



Offering Circular

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- ❖ CUMAX MONEY MARKET FUND
- ❖ CUMAX FX FUND
- ❖ CUMAX EQUITY FUND
- ❖ CUMAX LIQUIDITY FUND
- ❖ CUMAX FX BOND FUND
- ❖ CUMAX LOAN FUND

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CONDITIONS AND REGULATIONS

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

Effective Period

This Offering Circular is effective from June 1, 2018 to May 31, 2019. As at the expiration date, this Circular cannot be used as the basis for your investment in any of the products. The Trustee and the Manager of the Trust accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made reasonable enquiries that to the best of their knowledge and belief there are no facts the omission of which would make any information or statement within this document misleading.

If you are in doubt about the contents of this Offering Circular, you should seek independent financial advice. The Manager is neither a legal nor tax advisor and gives no advice/recommendation in this regard. The latest Offering Circular, notices and financial reports for the Trust may be obtained at www.cufmco.com. Audited accounts for each year ending in May will be published on the website within 90 days of the financial year end. Quarterly unaudited accounts are published on the website within 45 days of the end of each quarter.

Neither this Unit Trust scheme nor the portfolios from which it is comprised are insured by the Jamaica Deposit Insurance Corporation (JDIC). The JDIC provides protection for depositors in commercial banks, merchant banks, credit unions and building societies which are deposit-taking institutions. CUFMC Limited is not a deposit-taking institution.

1. NAME AND IDENTIFICATION OF THE FUND

The CUFMC CUMax Fund (the “Trust”) