **Expenses**

Fees payable to the parties of the Fund are at the agreed rates of the Fund's net asset value. All fees including statutory fees, professional parties' fees, Fund Manager and other marketing expenses are accrued and charged to income in the related accounting period.

#### **Taxation**

The Fund is subject to the tax requirement on the assets invested, however dividend income is a franked investment income and the tax deducted at source is the final tax liability on the income.



5. Letter from the Issuing Houses

14 January 2020

The Directors  
Meristem Wealth Management Limited  
3 Norman Williams Street,  
Ikoyi,  
Lagos

Dear Sirs,

**Initial Public Offering of 50,000,000 Units of ₦ 10.00 each at par in the Meristem Growth Exchange Traded Fund**

We write with reference to the Prospectus issued in respect of the initial public offering of 50,000,000 Units in the Meristem Growth Exchange Traded Fund ("The Fund"), which contains financial forecasts of the Fund for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 respectively.

We have discussed the bases and assumptions upon which the forecasts were made with you and Pedabo Audit Services, the Reporting Accountants. We have also considered the letter dated 9 January 2020 from the Reporting Accountants regarding the accounting bases and calculations upon which the forecasts were compiled.

Having considered the assumptions made by you, as well as the accounting bases and calculations reviewed by the Reporting Accountants, we consider that the forecasts (for which you as Directors are solely responsible) have been made by you after due and careful diligence.

Yours faithfully,

For: The Issuing Houses:



Tolu Osinibi  
FCMB Capital Markets Limited



Senami Johnson  
Meristem Capital Limited

1. **Letter from the Reporting Accountants**

The following is a copy of the letter on the profit forecast for the Value Exchange Traded Fund by Pedabo Audit Services, the Reporting Accountants to the Offer.

9 January 2020

The Directors  
**Meristem Wealth Management Limited**  
13 Norman Williams Street  
Ikoyi  
Lagos.

and

The Directors  
**FCMB Capital Market Limited**  
44 Marina  
Lagos.

Gentlemen,

**PROFIT FORECAST**

We have reviewed the assumptions and calculations made in preparation of the Profit Forecasts of the Meristem Value Exchange Traded Fund ("The funds") for the years 2020, 2021, 2022, 2023 & 2024 respectively. The Funds have made the profit forecast including the assumptions based on the prevailing market conditions.

In our opinion, the Profit Forecast so far as calculations are concerned, have been properly compiled based on the assumptions made by the Fund, and are presented on a basis consistent with prevailing market conditions.

However, there will usually be differences between forecasts and actual results for the reason that circumstances do not occur as expected, and these differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.



Ajibade Taofeek Fashina  
FRC/2013/ICAN/0000000904  
Lagos, Nigeria  
**For and on behalf of Pedabo Audit Services**

## 2. Profit Forecast

The Directors are of the opinion that subject to unforeseen circumstances, and based on the set-out assumptions, the profit forecast for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 will be as detailed below:

PROFIT FORECAST					
	2020	2021	2022	2023	2024
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
<b>Revenue</b>					
Dividend Income	21,590	27,320	36,682	32,961	38,543
Gross Income	21,590	27,320	36,682	32,961	38,543
<b>Expenses</b>					
Marketing and Miscellaneous	117	130	227	244	331
Management Fees	4,385	6,509	11,358	12,216	16,540
Custodian Fees	175	195	341	366	496
Trustee Fees	439	488	852	916	1,241
Auditors' Fees	750	750	750	750	750
Index Fees	4,671	4,711	5,001	5,053	5,312
Brokerage Fees	510	712	810	1,335	1,471
Offer Expenses	4,500				
<b>Total Expenses</b>	<b>(15,547)</b>	<b>(13,495)</b>	<b>(19,340)</b>	<b>(20,881)</b>	<b>(26,141)</b>
<b>Profit before taxation</b>	<b>6,042</b>	<b>13,824</b>	<b>17,343</b>	<b>12,080</b>	<b>12,402</b>
Tax expenses	(2,159)	(2,732)	(3,668)	(3,296)	(3,854)
<b>Profit after tax</b>	<b>3,883</b>	<b>11,092</b>	<b>13,674</b>	<b>8,784</b>	<b>8,548</b>

## 3. Financial Position Forecast

The Directors are of the opinion that subject to unforeseen circumstances, and based on the set-out assumptions, the balance sheet at the years ending 31 December 2020, 2021, 2022, 2023 and 2024 will be as detailed below:

FINANCIAL POSITION FORECAST					
	2020	2021	2022	2023	2024
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
<b>ASSETS</b>					
Financial Assets at FVPL	575,920	641,614	1,120,489	1,206,026	1,634,195
Bank and cash balances	8,770	9,275	15,334	15,575	19,849
	<b>584,690</b>	<b>650,889</b>	<b>1,135,822</b>	<b>1,221,601</b>	<b>1,654,043</b>
<b>Net assets</b>	<b>584,690</b>	<b>650,889</b>	<b>1,135,822</b>	<b>1,221,601</b>	<b>1,654,043</b>
<b>Financed By:</b>					
Unit Holders' Interest	510,365	637,956	797,445	996,806	1,246,008
Retained Earnings	74,325	12,933	338,377	224,795	408,035
	<b>584,690</b>	<b>650,889</b>	<b>1,135,822</b>	<b>1,221,601</b>	<b>1,654,043</b>

## 4. Basis of Assumptions

### Introduction

This projection has been prepared to summarize the information available to the Fund Manager at the time of preparing the Profit Forecast of the financial performance and position of the proposed fund for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 respectively.

### Forecast

The Fund Manager is of the opinion that subject to unforeseen circumstances and based on the assumptions stated below, the forecasted net income before distribution for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 is estimated at ₦3.88 million, ₦11.09 million, ₦13.67 million, ₦8.78million and ₦8.55 million respectively.

### Basis of Assumptions

The financial projection is based on the following bases and assumptions:

#### Basis

The financial forecast, stated in the proceeding pages, for the years ending 31 December 2020 to 2024 have been prepared in compliance with the requirements of International Financial Reporting Standards and SEC Rules and Regulations.

#### Assumptions

The forecast assumes that the prevailing monetary policy environment remains relatively stable and is expected to be sustained in the Long term.

Based on the projected level of operations, the Net Income of the Fund for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 is estimated at ₦3.88 million, ₦11.09 million, ₦13.67 million, ₦8.78 million and ₦8.55 million respectively.

1. The Fund is expected to start off with 50,000,000 units of ₦10 each and is expected to grow over the years.
2. The Fund is expected to commence investment in 2020, subsequently after receipt of SEC's final approval.
3. The Fund is expected to be fully subscribed to at inception.
4. The fund is expected to grow due to marketing effort and this has been estimated at 3% for the first year and 25% for the remaining years.
5. Dividend income has been estimated as a function of the average dividend yield of securities in the index.
6. A Management Fee of 0.75% of the Net Asset Value is payable to the Fund Managers.
7. A custodian Fee of 0.03% of the Net Asset Value is payable to the custodian.
8. A trustee Fee of 0.075% of the Net Asset Value is payable to the Trustee.
9. Auditor Fee has been estimated at a flat charge of ₦750,000 across the years of forecast.
10. Brokerage Fee is estimated at 0.1% of the Net Asset Value
11. Distributions will be made to unitholders from the net income earned annually. It is estimated that 100% of the Net Realised Income of the Fund will be distributed to unit holders of the Fund as dividends.

### Significant Policies

The following are the significant accounting policies which are to be adopted by the Fund:

#### Basis of Accounting

The forecast is expected to be prepared under the historical cost convention as modified by the revaluation of investments.

#### Investments

The fund will be invested in companies with high dividend.

**Income Recognition**

Dividend is expected to be declared and paid by the companies the fund is invested in and it is accrued for on a yearly basis.

**Expenses**

Fees payable to the parties of the Fund are at the agreed rates of the Fund's net asset value. All fees including statutory fees, professional parties' fees, Fund Manager and other marketing expenses are accrued and charged to income in the related accounting period.

**Taxation**

The Fund is subject to the tax requirement on the assets invested, however dividend income is a franked investment income and the tax deducted at source is the final tax liability on the income.

5. Letter from the Issuing Houses

14 January 2020

The Directors  
Meristem Wealth Management Limited  
3 Norman Williams Street,  
Ikoyi,  
Lagos

Dear Sirs,

**Initial Public Offering of 50,000,000 Units of ₦ 10.00 each at par in the Meristem Value Exchange Traded Fund**

We write with reference to the Prospectus issued in respect of the initial public offering of 50,000,000 Units in the Meristem Value Exchange Traded Fund ("the Fund"), which contains financial forecasts of the Fund for the years ending 31 December 2020, 2021, 2022, 2023 and 2024 respectively.

We have discussed the bases and assumptions upon which the forecasts were made with you and Pedabo Audit Services, the Reporting Accountants. We have also considered the letter dated 9 January 2020 from the Reporting Accountants regarding the accounting bases and calculations upon which the forecasts were compiled.

Having considered the assumptions made by you, as well as the accounting bases and calculations reviewed by the Reporting Accountants, we consider that the forecasts (for which you as Directors are solely responsible) have been made by you after due and careful diligence.

Yours faithfully,

For: The Issuing Houses:



Tolu Osinibi  
FCMB Capital Markets Limited



Senami Johnson  
Meristem Capital Limited

### 1. Fund Manager

#### Profile

Meristem Wealth Management Limited is a financial services company incorporated in August 2008 and licensed by the Securities and Exchange Commission as a Fund and Portfolio Manager in December 2008. The company is a subsidiary of Meristem Securities Limited.

The company distinguishes itself as a distinct and preferred financial services provider, maintaining enviable track record of performance and excellent professional services for over a decade. With Asset under Management (AUM) currently in excess of ₦190 billion, the asset management arm of the company prides itself as being the first asset manager in Nigeria to claim compliance to *GIPS standards of the CFA Institute*.

MWML offers a range of services including private and institutional fund management, donor advised investment, goal-based investment management, corporate and public fund administration etc.

As an asset management firm, MWML has competence and expertise in managing portfolio of asset across traditional and non-traditional asset classes, including equities, fixed income, real estate, derivatives and other structured products. MWML is the fund manager of the biggest fund in the Nigerian Electricity sector, the "Central Bank of Nigeria - Nigerian Electricity Market Stabilization Facility" (CBN-NEMSF).

#### Board of Directors of the Fund Manager

##### Chief Michael Ade Ojo (OON) - *Chairman*

Chief Michael Ade Ojo, a successful serial entrepreneur and philanthropist of repute, is the Chairman of MWML and a Director at Meristem Securities Limited. He studied Business Administration at the University of Nigeria, Nsukka and graduated in June (1965). On leaving the University, he worked with various multinationals including C.F.A.O and the then British Petroleum.

Chief Michael Ade Ojo is an industrialist of high repute. He is Chairman of Toyota Nigeria Limited as well as Chairman and Founder of Elizade Nigeria Limited, a leading Auto Company in the country.

To his many achievements, his past and present directorships include; Chairman Custodian and Allied Plc, Director National Bank of Nigeria, Deputy Chairman, Lagos Chamber of Commerce, Chairman, Baun Limited, Chairman Imperial Telecommunications Limited, Chairman Moorhouse Sofitel Company Limited and Chairman of Crown Drinks Limited.

##### Mr. Olusegun Olusanya – *Executive Director*

Mr. Olusegun Olusanya is an accomplished public official, banker and business man. He held various top management positions in the banking industry; He was an Executive Director of Union Bank of Nigeria Plc (1993-1999) as well as in the then Afribank Nigeria Plc. He was also on the Board of former Benue Cement Company Plc.

He obtained an Accounting certification (ACCA) from Leeds College of Commerce (1965-1967) and Masters in Economics and Finance (1972) from London School of Economics.

Olusegun Olusanya is an astute professional, he is an Associate member of the Chartered Institute of Taxation of Nigeria, Associate member Institute of Chartered Accountants of Nigeria, and a Fellow of Chartered Certified and Corporate Accountants.

To his many feats, his past/current directorship include Chairman of S&D Group of companies, Chairman of UBN Property Limited, Vice Chairman, Industrial Products International, Vice Chairman, Meristem Securities Limited, Director Triple Gee Plc, Director Dominion Trust Limited and Director Ekocorp Plc.

### **A.S. Kele** - *Non-Executive Director*

A.S. Kele is distinguished military personnel and a passionate business and strategy expert. During his time in the military, he held several Training Commands and Staff appointments at various levels of the Military. He is a fellow of National Defence College and holds a Masters' Degree in Strategic Studies(2009).

He is a former diplomat, in the following capacity as Nigeria's Defence Adviser to Chad, Niger Republic, Sudan, Algeria, Morocco, Libya and Egypt. He also held appointments at the United Nations Mission in Kuwait, a diplomatic role in Baghdad (Iraq) and several extra regimental appointments within the country.

### **Chief Sylverius I.C. Okoli** - *Non-Executive Director*

Chief S. Okoli is a distinguished industrialist with an excellent record of corporate administration. He holds a Bachelor's Degree in Civil Engineering from the University of London (1964) and He is currently the Chairman of West Africa Bitumen Emulsion Co. Limited, Paints and Coating Manufacturers Nigeria Plc and Safecon Sierra Leone Limited (former Shell Sierra Leone). He is a former Director of a number of Shell companies in Africa and had previously held various top management positions in the oil and gas sector including being the Managing Director of Shell Sierra Leone and the National Oil & Chemical Marketing Plc (now Conoil Plc). He is currently the Chairman of Meristem Registrars Limited and a Director with Meristem Securities Limited. He has his educational background in Civil Engineering and business management.

### **Mr. Oluwole Abegunde** – *Non-Executive Director*

Oluwole Abegunde is a vastly experienced expert, with core competence in financial services and markets, manufacturing, brand Management and banking. He has handled responsibilities in credit appraisal, fund management, brand management, stockbroking, and capital market operations.

In his years of experience, he held various leadership positions such as General Manager of Investment Centre Limited a subsidiary of Broad Bank Limited, Managing Director Meristem Stockbrokers, and currently he is the Group Managing Director Meristem Securities Limited, which is the holding company for all the Meristem enterprises.

He obtained a bachelor's degree in Agricultural Science from the University of Ibadan (1987) and an MBA (1990). He is an Associate of the Chartered Institute of Stockbrokers (ACS) and an authorised Dealing Clerk of The Nigerian Stock Exchange.

### **Mr. Sulaiman Adedokun, CFA** - *Managing Director*

Sulaiman started his career with Security Swaps Limited and later moved to Nigerian Stockbrokers Limited (a subsidiary of then NAL Bank Plc.) from where he joined Meristem Securities Limited. He pioneered the establishment of MWML and currently manages the wealth management firm.

Sulaiman is a CFA Charter holder (2013) and a member of the CFA institute and society of Nigeria and a seasoned accountant with wealth of experience spanning across the various sectors of the capital market. He holds a Higher National Diploma in Accounting from a Ondo State Polytechnic, Owo in 1995 and a Bachelor's Degree in Banking and Finance from Olabisi Onabanjo University, Ago-Iwoye in 2002. He is an Associate member of the Institute of Chartered Accountants of Nigeria (ICAN) in 1998, Chartered Institute of Taxation of Nigeria (CITN) in 2000 and Chartered Institute of Stockbrokers (CIS) in 2002. He is also an authorized dealing clerk on the floor of The Nigerian Stock Exchange (NSE) effective from 2003.



Sulaiman has attended several trainings in Nigeria and Overseas including Practical Portfolio Management for Equities and Bonds, Beaufort Institute of Business Training (PTY) Ltd., South Africa; Certificate in Financial Asset Management and Engineering (CFAME) in Lausanne, Switzerland. He also attended a General Management Program course (GMP 10, 2011) at the Harvard Business School, USA and Risk Management for Corporate Leaders (December 2013). He is an alumnus of Harvard Business School.

### **Management Team of the Fund Manager**

***Sulaiman Adedokun, CFA - Managing Director***

**Same as Above**

***Taiwo Yusuf, CFA - Head, Asset Management***

Taiwo Yusuf, CFA has varied experience in research, asset management, credit structuring and project management garnered from investment and commercial banking. He is currently the Head of Asset Management at MWML with mandate on discretionary, proprietary and advisory portfolios invested across asset classes. He is the Administrator of the CBN's Power Sector Intervention Facility.

He is a CFA Charter holder and a member of both the CFA Institute and Chartered Institute of Stockbrokers. He has also attended strategic training programs at the Lagos Business School and internationally.

***Olatunji Esan - Head, Retail & Institutional Sale***

Tunji has a wide range of experience in Banking and Investment Management. He worked with Access Bank Plc for over seven years where he was responsible for Local and International Operations, Treasury Operations, Institutional and Investment Banking operations as well as Funds Management.

He also worked in the Treasury department of Asset and Resource Management Company Ltd (ARM Investment Managers) prior to joining MWML in January 2013.

He is currently the Head, Retail & Institutional Sales Unit for MWML. He was the Head of Investment Operations from January 2013 to September 2019. Within this period, he also supervised the Client Relationship Management (CRM) unit, the Finance and Administrative functions of the company.

He is a graduate of Biochemistry from the University of Lagos (2002). He holds a certificate in ACI Operations of the Financial Markets Association, Paris France. He is an associate member of Association of Investment Advisers and Portfolio Management (IAPM), also a member of the Nigerian Institute of Management (NIM), student member of the Chartered Institute of Stockbrokers, Member, Investment and Wealth Institute.

Tunji has attended several trainings including SWIFTNet Treasury and Foreign Funds Transfer, Trading Operations and Internal Controls, ACI Treasury Dealing and Operations, Documentation Procedures for International Business Operations.

***Damilola Hassan - Head, Wealth Management***

Damilola is a graduate of the University of Lagos, Damilola worked with The Manufacturers Association of Nigeria (M.A.N) where she acquired significant experience in policy advocacy, negotiations/harmonization of interests and relationship management; before joining Meristem Securities Limited (MSL) in 2006.

She was until July 2010, the Head, Client Services in Meristem Securities before proceeding to Meristem Registrars Limited to head the Business Development Unit. She is currently the Head, Wealth Management

in Meristem Wealth Management Limited. She has experience in Investment advisory, Asset management, Customer service and she is passionate about business development.

Damilola holds a master's degrees in microbiology (2002); Business Administration (2007) and she is a member of Nigeria Institute of Management (chartered). She is a certified Customer Service Associate with the Service Quality Institute, USA. Damilola is also an Associate member of the Chartered Institute of Stockbrokers (CIS) and a licensed dealing clerk of The Nigerian Stock Exchange.

### ***Mercy Edukugho-Aminah- MD, Meristem Trustees Limited***

Mercy Edukugho-Aminah is a Legal practitioner with over 12 years of experience in Legal, Secretarial, Trusteeship, Regulatory and Corporate Governance Services. She holds an MBA (2012) and LL.B degree from University of Lagos (2006) and also a B.L Degree from Nigerian Law School (2007). She also has a post graduate degree in International Business Law from the University of Cumbria (2017).

Mercy started her working career with Ubong Akpan & Co from where she joined Meristem Wealth Management Ltd (a subsidiary of Meristem Securities Ltd) in 2009. She has since worked in various capacities within Meristem Securities Ltd and its subsidiaries as Company Secretary, Legal, Governance, Compliance and Regulatory Lead. She is the Managing Director of Meristem Trustees Ltd.

Mercy is a Chartered Secretary and Administrator and Member of the Institute of Chartered Secretaries and Administrators, Nigeria. She is also a member of the Nigerian Bar Association, Section of Business Law of the Nigerian Bar Association and an Affiliate member of the Society for Estate and Trust Planners (STEP).

**INFORMATION ON THE FUND MANAGER AND THE TRUSTEE**
**Income Statement of the Fund Manager**

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
Total Income	4,641,091	3,956,516	2,316,973	1,466,647	1,199,023
Total expense	(3,685,411)	(3,199,161)	(1,519,90)	(387,012)	(212,171)
<b>Profit/(loss) before tax</b>	<b>955,680</b>	<b>757,355</b>	<b>797,071</b>	<b>154,059</b>	<b>177,588</b>
Taxation	(253,875)	(223,039)	(57,811)	(7,417)	(5,049)
<b>Profit/(loss) after tax</b>	<b>701,804</b>	<b>534,316</b>	<b>739,260</b>	<b>146,641</b>	<b>172,539</b>
Total Comprehensive income	620,377	536,696	891,258	146,641	172,539

**Statement of Financial Position of the Fund Manager**

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
<b>Assets</b>					
Cash and bank balances	1,245,861	7,122,692	4,762,678	1,915,877	2,963,501
Investment securities	24,596,474	15,874,614	5,501,266	2,288,907	1,599,652
Trade and other receivables	726,852	704,841	1,181,079	2,646,251	2,688,843
Short-term loans	2,121,114	2,192,994	2,663,963	2,190,988	-
Investment in subsidiary	509,219	509,219	509,219	509,219	300,000
Investment properties	541,197	72,650	113,650	147,184	143,850
Property, plant and equipment	53,942	55,130	75,960	63,269	14,316
Intangible assets	58,772	27,179	19,713	27,643	15,739
<b>Total Assets</b>	<b>29,876,433</b>	<b>26,559,319</b>	<b>14,827,528</b>	<b>7,610,347</b>	<b>7,736,812</b>
<b>Liabilities</b>					
Trade and other payables	362,530	492,026	482,525	5,748,120	6,351,951
Funds under management	25,655,067	23,077,200	12,125,306	346,192	225,816
Loan payable to related party	295,209	295,295	264,071	502,059	450,579
Current income tax payables	272,108	25,732	20,564	7,417	5,049
Deferred tax liabilities	234,554	234,554	37,247	-	-
<b>Total Liabilities</b>	<b>26,819,470</b>	<b>24,124,807</b>	<b>12,929,713</b>	<b>6,603,790</b>	<b>7,033,395</b>
<b>Equity</b>					
Share capital	800,000	800,000	800,000	800,000	643,501
Available for sale reserve	60,656	142,084	139,704	-	-
Retained earnings	2,196,306	1,492,428	958,111	206,557	59,915
<b>Total Equity</b>	<b>3,056,963</b>	<b>2,434,512</b>	<b>1,897,815</b>	<b>1,006,557</b>	<b>703,416</b>
<b>Total Equity and liabilities</b>	<b>29,876,433</b>	<b>26,559,319</b>	<b>14,827,528</b>	<b>7,610,346</b>	<b>7,736,812</b>

### 2. The Trustee

#### Profile

Vetiva Trustees Limited (“Vetiva Trustees”) is a fully-owned subsidiary of Vetiva Capital Management Limited (“Vetiva”) and is affiliated to Vetiva Fund Managers Limited and Vetiva Securities Limited. Vetiva Trustees was incorporated in 2008 and obtained its license to provide corporate trust services, from the Securities & Exchange Commission (“the Commission”) in 2009.

Vetiva Trustees is part of a brand whose essence is “Passionately Professional” and aims to be the pre-eminent Trusteeship Company in Nigeria in all ramifications particularly in the areas of client service delivery and reliability.

#### Board of Directors of the Trustee

##### *Mr Chuka Eseka – Director*

Mr. Eseka is an investment banker with extensive experience covering merchant and investment banking activities. He is a graduate of Accounting from the University of Lagos, Nigeria and a member of both the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Stockbrokers and an authorized dealer of the Nigerian Stock Exchange.

He has successfully managed the emergence of Vetiva into one of the most respected, innovative and efficient investment banks in Nigeria.

He is a highly experienced investment banker with numerous path-breaking transactions over past 23 years for ICON, BGL, and Vetiva.

##### *Dr. Olaolu Mudasiru – Director*

Dr. Mudasiru is an investment banker with distinct competence in institutional relationships as well as extensive experience covering stockbroking, asset management and investment banking activities. He holds an MSc in International Securities, Investments and Banking from the ICMA Centre of the University of Reading, UK and an M.B.B.S Degree from the College of Medicine, University of Lagos, Nigeria. He is a dealing member of the London Stock Exchange and an Associate of the Chartered Institute of Stockbrokers, Nigeria as well as a member of the Medical & Dental Council of Nigeria. He is also a recipient of the Chevening Scholarship Award granted by the British Foreign & Commonwealth Office in the U.K. He has over 21 years’ experience executing transactions in the financial services industry.

##### *Mr. Damilola Ajayi – Director*

Mr. Damilola Ajayi is an investment management specialist with over 10 years of experience. He has distinct competence in equities research, equity sales and portfolio fund management in both domestic and international equity markets. Prior to joining Vetiva, Damilola had worked at Arthur Anderson (now KPMG) and Sectrust (now Afrinvest). He is currently in charge of all Asset Management activities managed by Vetiva. He obtained a BSc. Computer Science, University of Ibadan in 1999, and is an Associate Member, Institute of Chartered Accountants of Nigeria (2001) and an Associate Member, Institute of Certified Pension Fund Managers of Nigeria (2005). He is also an executive director of Vetiva Capital Management Limited

#### Management Team of the Trustees

##### *Mrs. Theresa Orji – Head. Trust Business*

Theresa has over 10 years’ experience in the provision of various trust services covering corporate, private and public trusts. As head of Vetiva’s trust business, she is actively involved in various capital market transactions in the capacity of trustee, including bonds and collective investment schemes as well as in the set-up, administration and management of various trust structures for corporate entities and private clients.

Theresa's corporate experience spans various aspects of people management including human capital, legal and client services.

***Mrs. Ameze Osague-Iduh - Compliance Officer***

Prior to joining Vetiva Trustees Limited, Ameze had worked at the law firm of Udo Udoma & Belo Osagie. She possesses vast experience in the structure of private trust arrangements for high-networth clients with assets held locally and offshore; and distinct competence in the drafting of legal & trust documents and agreements. She handled the legal due diligence for corporate investors specifically in relation to corporate governance and regulatory compliance.

***Mr. Temilola Afolabi- Trust Services Executive***

Prior to joining Vetiva Trustees Limited, Temilola worked at Africa Practice as an associate consultant in the Corporate Communications and Investor Relations Departments. He provides execution support for the management of Vetiva's private and corporate trust business and has distinct competence in the management of private wealth clients.

Statement of Comprehensive Income of the Trustees

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
Fees and commission income	82,224	114,320	100,270	52,497	39,923
Investment Income	35,394	-	26,786	59,342	-
Other Operating Income	50	275	476	-	-
<b>Total Revenue</b>	<b>117,669</b>	<b>114,595</b>	<b>127,532</b>	<b>111,839</b>	<b>39,923</b>
<b>Operating Expenses</b>	<b>(61,842)</b>	<b>(39,816)</b>	<b>(27,279)</b>	<b>(26,360)</b>	<b>(23,476)</b>
<b>Profit Before Tax</b>	<b>55,827</b>	<b>74,779</b>	<b>91,071</b>	<b>84,061</b>	<b>15,702</b>
<b>Income Tax expense</b>	<b>(27,151)</b>	<b>(24,534)</b>	<b>(21,043)</b>	<b>(9,271)</b>	<b>(9,357)</b>
<b>Profit After Tax</b>	<b>28,676</b>	<b>50,245</b>	<b>70,028</b>	<b>74,790</b>	<b>6,345</b>

Statement of Financial Position of the Trustees

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
<b>Assets</b>					
Cash & cash equivalents	11,677	312,781	315,357	317,061	38,859
Investment Securities	313,176	19,937	14,100	17,700	322,200
Amount Due from related parties		357,459	263,902	1,227,428	1,097,173
Other Assets	497,249	23,163	38,029	27,297	20,545
<b>Total assets</b>	<b>822,104</b>	<b>713,340</b>	<b>631,388</b>	<b>1,589,486</b>	<b>1,478,777</b>
<b>Liabilities</b>					
Liabilities to Clients	54,492			988,566	981,837
Current Tax Liabilities	21,880	41,027	36,081	24,823	23,720
Other Liabilities	92,926	75,182	52,223	99,441	38,854
<b>Total liabilities</b>	<b>169,299</b>	<b>116,209</b>	<b>88,304</b>	<b>1,112,830</b>	<b>1,044,411</b>
<b>Equity</b>					
Share capital	350,000	350,000	350,000	350,000	50,000
Share Premium	20,000	20,000	20,000	20,000	-
Retained Earnings	257,075	257,229	206,984	136,956	62,166
Fair Value on AFS	(30,098)	(30,098)	(33,900)	(30,300)	2,200
Current Year Profit/(Loss)	55,826				
<b>Total equity</b>	<b>652,803</b>	<b>597,131</b>	<b>543,084</b>	<b>476,656</b>	<b>434,366</b>
<b>Total Liabilities and Equity</b>	<b>822,103</b>	<b>713,340</b>	<b>631,388</b>	<b>1,589,486</b>	<b>1,478,777</b>

### 3. Investment Committee Members

The Investment Committee is saddled with the responsibility of reviewing investment memoranda submitted by the Fund Manager and approving or rejecting, as the case may be, prospective investments, on behalf of the Fund, in accordance with the Fund's investment guidelines. It is made up of 6 tested investment professionals, including an independent member.

#### ***Taiwo Yusuf, CFA***

Taiwo has varied experience in research, asset management, credit structuring and project management garnered from investment and commercial banking. He is currently the Head of Asset Management at Meristem Wealth Management Limited with mandate on discretionary, proprietary and advisory portfolios invested across asset classes. He is the Administrator of the CBN Power

He is a CFA Charter holder and a member of both the CFA Institute and Chartered Institute of Stockbrokers. He has also strategic training programs at the Lagos Business School and internationally

#### ***Sulaiman Adedokun, CFA***

Sulaiman started his career with Security Swaps Limited and later moved to Nigerian Stockbrokers Limited (a subsidiary of NAL Bank Plc.) from where he joined Meristem Securities Limited. He pioneered the establishment of Meristem Wealth Management Ltd, a wholly owned subsidiary of Meristem Securities Ltd and currently manages the Wealth Management Firm.

Sulaiman is a CFA Charter holder (2016) and a member of the CFA institute and society of Nigeria and a seasoned accountant with wealth of experience spanning across the various sectors of the capital market. He holds degrees both in Accounting and Banking and Finance. He is an associate member of The Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Taxation of Nigeria (CITN) and Chartered Institute of Stockbrokers (CIS). He is also an authorized dealing clerk on the floor of The Nigerian Stock Exchange (NSE).

Sulaiman has attended several trainings in Nigeria and Overseas including Practical Portfolio Management for Equities and Bonds, Beaufort Institute of Business Training (PTY) Ltd., South Africa; Certificate in Financial Asset Management and Engineering (CFAME) in Lausanne, Switzerland. He also attended a General Management Program course (GMP 10, 2011) at the prestigious Harvard Business School, USA and Risk Management for Corporate Leaders (December 2013). He is an alumnus of Harvard Business School (HBS).

#### ***Khadijat Olopade***

Khadijat holds a bachelor's degree in Accounting from the University of Ilorin (2009) and a Master's degree in Investment and Finance from the University of Strathclyde (2011).

She had over her working years acquired ability to proffer creative investment solutions tailored to meet retail and corporate clients' unique investment objectives. She is currently a Chartered Financial Analyst (CFA) Institute student. She currently works as a portfolio Officer at Meristem Wealth Management Limited

#### ***Theresa Orji (representative of the Trustee)***

Theresa has over 10 years' experience in the provision of various trust services covering corporate, private and public trusts. As head of Vetiva's trust business, she is actively involved in various capital market transactions in the capacity of trustee, including bonds and collective investment schemes as well as in the set-up, administration and management of various trust structures for corporate entities and private clients. Theresa's corporate experience spans various aspects of people management including human capital, legal and client services

### ***Kemi Akinde, CFA***

Kemi studied Economics at Obafemi Awolowo University, Ile Ife (2006). She has over 12 years financial market experience. She started her career at the Central Bank of Nigerian as an economic analyst before joining Meristem Securities Limited as an investment analyst. She currently oversees the Investment Research unit of Meristem, and prior to that, she held roles as the Chief Economist and head, Corporate Finance.

Kemi is an Authorized Dealing Clerk of the Nigerian Stock Exchange (NSE) (2017), an Associate Chartered Stockbroker (ACS) (2015), an Associate Chartered Accountant (ACA) (2010), a Financial Risk Manager (FRM) (2010) and a Certified International Investment Analyst (CIIA) (2013) and also a CFA Charterholder (2017). She is a member of the Research & Technical Committee of Chartered Institute of Stockbrokers (CIS).

### ***Toye Adeola (Independent member)***

Adeola has over 28 years of top-quality experience in banking and financial services. His professional experience covers financial and investment advisory, Corporate finance, Treasury management, Private banking, investment management, credit management, audit and consultancy services.

He holds a bachelor's degree in Accounting from the University of Ilorin (1990) and a Master's degree in Investments from the University of Birmingham in the U.K. (2008). He is also a Fellow of the Institute of Chartered Accountants of Nigeria (FCA). Adeola is currently the Executive Director, Asset Management and Investment Advisory Division in MBC Capital Limited. He worked at Deloitte Adetona Isichei & Co (now Deloitte and Touche) and NAL Bank Plc (now Sterling Bank Plc) in various functions and levels prior to joining MBC Financial Services.



### 1. Extracts from the Trust Deed

Below are the relevant extracts from the Trust Deed.

#### **CLAUSE 2**

##### **Appointment of Trustee**

The Trustee is hereby appointed to act on behalf of the Unitholders and carry out all of its obligations in accordance with the terms of this Deed.

#### **CLAUSE 3**

##### **The Trust Deed**

The provisions of this Trust Deed and of any duly executed supplemental trust deed shall be binding on the Trustee, the Manager, the Unitholders and all persons claiming through them respectively as if such persons were parties to this Deed or such supplemental deed.

#### **CLAUSE 4**

##### **Declaration of Trust**

The Trustee hereby declares itself trustee for the Unitholders with effect from the date of this Deed, to hold the benefit of the covenants and other obligations on the part of the Fund Manager as contained herein for the Unitholders, subject to the terms of this Deed.

#### **CLAUSE 5**

##### **Trust Assets**

- 5.1 The Trustee shall have title to the Deposited Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit holders ranking pari passu inter se according to the number of Units held by each Unit holder.
- 5.2 The Deposited Property shall be invested or divested from time to time at the discretion of the Fund Manager in consultation with the Investment Committee and strictly in terms of the provisions contained and stipulated in this Deed, the Prospectus, the Rules and the conditions (if any), which may be imposed by the SEC from time to time.

#### **CLAUSE 6**

##### **Nature and type of Fund**

- 6.1 The Meristem- Growth Exchange Traded Fund and the Meristem Value Exchange Traded Fund are Exchange Traded Funds designed to afford Unitholders investment opportunities in the Index, and to replicate the yield and price performance of the Index with no intention of outperforming the Index.
- 6.2 Equal weightings of stocks will be replicated as obtained in the Index with the aim of attaining returns as close as possible to that of the Index, gross of fees. The Constituent Companies are listed on the Premium and Main boards of the NSE
- 6.3 The investment objective of the ETF is to provide a style investment opportunity for investors based on growth and value philosophies by tracking the Index.

**CLAUSE 10**

**Rights of Unit-holders**

- 10.1 The Unitholders shall not have or acquire any right against the Fund Manager or the Trustee in respect of their investments except such rights as are expressly conferred upon them by this Deed or by any law, subsidiary legislation, regulation or any order of court
- 10.2 The Underlying Portfolio shall be held as a single common fund and no Unit of the ETF shall confer on any Unitholder thereof any interest or share in any particular part of the Underlying Portfolio.
- 10.3 A Unitholder may sell Units through a registered broker on any security exchange on which the Fund is listed in accordance with the rules of the relevant security exchange and shall also have the right to take delivery of the prescribed number of Baskets on any Transaction Day.
- 10.4 A Unitholder may pledge, charge or place a lien on all or any of his Units for any debt to any third party in accordance with the Rules and the procedure laid down by the CSCS.

**CLAUSE 13**

**Creation and Redemption of Unit**

- 13.1 There shall be established the Creation Units as may be determined by the Fund Manager. The Fund Manager shall instruct the Authorised Dealers to constitute such quantum of Creation Units pursuant to the SEC Rules.
- 13.2 The Fund Manager shall determine the multiples of the Creation Units that shall be permissible in respect of the Fund on the terms and conditions that may be specified in the Offer Documents
- 13.3 Subject to any condition specified in the Offer Documents, units may be created or redeemed for in – kind consideration and in unit sizes and or multiples thereof.
- 13.4 Unless otherwise stated herein or in the Prospectus, participation in the in – kind redemption of the Creation Units and the process thereof shall be restricted to Authorised Dealers.
- 13.5 A Unit Holder may deliver a Delivery Notice to the Fund Manager or the Authorised Dealer on any Transaction Day for the in - kind Redemption of all or a part of its Units in accordance with the provisions of this Deed and the Rules. The Delivery Notice shall be for minimum of a Block and thereafter Baskets or multiples thereof.
- 13.6 Upon receipt of the Delivery Notice, the Fund Manager shall be obliged to redeem the Units of the Fund by the delivery of the Redemption Securities specified in the Delivery Notice to the Unitholder at prices calculated in the manner specified under the Rules but in any event not more than the Net Asset Value of the Units. The Redemption Securities shall be delivered to the Unitholder no later than five (5) working days following the receipt of the Delivery Notice
- 13.7 If the Redemption Securities have a value greater than the Net Asset Value of the Redemption Unit, the redeeming unitholder will be required to pay Redemption Balancing Amount in cash to the Fund
- 13.8 The delivery of the Unitholder of the Redemption Units shall not preclude the Unitholder from receiving from the Fund within five (5) business days, accrued proportionate amount in any Distribution Amount attributed to the Redemption Securities.
- 13.9 A transaction fee as published on the Fund Manager’s website or otherwise notified to the Unitholder will be payable by the Unitholder exercising his Delivery Rights.
- 13.10 Delivery Notices received during the NSE trading hours on any Transaction Day will be dealt with on the basis of the composition of a Basket of Shares representing the Indices at the close of business on the previous Transaction Day.

- 13.11 If a Delivery Notice is received after close of trading on the relevant Transaction Day, the notice will automatically be deemed as submitted for acceptance on the next succeeding Transaction Day. If a Delivery Notice is accepted, the Unitholder will receive confirmation of such acceptance before close of business on the Transaction Day on which the Delivery Notice is received.
- 13.12 The Unitholder shall also receive a confirmation of the number of shares of each of the Constituent Companies comprising the Redemption Securities to be delivered to that Unitholder, (if any) to which it may be due (after taking into account any stamp duty charges incurred in relation to the Redemption Units and any transaction fee which may be charged, all of which will be for the account of the Unitholder) and details of the account into which such payment shall be made. The cost of any settlement by electronic bank transfer will be passed on to the Unitholder.
- 13.13 If total redemption requests from unitholders on any Transaction Day total is in aggregate of 10% or more of the total number of ETF unit in issue on such Transaction Day, the Fund Manager shall be entitled at its discretion hold over from redeeming such number of units on that Transaction Day. Units which are not redeemed on the Transaction Day shall be redeemed on each subsequent Transaction Day in priority to any request received thereafter, provided that the Fund Manager shall not be obliged to redeem more than 10% of the total number of ETF units outstanding on any Transaction Day.

### CLAUSE 18

#### Voting Rights on Underlying Portfolio

- 18.1 All rights of voting attached to any Underlying Portfolio forming part of the Deposited Property shall be exercised by the Trustee in the best interest of the Unitholders. Upon written request and at the expense of the Fund, the Trustee shall from time to time execute and deliver or cause to be executed or delivered to the Fund Manager or its nominees, such powers of attorney or proxies in such names as the Fund Manager may request, authorising such attorneys and proxies to vote, consent or otherwise act in respect of all or any part of the Underlying Portfolio of the Deposited Property.
- 18.2 The Trustee shall be entitled to exercise the said rights in what it considers to be the best interest of the Unitholders. Subject to Section 168 of Investments and Securities Act, neither the Manager nor the Trustee shall be under any liability or responsibility therefore in respect of the management of the investment in question nor in respect of any vote, action or consent given or taken or not given or taken by the Manager whether in person or by proxy and neither the Trustee, the Manager, the Unitholder or any such proxy or attorney shall incur any liability or responsibility by reason of any error of law or mistake of fact or any matter or thing done or omitted or approval voted or given or withheld by the Trustee or Manager or by the Unitholder, and the Trustee shall be under no obligation to anyone with respect to any action taken or caused to be taken or omitted by the Manager or by any such proxy or attorney.
- 18.3 The phrase "right of voting" or the word "vote" used in this Clause shall be deemed to include not only a vote at a meeting but any consent to or approval of any arrangement, scheme or resolution or any alteration in or abandonment of any rights attaching to any part of the Fund's assets and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement.
- 18.4 Where the representatives or the nominees of the Fund Manager, in whose favour the Trustee has executed the power of attorney or proxy, have attended the meeting, the Fund Manager shall keep a record of such attendance, stating the manner in which the vote was cast and record the justifications.

18.5 The Trustee shall, when necessary, forward to the Fund Manager within a reasonable time all notices of meetings and all reports and circulars received by the Trustee as the registered holder of any investment of the ETF.

### CLAUSE 21

#### Change of Trustee

- 21.1 The Trustee shall be entitled to retire voluntarily upon delivering three months' notice to the Fund Manager and the SEC. In the event of the Trustee desiring to retire, the Fund Manager, within a period of three months (or in default, the Trustee) with the prior written approval of the SEC may by a deed supplemental hereto appoint a new trustee under the provisions of the ISA in place of the retiring Trustee and also provide in such deed for the automatic vesting of all the assets of the Trust in the name of the new Trustee; Provided that, until the new trustee is appointed, the obligation of the Trustee shall continue and Trustee shall also continue to receive its remuneration.
- 21.2 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed with the Fund Manager) or ceases to carry on business or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Trust under the provisions of the ISA, or any other law for the time being in force, the Fund Manager shall forthwith, by instrument in writing remove the Trustee from its appointment under this Deed and shall, by the same or some other instrument in writing simultaneously appoint as trustee some other company or corporation according to the provisions of the ISA and this Deed as the new trustee.
- 23.3 The Fund Manager may remove the Trustee, with the prior approval of the SEC, after giving three months' notice in writing to the Trustee on ground of any material default or non-compliance with the provisions of this Deed or the ISA or the performance standards as mutually agreed upon and appoint another trustee
- 21.4 The Fund Manager may change the Trustee with the prior written approval of the SEC after giving three months' notice in writing to the Trustee on the grounds of negligence or incompetence, or if the Fund Manager, based on a firm quotation or offer received from an alternate institution (qualified trustee company or a bank) determines that the remuneration being paid to the Trustee is not comparable to the market norm and that for this reason, it would be in the interest of the Unit holders to appoint another trustee on such favourable terms. However, after receiving the notice from the Fund Manager on the ground that the remuneration being paid to the Trustee is not according to the market norm, the Trustee shall have the option to continue as Trustee of the Fund on such favourable terms offered by the alternate institution and notify the Fund Manager accordingly. The change of Trustee will become effective with the SEC's approval, once the newly appointed trustee takes charge of all duties and responsibilities.
- 21.5 Upon the appointment of a new trustee, the Trustee shall immediately deliver and hand over all the documents and records to the new trustee and shall take all necessary steps to vest the Deposited Property on the new trustee
- 21.6 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.

### CLAUSE 22

#### Change of Fund Manager

- 22.1 The SEC may remove the Fund Manager by giving at least ninety (90) days' notice in writing to the Fund Manager if any of the following have occurred.

- (a) The Fund Manager has wilfully contravened the provisions of this Deed in any material respect and has failed to rectify the contravention within a period of six months after a notice of contravention is issued by the SEC;
  - (b) The Fund Manager is wound-up by the High Court (other than voluntary liquidation on terms previously agreed to with the SEC for purpose of reconstruction and amalgamation).
  - (c) A receiver is appointed over any of the assets of the Fund Manager by an order of the High Court and such is not vacated or set aside for a period of two years
- 22.2 The Manager shall be subject to removal by notice in writing given by the Trustee in any of the following circumstances PROVIDED THAT in every case, the proposed removal has been approved by the Commission or 1 (one) month has passed since notice was served on the Commission, without the Commission having notified the Trustee that the proposed removal is not approved before service on the Manager.
- 22.3 Upon a new fund manager being appointed the Fund Manager will take immediate steps to deliver all the documents and records pertaining to the Trust to the new fund manager and shall pay all sums due to the Trustee
- 22.4 Upon its appointment, the new fund manager shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Fund Manager hereunder as fully as though such new fund manager had originally been a party hereto

### CLAUSE 24

#### Unit Holding

- 24.1 All Units represent an undivided share in the Deposited Property and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit holder has a beneficial interest in the Fund proportionate to the Units held by such Unit holder.
- 24.2 Units shall be credited by electronic means into the CSCS account of the Unit Holder or in any other manner as may be permitted by the Rules, and a statement of such credit into the Unit Holder's CSCS account shall be evidence of the Units held by the Unit Holder. PROVIDED any Unit Holder may, by a written notice to the Fund Manager, elect to be issued with a physical Certificate evidencing its Unit holding.
- 24.3 All Units issued shall rank pari passu inter se and shall have such rights as are set out in this Deed and the Prospectus.
- 24.4 The Fund Manager may at any time with the prior approval of the Trustee and the SEC and after complying with the rules or listing regulations of the NSE, where the Fund is listed and any condition or criteria prescribed by SEC, increase the capital by the creation of new Units of such amount as may be deemed expedient. Such new units may be issued at any price as determined by the Fund Manager, with the consent of the Trustee and the approval of SEC provided it shall not be lower than at the Net Asset Value of the Fund.
- 24.5 The Unit Holder is not liable to make any payment after he has paid the purchase price of his Units and that no further liability can be imposed on him in respect of Units which he holds.

### CLAUSE 25

#### Transfer and Transmission of Units

Every Unit holder shall be entitled to transfer the Units or any of the Units held by him in accordance with the Rules of the CSCS. PROVIDED that Units shall only be transferred in multiples of 1000 (one thousand) or such number of Units as may for the time being generally or otherwise be prescribed

in writing by the Manager with the approval of the Trustee, such approval not to be unreasonably withheld.

### CLAUSE 26

#### Registration of Holders

- 26.1 The Fund Manager or the Registrar shall maintain the Register at such a place as is agreed by the Fund Manager. The Fund Manager shall ensure that the Registrar shall comply with all relevant provisions of this Deed and the ISA.
- 26.2 The Fund Manager shall ensure that the Registrar shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto and except when the Register is closed in accordance with the provisions of this Deed, the Register shall during business hours (subject to such restrictions as may be mentioned in the relevant Prospectus and for a period of at least two hours in each Business Day) be open in legible form to the inspection of any Unit holder of his record without charge.
- 26.3 The Register shall contain the names and addresses of each Unitholder and the units held by such holder, as well as all the information in respect to Units as may be prescribed by the Rules from time to time.
- 26.4 The Register shall be conclusive evidence as to the Unit held by each Unit holder.
- 26.5 Any change of name or address of any Unit holder shall forthwith be notified in writing to the Registrar who on being satisfied therewith and on compliance with such formalities shall alter the Register or cause it to be altered accordingly.
- 26.6 The Registrar shall not register more than four joint holders for a Unit. In case of the death of any one of the joint Unit holders the legal heirs of the deceased Unit holder shall be the only persons recognized by the Trustee as having any title to or interest in the Unit held by the joint Unit holders..
- 26.7 A body Corporate may be registered as a Unit holder or as one of joint Unit holders.
- 26.8 The Register may be closed in consultation with the Trustee for such period as the Fund Manager may from time to time determine and after giving at least fourteen days' notice to Unit holders, provided that it is not closed for more than forty-five days in any calendar year and not exceeding thirty days at a time.
- 26.9 The Unit holder shall be the only person to be recognized by the Trustee and the Fund Manager as having any right, title or interest in or to such Units and the Trustee and the Fund Manager may recognize the Unit holder as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust except where required by any court of competent jurisdiction. However, the Fund Manager may authorise the Registrar to record a pledge on any or all Units held by a Unit holder in favour of a third party at the request of such Unit holder or joint Unit holders as the case may be in accordance with this Deed
- 26.10 The executors or administrators or succession holder of a deceased Unit holder (not being one of several joint Unit holders) shall be the only persons recognized by the Trustee and the Fund Manager as having title to the Units represented thereby.
- 26.11 Any person becoming entitled to a Unit in consequence of the death or bankruptcy of any sole Unit holder or of the survivor of joint Unit holders may subject as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as holder of such Unit upon giving the Fund Manager/Trustee/ Registrar such notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of this Deed

relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer was a transfer executed by the Unit holder.

- 26.12 The Trustee shall retain any moneys payable in respect of any Unit of which any person is under the provisions as to the transmission of Units hereinbefore contained entitled to be registered as the Unit holder or which any person under those provisions is entitled to transfer, until such person shall be registered as the Unit holder of such Units or shall duly transfer the same.
- 26.13 Where the Units are within the CSCS depository, the maintenance of Register will be in accordance with the procedure laid down by the SEC.

### CLAUSE 28

#### Auditing of the Fund's Accounts

- 28.1 The Fund Manager shall appoint a firm of chartered accountants as Auditor of the Fund who shall be independent of the auditor of the Fund Manager and the Trustee. The Fund Manager may at any time remove the Auditor and appoint another Auditor in its place. The same firm of chartered accountants shall not be appointed Auditor for more than three consecutive years or any other term allowed by the SEC; provided that such firm of Auditors may be re-appointed by the Fund Manager after the expiration of 3 years of continuous separation from the audit of the Fund
- 28.2 The Auditor shall hold office until transmission of the annual report and accounts but may be re-appointed.
- 28.3 The following persons shall not qualify to be the Auditor of the Trust:
- (a) A person who is or at any time during the preceding three years was a director, officer or employee of the Fund Manager or the Trustee.
  - (b) A person who is a partner of, or in employment of, a director, officer, employee, or Connected Person of the Fund Manager or Trustee.
  - (c) The spouse of a director of the Fund Manager or Trustee.
  - (d) A person who is indebted to the Fund Manager or Trustee, and
  - (e) An incorporated company.
- 28.4 Appointment of a partnership firm to be the Auditor shall be deemed to be the appointment of all persons who are partners in the firm for the time being .
- 28.5 The Auditor shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Fund Manager, Trustee, Custodian, Registrar, or elsewhere and shall be entitled to require from the Fund Manager, Trustee, Custodian, Registrar and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 28.6 The Auditor shall prepare a written report to the Unit holders on the accounts and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and profit and loss (income and expenditure account) including notes, statements or schedules appended hereto.
- 28.7 The contents of the Auditors report shall be as required by CAMA.
- 28.8 The Fund Manager, subject to the provisions of the SEC, ISA and applicable listing regulations of the NSE, shall:
- (a) Within three months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account together with the Auditor's report for the Accounting Period to the SEC and Certificate Holders in accordance with the ISA.

- (b) Within a month after the close of each quarter, prepare and transmit the quarterly report to the Certificate Holders and the SEC, the financial statements as at the end of that quarter, whether audited or otherwise, in accordance with the ISA. The Fund Manager may transmit the accounts to the Certificate Holders either electronically (via website and /or email) or in physical form, if so requested.

### **CLAUSE 30**

#### **Distribution of Income**

- 30.1 After each Accounting Date, the Fund Manager shall instruct the Custodian to transfer the Distribution Amount to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purpose of this Deed be treated as part of the Deposited Property but shall be distributed by the Custodian as herein provided.
- 30.2 Distributions shall be effected upon the recommendation of the Fund Manager and Unit holders shall have no right to demand that the Fund Manager effect any distributions in so far as the Fund Manager distributes no less than 25% of the Funds' gross income annually. Any undistributed income shall be re-invested by the Fund Manager after deduction of allowable expenses.
- 30.3 After the fixation of the rate of distribution per Unit, distribution payments in case of cash dividend, shall be made by cheque or warrant and sent through the registered post or by way of transfer of amount to the Certificate Holder's designated bank account by the Trustee or through such arrangement as the Fund Manager may consider appropriate to the registered address of such Holder, or in the case of joint Unit holders to the Registered address of the joint Unit holders, first named on the Register. Every such cheque or warrant shall be made payable to the order of the person to whom it is delivered or sent and payment of the cheque or warrant (if purporting to be duly endorsed or subscribed) shall be in satisfaction of the moneys payable. When an authority in that behalf shall have been received in such form as the Fund Manager shall consider sufficient it shall arrange for payment of the amount distributable to the Unit holder to his bankers and the receipt of such bankers shall be a good discharge thereof.
- 30.4 Before making any payment in respect of a Unit, the Trustee or the Fund Manager may make such deductions as may be required by law in respect of any income, or other taxes, charges or assessments whatsoever and issue to the Unit holder the certificate in respect of such deductions in the prescribed form or in a form approved or required by the relevant authorities on demand by the Unitholders.
- 30.5 Any distribution which is unclaimed will be forfeited after 12 years and become the property of the relevant Fund

### **CLAUSE 33**

#### **Duration and Termination of the Trust**

- 33.1 The Trust constituted by this Deed shall be for a period of 99 (ninety-nine) years subject only to the provisions of termination as are herein contained.
- 33.2 The Trustee or Fund Manager shall have absolute discretion to terminate the Trust by issuing no less than 6 (six) months' notice thereof in writing to the Fund Manager or Trustee, the Unitholders and the Commission.
- 33.3 The Trust may be terminated upon not less than 6 (six) months' notice in writing by the Trustee to the Fund Manager, Unitholders and the Commission upon occurrence of any of the following events:
- i. if the Fund Manager shall go into liquidation (except for a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or if it shall cease to carry on business; or



- ii. if in the reasonable opinion of the Trustee, the Fund Manager shall be incapable of performing or shall in fact fail to perform its duties satisfactorily or shall do any other thing which in the reasonable opinion of the Trustee is calculated to bring the Trust into disrepute or to be harmful to the best interest of the Unitholders; or
  - iii. if the Trust shall cease to be predominantly an ETF or in the event of it becoming illegal or if in the opinion of the Trustee, it is impracticable or inadvisable to continue the Trust.
- 33.4 The Trust may at any time be terminated by a Special Resolution of the Unitholders at a Meeting duly convened and held in accordance with the provisions herein contained regarding Meetings, and such termination shall take effect no less than 6 (six) months from the date on which the said Special Resolution is passed or on such later date (if any) as the said Special Resolution may provide.
- 33.5 The Trust may be duly terminated by the Commission where any of the activities of the Trust is outside the ambit of permissible activities as provided for by the Relevant Regulation or where the Commission's approval of the Fund is withdrawn.
- 33.6 The Fund Manager may by six (6) months' notice to the Commission, Unitholders and the Trustee terminate the Fund if the Fund Manager reasonably believes, having had due regard to the prevailing circumstances and the purposes for which the Fund was established, that the investment objective of the Funds can no longer be reasonably achieved or that in the opinion of the Fund Manager the value of the Funds' assets are insufficient to justify the continued operation of the Funds or if, due to a change in law or other circumstance deemed appropriate by the Fund Manager, the continued operation of the Fund is no longer justified.
- 33.7 In the event of termination, the liquidation of the Fund and redemption of the Unitholders' Units will be satisfied solely out of the assets of the Fund without recourse to the assets of the Manager or the Trustee.
- 33.8 The termination of the Trust shall be with the prior approval of SEC.

### CLAUSE 34

#### Procedure after Termination of the Trust

Upon the Trust being terminated, the Trustee shall proceed:

- 34.1 to sell all Investments then outstanding as part of the Deposited Property; and shall repay liabilities properly payable. Such sale shall be carried out in such manner and within such period after the termination of the Trust as the Trustee deems fit; and
- 34.2 distribute or effect the distribution to the Unitholders pro rata in proportion to their Units, all net cash proceeds derived from the realisation of the Deposited Property and available for the purpose of such distribution. Every such distribution shall be made conditional on the lodging of such form of request for payment and receipt that the Trustee may in its absolute discretion require PROVIDED that the Fund Manager and the Trustee shall be entitled to retain out of any monies standing to the credit of the Distribution Account as provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee or Fund Manager in connection with or arising out of the termination of this Trust and out of the monies so retained, to be indemnified against any such costs, charges, expenses, claims and demands.
- 34.3 In the event of the winding up of the Funds, the Fund Manager, the Trustee shall ensure compliance with the Rules. The termination process shall be in accordance with SEC Rule 453

### CLAUSE 40

#### Rights and Obligations

The obligations and rights of the parties hereunder shall be subject to the provisions of this clause. Neither party shall be obligated to disclose any information, which is proprietary, the information of any

government, or of any agency thereof, the disclosure of which would be, in the opinion of the obligated party, contrary to any law, regulation or decree of any government or of any agency thereof

**SCHEDULE 1**

**PROVISIONS FOR MEETINGS OF UNITHOLDERS.**

**1. Convocation of meeting**

The Fund Manager or the Trustee may at any time at their discretion, and the Trustee or the Fund Manager shall, on the requisition in writing of the Unitholders holding not less than 25% of the value of the Units for the time being issued, and upon being indemnified to its satisfaction against all costs and expenses to be thereby incurred, convene a meeting of the Unitholders in accordance with the provisions of this Schedule.

**2. Notice of meetings**

2.1. A meeting of the Unitholders may be called by giving not less than 21 days' notice in writing to the Unitholders. Such notice shall be sent by the Registrar to the registered addresses of the Unitholders. Notwithstanding the foregoing, a notice of meeting given under this Schedule shall have been validly given where same is published in at least (2) national newspapers, not less than 21 days prior to the meeting date.

2.2. A meeting may be called by giving a shorter notice than that specified in paragraph 2.1 upon the written consent of the Unitholders holding not less than 75% of the nominal amount of the Units for the time being.

**3. Consent and manner of Notice.**

3.1. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted and the terms of every Resolution to be proposed thereat.

3.2. Notice of every meeting shall be given:

- 3.2.1. To every Unitholder in the manner specified herein.
- 3.2.2. To the person upon whom ownership of a Unit in the fund devolves by consequence of the death, winding up or dissolution of the Unitholder.
- 3.2.3. To the Registrar
- 3.2.4. To the Trustee
- 3.2.5. To the Fund Manager
- 3.2.6. To the Commission
- 3.2.7. The Auditors (in the case of any general meeting at which the Accounts of the ETF are to be considered).

Provided that none of the persons mentioned in 3.2.3; 3.2.4 and 3.2.7 above shall be entitled to vote at any Meeting at which they are in attendance except in their capacity as Unitholder.

3.3. No business may be transacted at any Meeting unless notice of it has been duly given. Provided that the accidental omission to give notice to or the non-receipt of notice by any Unitholder or other person to whom it should be given shall not invalidate the proceedings of the meeting.

3.4. An error or omission in the notice with respect to the place, date, time or general nature of business of a Meeting shall not invalidate the Meeting unless persons responsible for the error or omission

acted in bad faith or failed to exercise due care and diligence provided that in such a case the person(s) responsible shall effect the necessary correction either before or during the Meeting.

#### **4. Quorum for the meeting.**

- 4.1. The quorum for a Meeting of the Fund shall be formed by at least 5 Unitholders, holding not less than 25% of the Units of the Fund for the time being issued, whether present in person or by proxy. No business shall be transacted at any meeting unless the requisite quorum is present when the meeting proceeds to business.
- 4.2. If within an hour from the time appointed for holding the meeting, a quorum is not formed, the Meeting, if called upon the requisition of Unitholders, shall stand dissolved. In any other case, the meeting shall stand adjourned to such day and time not being less than 7 days thereafter and to such place as the Chairman and in his absence the Trustee may determine.
- 4.3. At least 7 days' notice of any adjourned meeting shall be given in the same manner as for an original meeting, but it shall not be necessary to specify in such notice the business to be transacted at the adjourned meeting. At such adjourned meeting, any 2 or more persons being Unitholders or holding proxies for Unitholders whatever the amount of the Units held by them shall form a quorum for all purposes, including the passing of Extra-ordinary Resolutions and to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

#### **5. Chairman of the Meeting**

- 5.1. The Trustee or any person nominated by the Trustee shall chair every meeting and if no such nomination is made or if at any meeting the person nominated shall not be present within 30 minutes after the time appointed for holding the meeting, the Unitholders personally present shall on a show of hands elect one out of the Unitholders present to chair the meeting.
- 5.2. If a poll is demanded on the election of the Chairman, it shall be taken forthwith. The Chairman where elected on a show of hands, shall exercise all the powers of the Chairman until the result of such poll is declared.
- 5.3. If some other person is elected chairman as a result of the poll, he shall be the Chairman for the rest of the Meeting.
- 5.4. The duties and powers of the Chairman of the Meeting shall include:
  - (a) to preserve order and to take such measures as are reasonably necessary to do so;
  - (b) to ensure that the proceedings are concluded in a regular manner;
  - (c) to ensure that the true intention of the Meeting is carried out in resolving any issues that arises before it;
  - (d) to ensure that all questions that arise are promptly decided; and
  - (e) to act in the interest of the Funds.

#### **6. Persons entitled to attend Meeting.**

The Trustee, its solicitors and any authorized officer of the Fund Manager and other persons authorised in that behalf by the Trustee may attend any meeting but shall not be entitled to vote thereat.

#### **7. Demand for a Poll**

7.1 Before or at the declaration of the result of the voting on any point or question on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on demand made in that behalf by any Unitholder or his proxy, representing at least one percent of the total voting rights of all Unit holders having the right to vote on the resolution at the Meeting.

7.2 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

7.3 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith and on any other question shall be taken at such time as the Chairman of the Meeting directs and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

7.4 Unless a poll is so demanded, a declaration by the Chairman that a resolution has on a show of hands been carried unanimously or by a particular majority or defeated and an entry to that effect in the book containing the minutes of the proceedings of the Meeting shall conclusive evidence of the fact.

### 8. Voting

- 8.1. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a body corporate) is present by its duly authorized representatives shall have one vote and, on a poll, every Unit Holder who is present in person or by proxy shall have one vote in respect of every Unit in which he is the holder.
- 8.2. In the case of an equality of votes whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote.

### 9. Proxies

- 9.1. Every Unitholder who is entitled to attend and vote at a Meeting of the Fund shall be entitled to appoint a proxy to attend and vote at the meeting on his behalf. A proxy so appointed to attend and vote in the stead of the Unit holder shall also have the same rights as the Unitholder at the Meeting.
- 9.2. Every instrument appointing a proxy shall be in writing and shall be signed by the Unit holder or his attorney duly authorised in writing appointing the Proxy, and if the Unit holder is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- 9.3. In every notice calling a Meeting of the Funds, there shall appear with reasonable prominence a statement that a Unitholder is entitled to appoint a proxy to attend and vote instead of him and that the proxy need not be a Unitholder.
- 9.4. The instrument appointing the Proxy shall be delivered to the Registrar or such other place as is specified for that purpose in the notice convening the Meeting, at least 48 hours before the date and time appointed for the meeting for which the Proxy has been appointed, or in the case of a poll, at

least 24 hours before the date and time appointed for the taking of the poll and in default, the instrument of proxy shall not be treated as valid.

- 9.5. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of execution. An instrument appointing a proxy shall be deemed to confer authority to demand or to join in a demand for a poll.
- 9.6. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the Unit in respect of which the proxy is given, PROVIDED THAT no intimation in writing of such death, insanity, revocation or transfer as aforesaid has been received by the Fund Manager before the commencement of the Meeting or adjourned Meeting at which the proxy is used.
- 9.7. An instrument of proxy shall be in such form as may be approved by the Trustee.

**2. Extracts from the Custodial Agreement**

Below are the relevant extracts from the Custody Agreement

**CLAUSE 2**

**Appointment and Role of the Custodian**

2.1 The Custodian is hereby appointed to do the following:

- (a) The settlement of securities issued by Governments and Constituent Companies in the Federal Republic of Nigeria comprised in the Index from time to time and to hold the same in the joint names of the Fund and the Trustee upon terms and conditions hereof.
- (b) Custody of all Fund and assets (including all cash, securities and other property transferred to the Custodian for safekeeping under the terms of this Agreement) from time to time on behalf of Unit holders.
- (c) To ensure that all Fund and assets held by it pursuant to this Agreement are at all times immediately identifiable by third parties as custody assets by the inclusion of such words in the title to sufficiently describe same as such.
- (d) The receipt of dividends, interests and principal amounts due for redemption on due date.
- (e) The exercise or sale of subscription rights and attending to other related corporate actions, provided that, it shall be liable to the Trustee and the Fund Manager in full for any losses incurred due to its failure to carry out its obligation in relation to any corporate action affecting all or any part of the Fund or assets covered by this Agreement.
- (f) Transaction processing/settlement, monthly and quarterly reporting of the status of the Fund's assets to the Fund Manager, Trustee and the Commission.
- (g) Carry out monitoring, oversight, administrative and other functions required in accordance with the terms and conditions of this Agreement.
- (h) Act independently of the Fund Manager, Trustee, and of the management of the Fund and solely in the interest of the Unit Holders in the Fund and of the Fund itself.
- (i) Be accountable to the Trustee, Fund Manager, and the Commission in the performance of its obligations herein and such other functions it may reasonably be expected to perform pursuant to upholding the best interest of Unit holders and the scheme.
- (j) To open and operate separate custody accounts in the joint names of the Trustee and the Fund and to hold its assets separate and distinct from the Fund assets.

The Custodian shall act in accordance with Rule 455 and 456 of SEC Regulation

**CLAUSE 3**

**Role of the Fund Manager**

3.1 The Fund Manager is the investment manager whose role is to administer the Fund's Authorised Investments by doing the following:

- a) Make investment decisions in relation to the Fund and assets under the Fund to which this Agreement relates.
- b) Keep proper books of account and prepare financial statements.
- c) Ensure that appropriate internal controls are established for the Fund;
- d) Maintain adequate financial resources to meet its commitments and manage the risks thereon;
- e) Discharge its functions and duties under the Rules

**CLAUSE 4**

**Compliance with Relevant Regulation**

Holding of Securities by the Custodian or any Securities Depository or Sub-Agent will be subject to Relevant Regulation and practices. To the extent that such regulations conflict with the terms hereof, the regulations shall prevail. The Custodian may or may not take any action as it may, in its reasonable opinion deem appropriate and necessary, after prior consultation with the Fund Manager and the Trustee, to ensure compliance with any Relevant Regulation. Neither the Custodian nor any of its associates, directors, officers, agents, delegates or employees shall be liable in respect of such decision save and except in the case of fraud, negligence, incompetence or a breach of its fiduciary obligation.

**CLAUSE 5**

**The Account(s) and Record Keeping**

- 5.1 The Custodian shall maintain the following Accounts/books for the Funds:-
- (a) A Securities Account for all assets from time to time received by the Custodian which have been designated for the Fund. Each Securities Account will be titled 'Custody Securities Account Trustee/Fund's name. The Trustee/Fund assets will be separate from that of the Custodian in line with Rules of the Securities and Exchange Commission.; and
  - (b) A Cash Account shall be designated to receive all sums due to the Fund and shall be titled "Trustee/Fund Name".
  - (c) Prepare and file the necessary returns and maintain the necessary books of accounts and records on a going concern basis as required by the Rules in relation to the Fund and in accordance with the applicable accounting standards.
- 5.2 The Custodian shall hold the Property in the Account on behalf of the Trustee/Fund.
- 5.3 The Property held in the Account shall be clearly recorded in the books of the Custodian as belonging to the Trustee. The Custodian may treat securities as fungible and therefore identification of the specific Unit held by the Custodian on behalf of the Trustee for a particular Unit holder shall not be required. The Custodian shall, however, maintain a complete record of the number of Units held by the Trustee for the account of the Fund and for each Unit Holder
- 5.4 **Registry Inspection**
- (a) The Custodian shall conduct regular registry inspections, at least quarterly, to confirm that the records of the Registrar are identical to those of the Custodian with respect to each Unit held for the Account. The Custodian shall be responsible for obtaining the consent of the registrar to conduct such inspection and shall provide a report of such inspection to the Trustee and the Fund Manager. In addition, the Custodian shall advise the Trustee and Fund Manager immediately upon discovery of any discrepancies between the records of the Registrar and the Custodian's records regarding the Fund.
  - (b) The Cash Account will be a sub-account within the Custodian's own bank account for the purpose of receiving and distributing dividends and interest payments and other income, payments, proceeds of sale, redemption monies, or cash equivalent associated with the Fund's assets. The Custodian shall use its reasonable efforts to procure the receipt by it of the relevant evidence as soon as practicable, whereupon the Custodian shall procure the remittance of such monies to the Account in the name of the Fund or as otherwise instructed by the Fund Manager.
  - (c) The Custodian shall maintain records of the details of the Property, including date and amount, of debits and credits to the Property held in its custody. The Custodian shall maintain a record in its own books of the Fund and the number and type of Property held by the Custodian for the Fund.

(d) The Custodian shall provide the Trustee and the Fund Manager with a confirmation of every change in the proportion of Property due to the Trustee/Fund since the last date of such confirmation.

(e) The Custodian shall render the relevant reports in line with the Rules.

### CLAUSE 7

#### Authorised Signatories

- 7.1 Upon the execution of this Agreement the Fund Manager and Trustee shall supply to the Custodian a list of persons who are authorised to give instructions in respect of the Fund's accounts, operated by the Custodian and the said persons' relative specimen signatures.
- 7.2 The Fund Manager and Trustee shall promptly notify the Custodian of any changes that may be made to the persons authorised under Clause 7.1 above and shall in the case of new signatories provide duly completed specimen signature cards in respect thereof.

### CLAUSE 8

#### Actions upon Authorised Instructions

- 8.1 Upon the receipt of Authorised Instructions, the Custodian is authorised to sell, assign, transfer, deliver or exchange, or to receive or purchase for the Account, Units, but only as provided in such Authorised Instructions.
- 8.2 Notwithstanding anything herein to the contrary, the Custodian shall not be responsible for the performance of such duties as are set forth in this Agreement or contained in Authorised Instructions given to the Custodian which are contrary to Relevant Regulation. The Custodian shall promptly notify the Fund Manager if it cannot comply with Authorised Instructions.
- 8.3 For the purposes of this Agreement, Authorised Instructions means:
- (a) Instructions issued by the Fund Manager to the Custodian via Electronic Mail
  - (b) Instructions issued by the Fund Manager in writing signed by such persons as are designated in writing by the Trustee;
  - (c) Other forms of instruction issued by the Fund Manager in computer readable form as shall be customarily utilised for the transmission of like information and acceptable to the Custodian; and
  - (d) Such other forms of communication issued by the Fund Manager as from time to time to be agreed upon by the Fund Manager and the Custodian.
- 8.4 Subject to Clause 7 hereof, the Custodian undertakes to examine carefully and diligently the signatures of the Authorised Signatories but shall not be bound to make any further examination with respect to identity.
- 8.5 Authorised Instructions shall continue in full force and effect until cancelled or superseded.
- 8.6 The Fund Manager shall be responsible for safeguarding any test keys, identification codes or other security devices, which the Custodian may make available to the Fund Manager.
- 8.7 The Custodian shall only act upon written Authorised Instructions given by the Fund Manager.
- 8.8 If an Authorised Instruction is incomplete, unclear, ambiguous, and/or in conflict with another Authorised Instruction, the Custodian must request for resolution, where the Fund Manager is unable to provide clarification within 2 hours the Custodian may in its reasonable discretion refuse to act on such Authorised Instructions until any incompleteness, unclearness, ambiguity or conflict has been resolved to its satisfaction.
- 8.9 Any Authorised Instructions validly given by the Fund Manager in accordance with this Agreement and received by the Custodian in such manner that it is reasonable to believe that it is authentic, shall, as against the Fund Manager and in favour of the Custodian be deemed to be valid Authorised Instructions



from the Fund Manager to the Custodian provided however that the Custodian may in its reasonable discretion decline to act upon any Authorised Instructions where the Custodian has reasonable grounds for concluding that the same have not been accurately transmitted or are not genuine.

### **CLAUSE 9**

#### **Actions without Authorised Instructions**

Unless the Custodian receives Authorised Instructions of the Fund Manager to the contrary, the Custodian is authorised to surrender Units at maturity or when called for redemption upon receiving payment therefore.

### **CLAUSE 11**

#### **Scope of Custodian's Responsibility**

- 11.1 The Custodian shall be under no duty to take or omit to take any action with respect to the Property or otherwise except in accordance with the terms of this Agreement;
- 11.2 The Custodian will exercise reasonable care, skill and due diligence in performing its obligations under this Agreement acting in the best interest of the Fund in accordance with Relevant Regulation.
- 11.3 The Custodian shall maintain adequate Fidelity Guarantee insurance policy covering any loss or damage to the Property whilst under its possession. Provided that prior to the full execution of this agreement it furnishes the Fund Manager evidence of a guarantee or other insurance policies covering the full value of all Fund and assets to be transferred to the Custodian
- 11.4 The Custodian shall have a duty to make reasonable enquiries as to safekeeping arrangements, collection thereof, delivery and/or transfer procedures of any Securities Depository or Agent that it may appoint to act in any capacity in relation to the Fund and assets to which this Agreement relates.
- 11.5 Although The Custodian shall have no duty of supervision or monitoring of any Securities Depository or Agent other than to perform reasonable due diligence as to their selection as herein provided, it shall take all reasonable steps to ensure that insofar as the acts and omissions of such depository or agent affects the safekeeping and other custody roles regarding all or any part of the Fund or assets to which this Agreement relates, the Agent or Securities Depository shall act in the best interest of Unit Holders and the Fund.
- 11.6 Subject to the agreement of both parties, the Custodian will use its best endeavours to obtain tax exemption certificates or otherwise provide tax reclamation services wherever available.

### **CLAUSE 12**

#### **Reporting**

The Custodian shall provide the Fund Manager and the Trustee with monthly and quarterly reports, transaction advices and/or statements of accounts relating to the Property, the dates and depth of reporting level of which shall be as expressly agreed in writing between the Custodian and the Fund Manager from time to time. In the absence of the filing with the Custodian by the Fund Manager of exceptions or objections to any information, report statement, confirmation, note or other document within 30 (Thirty) days of the date of receipt thereof, the Custodian shall have no responsibility for any errors or omissions therein and the Fund Manager shall be deemed to have approved the contents thereof and accepted responsibility for all of its obligations appearing therein, save and except deliberate, wilful, negligent or fraudulent misstatement, representations or information.

**CLAUSE 13**

**Lien**

The Custodian shall have no rights of set off or rights of lien with respect to all or any part of the Fund or Properties to which this Agreement relates. The Custodian can only make a claim of payment for its safe custody services and/or administration fees. Provided that such claim does not relate to any part of custody/administration fees where parties are in dispute as to whether or not such services are within the reasonable contemplation of this Agreement. Provided further that where this agreement is terminated pursuant to a notice given to the Fund Manager by the Custodian terminating the Agreement, the Custodian shall take reasonable steps to obtain its fees and shall not be entitled to exercise a right of lien or set off in respect hereof. Provided further that where the termination of this Agreement is pursuant to the directives of the Commission or an order of court having an immediate effect, the Custodian also waives its right of lien or set hereof

**CLAUSE 16**

**Right of Inspection**

The books, records, documents, accounting procedures and practices of the Custodian relevant to this Agreement are subject to examination by the Trustee, the Fund Manager or their lawful representatives during normal business hours. No notice is required to be given for such inspections

**CLAUSE 20**

**Termination**

This Agreement remains valid until its termination upon 60 days prior written notice from any of the parties. The Fund Manager may terminate this Agreement at the expiration of any notice period given by the Fund Manager to remedy a breach upon consultation with the Trustee, if the Custodian is in breach of its duties hereunder and the Custodian has failed to remedy such breach after a notice period at the sole discretion of the Funds Manager has been given to it to remedy the breach.

- 20.1 Any such notice whether given by the Custodian or the Funds Manager shall be followed within 30 (thirty) days by instructions specifying the names of the persons to whom the Cash in the Accounts shall be paid and assets in the name of the Trustee/Fund shall be transferred. If within 30 (thirty) days following the giving of such notice of termination the Custodian does not receive such instructions, the Custodian shall continue to hold such asset and Cash subject to this Agreement until such instructions are given.
- 20.2 Upon receipt of any instructions as aforesaid the Custodian shall effect any payment or transfer as specified in the same

**CLAUSE 21**

**Assignment**

The rights and obligations of the parties to this Agreement shall not be assigned, charged or otherwise dealt with by any of the parties without the prior written consent of all the parties and the Commission.

**CLAUSE 22**

**22. Arbitration**

- 22.1 This Agreement shall be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.

- 22.2 A notification of any dispute arising out of or relating to or connected with the interpretation, or any allegation or actual breach of this Agreement shall be given to the SEC within five (5) business days of the occurrence of such dispute.
- 22.3 The parties shall endeavour to resolve any such dispute by mutual consultation, within ten (10) business days of the occurrence of same.
- 22.4 Any dispute, which cannot be mutually resolved by the parties in accordance with Clause 22.3 above, shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act CAP A18 LFN 2004 or any statutory re-enactment or modification thereof.
- 22.5 The arbitration shall be conducted by a sole Arbitrator who shall be jointly appointed by the parties.
- 22.6 The parties shall have a maximum of ten (10) business days within which to appoint the sole arbitrator. Where the parties are unable to agree on the sole Arbitrator, the appointment of the sole arbitrator shall be referred to the Director-General of the SEC, who shall appoint same.
- 22.7 The arbitral proceedings shall be held in Lagos, Nigeria, and shall be conducted in the English language
- 22.8 The arbitrator shall have a maximum period of ten (10) business days following the parties' exchange of pleadings, to resolve the dispute; failing which the said dispute shall be referred to the SEC, for resolution.
- 22.9 Any Party aggrieved by the decision of the SEC reached in accordance with Clause 22.8 may then refer the matter to the Investments and Securities Tribunal established in accordance with the provisions of the ISA, for resolution.

### **3. Indebtedness**

Meristem Wealth Management Limited as at the date of this Prospectus, does not have any outstanding debentures, mortgages, loans, charges or similar indebtedness.

### **4. Claims and Litigation of the Fund Manager**

There are no claims or litigation against Meristem Wealth Management Limited as at 30 April 2019.

### **5. Costs and Expenses**

The cost, charges and expenses of, and incidental to, the offer including fees payable to the Securities and Exchange Commission, professional parties, brokerage commission and printing and distribution expenses are estimated at ₦7,397,500 or 1.48% of the gross offer proceeds. This cost will be borne by the unit holders and offset from the offer proceeds.

### **6. Relationship between the Fund Manager and the Trustee**

The Fund Manager and the Trustee do not have any common shareholder or directors, and neither is a subsidiary nor holding company to the other

### **7. Relationship between the Fund Manager and the Custodian**

The Fund Manager and the Custodian do not have any common shareholder or directors, and neither is a subsidiary nor holding company to the other

### **8. Relationship between the Fund Manager and the Issuing House**

The Fund Manager and the Joint Issuing House are wholly owned subsidiaries of Meristem Securities Limited. In addition, the Fund Manager and the Joint Issuing House have common directors.

### **9. Material Contracts**

The following contracts have been entered into and may be material to this offer:

## STATUTORY AND GENERAL INFORMATION

- a) A trust deed dated 14 January 2020 between Meristem Wealth Management Limited and Vetiva Trustees Limited under which the Fund is constituted;
- b) A custody agreement dated 14 January 2020 between Meristem Wealth Management Limited, Zenith Bank Plc
- c) A vending agreement dated 14 January 2020 under the terms of which FCMB Capital Markets Limited and Meristem Capital Limited have agreed to offer 50,000,000 Units of ₦10 each at par in the Meristem Value Exchange Traded Fund; and 50,000,000 Units of ₦10 each at par in the Meristem Growth Exchange Traded Fund;
- d) An Authorised Dealer Agreement dated 14 January 2020 between Meristem Wealth Management Limited, Vetiva Trustees Limited and Meristem Stockbrokers Limited under the terms which Meristem Stockbrokers Limited has agreed to act as Authorised Dealer to the Fund;
- e) An Index License Agreement dated 14 May 2019 between The Nigerian Stock Exchange and Meristem Wealth Management Limited;
- f) Other than as stated above, the Fund Manager has not entered into any material contracts except in the ordinary course of business.

### 10. Consents

The Fund Manager:	Meristem Wealth Management Limited
Directors of the Fund Manager:	Mr. Sulaiman Adedokun, CFA Mr Olusegun Olusanya Mr A.S. Kele Chief Sylvester I.C. Okoli Mr Wole Abegunde
Company Secretary:	Meristem Nominees Limited
Lead Issuing House:	FCMB Capital Markets Limited
Joint Issuing House:	Meristem Capital Limited
Trustee:	Vetiva Trustees Limited
Reporting Accountant:	Pedabo Audit Services
Solicitor:	Portalls Advisory Services
Custodian:	Zenith Bank Plc
Registrar to the Offer:	Meristem Registrars & Probate Services Limited
Stockbroker:	Meristem Stockbrokers Limited
Receiving Banks:	Zenith Bank Plc and Union Bank of Nigeria Plc

### 11. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of the Issuing Houses during normal business hours on any business day from 25 February 2020 to 2 June 2020.

#### Lead Issuing House

FCMB Capital Markets Limited  
6<sup>th</sup> Floor, First City Plaza  
44 Marina, Lagos Island, Lagos

#### Joint Issuing House

Meristem Capital Limited  
124 Norman Williams Street off Keffi Road  
South West Ikoyi, Lagos

- a. Certificate of Incorporation of the Fund Manager;
- b. Memorandum and Articles of Association of the Fund Manager;
- c. Certificate of Incorporation of the Trustee;
- d. Memorandum and Articles of Association of the Trustee;
- e. The Prospectus issued in respect of the offer;
- f. The report of Pedabo Audit Services, reporting accountants, on the profit forecasts of the Funds for the years ending 31 December 2020, 2021, 2022, 2023 and 2024;
- g. The resolution of the Board of Directors of the Fund Manager authorising the creation of the Funds and the issuance of 50,000,000 Units of each Funds;
- h. The material contracts referred to in section 9
- i. The written consents referred to in section 10
- j. The letter of approval from the Securities and Exchange Commission; and,
- k. The letter of approval from The Nigerian Stock Exchange.

## PROCEDURE FOR APPLICATION AND ALLOTMENT

### 1. Application

- 1.1 The general investing public is hereby invited to apply for Units of the Funds through any of the Receiving Agents listed on page 62.
- 1.2 Applications for Units must be made in accordance with the instructions set out at the back of the application form. Care must be taken to follow these instructions, as applications which do not comply with such instructions will be rejected.
- 1.3 The application list for Units now being offered will open on 25 February 2020 and close on 2 June 2020. Applications must be for a minimum of 1,000 Units (i.e. ₦10,000) and in subsequent multiples of 100 Units (i.e. ₦1,000) thereafter. The relevant ETF, the number of Units for which an application is made, and the value of the Units applied for should be entered in the boxes provided.
- 1.4 A single applicant should sign the declaration and write his/her/its full names, address, daytime telephone number, mobile telephone number in the space provided in the application form. Where the application is being made on behalf of a child, the full names of the applicant and the child, and the date of birth of the child, should be provided. Same should be used by joint applicants and they should append their signatures in the space provided. A corporate applicant should affix its seal in the space provided and state its RC number.
- 1.5 Payment in respect of the application must be transferred into the designated offer proceeds account domiciled with either Zenith Bank or Union Bank with the following details:

Fund Name	Meristem Growth Exchange Traded Fund	Meristem Value Exchange Traded Fund
Account Name	Meristem Growth Exchange Traded Fund	Meristem Value Exchange Traded Fund
Zenith Bank Account Number	1016318538	1016318545
Union Bank Account Number	0112506303	0112506963
Narration	"Being Investment in the MG ETF"	"Being Investment in MV ETF"

- 1.6 The application form when completed should be lodged with any branch of Zenith Bank or Union Bank or submitted to any of the Receiving Agents listed on page 62, along with supporting evidence showing the transfer of funds into the Offer proceeds account.

### 2. Allotment

The Issuing Houses and the directors of the Fund Manager reserve the right to accept or reject any application in whole or in part for not meeting the conditions of the offer. The allotment proposal will be subject to the clearance of the Securities and Exchange Commission. Statement of e-allotment will be issued to the unitholders within ten (10) business days of receiving the SEC's clearance of the allotment proposal.

### 3. Application Monies

All application monies will be retained in a separate interest yielding bank account by the receiving banks pending allotment. If any application is not accepted or is accepted for fewer Units than the number applied for, the application monies in full or the surplus amounts (as the case may be) will be transferred to the account number of the affected applicants as stated on the application form.

### 4. CSCS

The CSCS accounts of successful Unit holders will be credited not later than 15 days from the date of allotment. Investors are thereby advised to state the name of their respective stockbrokers and their CHN Numbers in the relevant spaces on the Application Form.

## RECEIVING AGENTS

Completed application forms may be submitted to any of the Receiving Agents Below:

Afrinvest Securities Limited	Forthright Securities & Investments Limited	PSI Securities Limited
Anchoria Investment & Securities Ltd	FSDH Securities Limited	Pyramid Securities Limited
Apel Asset Limited	FSL Securities Limited	Qualinvest Capital Limited
APT Securities & Funds Limited	Futureview Securities Limited	Quantum Zenith Securities & Investments Limited
ARM Securities Limited	Gidauniya Invest & Sec Ltd	Rainbow Securities Limited
Arthur Stevens Asset Mgt Ltd	Global Asset Management (Nig) Ltd	Readings Investment Limited
Associated Asset Managers Limited	Globalview Capital Limited	Regency Assets Management Ltd
Atlass Portfolio Limited	Golden Securities Limited	Rencap Securities (Nig) Limited
Barclays Stockbrokers Nigeria Limited	Greenwich Securities Limited	Resort Securities Limited
Bauchil Investment Corporation Securities Limited	Growth & Development Asset Management Limited	Reward Investment & Service Ltd
Belfry Investment & Securities Limited	Gruene Capital Limited	RMB Nigeria Stockbrokers Limited
Bestworth Assets & Trust Limited	GTI Securities Limited	Rostrum Investment & Sec. Ltd
Calyx Securities Limited	Harmony Investment & Securities Ltd	Rowet Capital Mgt Limited
Camry Securities Limited	Heartbeat Investments Limited	Royal Crest Finance Limited
Capital Assets Limited	Hedge Securities & Investment Ltd	Royal Guaranty & Trust Ltd
Capital Bancorp Plc	Helix Securities Limited	Royal Trust Securities Limited
Capital Express securities Limited	Heritage Capital Markets Limited	Sankore Securities Limited
Capital Trust Brokers Limited	ICMG Securities Limited	Santrust Securities Limited
CardinalStone Securities Limited	Icon Stockbrokers Limited	Securities & Capital Management Company Limited
Cashcraft Securities Limited	Imperial Assets Managers Limited	Securities Africa Financial Limited
Cashville Investments & Securities Ltd	Integrated Trust & Investments Limited	Security Swaps Limited
CDL Capital Markets Limited	Interstate Securities Limited	Shalom Investment & Securities Limited
Centre Point Investment Limited	Investment One Stockbrokers Int'l Ltd	Shelong Investment Limited
Century Securities Limited	Investors & Trust Company Limited	Sigma Securities Limited
Chapel Hill Denham Securities Limited	Kapital Care Trust & Securities Limited	Signet Investment & Securities Ltd
Chartwell Securities Limited	Kedari Capital Limited	Skyview Capital Limited
Citi Investment Capital Limited	Kinley Securities Limited	Smadac Securities Limited
City Code Trust & Invest Company Ltd	Kofana Securities & Investment Limited	Solid Rock Securities & Investment Plc
Compass Investments & Sec. Ltd	Kundila Finance Services Limited	Spring Board Trust & Investment Limited
Cordros Securities Limited	Lambeth Capital Limited	Spring Trust & Securities Limited
Core Securities Limited	Lead Securities & Invests Ltd	Stanbic IBTC Stockbrokers Limited
Coronation Securities Limited	Lighthouse Asset Management Limited	Standard Union Securities Ltd
CowrySecurities Ltd	Magnartix Finance & Investment Limited	TFS Securities & Investment Co. Ltd
Crane Securities Limited	Mainstreet Bank Securities Limited	The Bridge Securities Limited
Crossworld Securities Limited	Maxifund Investment & Securities Plc	Tiddo Securities Limited
Crown Capital Limited	Mayfield Investment Limited	Tomil Trust Limited
CSL Stockbrokers Limited	MBC Securities Limited	Topmost Sec Ltd
Deep Trust & Investment Limited	MBL Financial Services Limited	Tower Securities & Invest Co. Ltd
De-Lords Securities Limited	Meristem Capital Limited	Trade link Securities Limited
Dominion Trust Limited	Meristem Stockbrokers Limited	Traders Trust & Investment Co. Limited
DSU Brokerage Services Limited	Midas Stockbrokers Limited	Transworld Investment & Securities Limited
Dunbell Securities Limited	Milestone Capital Management Limited	Trust Yields Securities Limited
Dunn Loren Merrifield Securities Limited	Mission Securities Limited	Trustbanc Capital Management Limited
Dynamic Portfolio Limited	Molten Trust Limited	Trusthouse Investment Limited
EDC Securities Limited	Morgan Capital Securities Limited	TRW Stockbrokers Limited
Edgefield Capital Management Limited	Mountain Investment & Securities Ltd	Tyndale Securities Limited
EFG Hermes Nigeria Limited	Network Capital Limited	UIDC Securities Limited
El-Elyon Alliance and Securities Ltd	Network Securities & Finance Ltd	UNEX Capital Limited
Elixir Securities Limited	Newdevco Invests & Sec. Co. Ltd	Union Capital Markets Limited
Enterprise Stockbrokers Limited	Nigerian International Securities Ltd	United Capital Securities Limited
Equity Capital Solutions Limited	Nigerian Stockbrokers Limited	Valmon Securities Limited
Eurocomm Securities Limited	Osborne Capital Markets Limited	Valueline Securities & Investments Limited
Express Portfolio Services Limited	PAC Securities Limited	Vetiva Securities Limited
Falcon Securities Limited	Peace Capital Markets Limited	WCM Capital Limited
FBC Trust & Securities Limited	Pilot Securities Limited	WSTC Securities Limited
FBNQuest Securities Limited	Pinefields Investment Services Limited	Zion Stockbrokers & Securities Limited
FCSL Asset Management Company	PIPC Securities Limited	
FCMB Capital Markets Limited	Pivot Capital Limited	
Financial & Analytics Capital Limited	Planet Capital Limited	
Financial Trust Company Nigeria Limited	Planet Capital Limited	
Finmal Securities Limited	Portfolio Advisers Limited	
First Integrated Capital Mgt Ltd	Premium Capital and Stockbrokers Limited	
FIS Securities Limited	Primewealth Capital Limited	
Foresight Securities & Investment Limited	Prominent Securities Limited	
Forte Financial Limited		
Fortress Capital Limited		

Application List Opens: 25 February 2020	<b>OFFER FOR SUBSCRIPTION OF UNITS</b>	Application List Closes: 2 April 2020												
<b>MERISTEM EXCHANGE TRADED FUNDS</b>														
<b>FUND MANAGER:</b>  RC 76453	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">FUND</th> <th style="text-align: left;">UNITS</th> <th style="text-align: left;">PRICE</th> <th style="text-align: left;">BENCHMARK INDEX</th> </tr> </thead> <tbody> <tr> <td>Meristem Growth ETF</td> <td>50,000,000</td> <td>#10 each</td> <td>NSE-Meristem Growth Index</td> </tr> <tr> <td>Meristem Value ETF</td> <td>50,000,000</td> <td>#10 each</td> <td>NSE-Meristem Value Index</td> </tr> </tbody> </table>	FUND	UNITS	PRICE	BENCHMARK INDEX	Meristem Growth ETF	50,000,000	#10 each	NSE-Meristem Growth Index	Meristem Value ETF	50,000,000	#10 each	NSE-Meristem Value Index	<b>JOINT ISSUING HOUSES:</b>  RC 446561      RC 1297664
FUND	UNITS	PRICE	BENCHMARK INDEX											
Meristem Growth ETF	50,000,000	#10 each	NSE-Meristem Growth Index											
Meristem Value ETF	50,000,000	#10 each	NSE-Meristem Value Index											
(Authorised and registered in Nigeria as Exchange Traded Funds)														
<p style="font-size: small; color: red;">APPLICATIONS MUST BE MADE IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT ON THE BACK OF THIS APPLICATION FORM. IF YOU ARE IN DOUBT AS TO THE ACTION TO TAKE, PLEASE CONSULT YOUR FINANCIAL ADVISER, STOCKBROKER, SOLICITOR, ACCOUNTANT, TAX CONSULTANT, BANK MANAGER OR ANY OTHER PROFESSIONAL ADVISER FOR GUIDANCE. CARE MUST BE TAKEN TO FOLLOW THESE INSTRUCTIONS AS APPLICATIONS THAT DO NOT COMPLY WITH THE INSTRUCTIONS WILL BE REJECTED.</p>														
<p style="font-size: x-small;"><b>DECLARATION</b></p> <p style="font-size: x-small;">I am/We are 18 years of age or above</p> <p style="font-size: x-small;">I/We attach the amount payable in full on application for the above number of Units indicated MG ETF/MV ETF at #10 per unit.</p> <p style="font-size: x-small;">I/We agree to accept the same or any smaller number of Units in respect of which allotment may be made upon the terms of the Prospectus and subject to the Trust Deed of MG ETF/MV ETF</p> <p style="font-size: x-small;"><b>GUIDE TO APPLICATION</b></p> <p style="font-size: x-small;">Number of Units applied for:                  Cash Subscription - 1,000 Minimum                  Subsequent multiples - 100 Minimum</p> <p style="font-size: x-small;">In-Kind Subscription - 500,000 Minimum (1 Block)                  Subsequent multiples - 100,000 Minimum (1 Basket)</p>	<p style="font-size: x-small;">I/We authorise you to send a Statement of Unit-holding and/or a cheque for any amount overpaid, by registered post to the address given below and to procure registration in my/our name as the holder(s) of such number of Units or such smaller number, as aforesaid.</p> <p style="font-size: x-small;">I/We hereby declare that I/We have read a copy of the Prospectus dated 14 January 2020 issued by the Issuing Houses on behalf of MG ETF and/or MV ETF</p>	<p style="font-size: x-small;"><b>SUBSCRIPTION FOR (Kindly Tick):</b></p> <p style="font-size: x-small;">Meristem Growth ETF <input type="checkbox"/>      Meristem Value ETF <input type="checkbox"/></p>												
<p style="font-size: x-small;">Date</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> </tr> </table>							<p style="font-size: x-small;">Control No. (REGISTRARS' USE ONLY)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> <td style="width: 20%; border: 1px solid black; height: 20px;"></td> </tr> </table>							
<p style="font-size: x-small;">Number of Units Applied for:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> </tr> <tr> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> </tr> </table>					<p style="font-size: x-small;">Value of Units applied for/Amount Paid:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> </tr> <tr> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> </tr> </table>									
<p style="font-size: x-small; color: red;">PLEASE COMPLETE IN BLOCK LETTERS AND IN BLACK INK</p>														
<p style="font-size: x-small;">Name(s) (in block letters)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 100%; border: 1px solid black; height: 20px;"></td> </tr> </table>														
<p style="font-size: x-small;">Next of Kin</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 100%; border: 1px solid black; height: 20px;"></td> </tr> </table>														
<p style="font-size: x-small;">Mobile (GSM) Telephone Number      Daytime Telephone Number</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> </tr> </table>														
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<p style="font-size: x-small;"><b>BANK DETAILS (FOR E-DIVIDEND) (Dividend will not be re-invested)</b></p>														
<p style="font-size: x-small;">Name of Bank</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 100%; border: 1px solid black; height: 20px;"></td> </tr> </table>														
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<p style="font-size: x-small;">Account Number      Bank Verification Number (BVN)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> <td style="width: 50%; border: 1px solid black; height: 20px;"></td> </tr> </table>														
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## APPLICATION FORM – MG ETF

SECURITIES TENDERED (FOR IN-KIND SUBSCRIPTION)			
NUMBER OF BASKET(S) TENDERED			
S/No.	SECURITIES	WEIGHTS (%)	NUMBER OF SHARES
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
	CASH COMPONENT (If applicable)		₹

## APPLICATION FORM – MV ETF

SECURITIES TENDERED (FOR IN-KIND SUBSCRIPTION)			
NUMBER OF BASKET(S) TENDERED			
S/No.	SECURITIES	WEIGHTS (%)	NUMBER OF SHARES
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
	CASH COMPONENT (If applicable)		₹

## INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

1. Applications should be made only on an original, photocopy, downloaded or scanned copy of the application form.
2. Applications must be for a minimum number of 1,000 Units. Applications for more than 1,000 Units must be in multiples of 100 Units. The number of Units for which an application is made, and the value of Units should be entered in the boxes provided.
3. Payment in respect of the application must be transferred into the designated offer proceeds account domiciled with either Zenith Bank or Union Bank with the following details:

<b>Fund Name</b>	<b>Meristem Growth Exchange Traded Fund</b>	<b>Meristem Value Exchange Traded Fund</b>
<b>Account Name</b>	Meristem Growth Exchange Traded Fund	Meristem Value Exchange Traded Fund
<b>Zenith Bank Account Number</b>	1016318538	1016318545
<b>Union Bank Account Number</b>	0112506303	0112506963
<b>Narration</b>	"Being Investment in the MG ETF"	"Being Investment in MV ETF"

4. The application form when completed should be lodged with any branch of Zenith Bank or Union Bank or submitted to any of the Receiving Agents listed on page 62, along with supporting evidence showing the transfer of funds into the Offer proceeds account.
5. The applicant should make only one application, whether in his own name or in the name of a nominee. Multiple or suspected multiple applications will be rejected.
6. Joint applicants must all sign the Application Form.
7. An application by a firm, which is not registered under the Companies and Allied Matters Act Cap C20 LFN 2004, should be made either in the name of the proprietor or in the names of the individual partners. In neither case should the name of the firm be mentioned.
8. An application from a corporate body must bear the corporate body's seal and be completed under the hand of a duly authorised official.
9. An application by an illiterate should bear his right thumbprint on the Application Form and be witnessed by an official of the Fund Manager or Receiving Agent at which the application is lodged who must first have explained the meaning and effect of the Application Form to the illiterate in his own language. Above the thumbprint of the illiterate, the witness must record in writing that he has given this explanation to the illiterate in a language understandable to him and that the illiterate appeared to have understood same before affixing his thumb impression.
10. The applicant(s) should not print their signature. If he is unable to sign in the normal manner, he should be treated for the purpose of this offer as an illiterate and his right thumbprint should be clearly impressed on the Application Form.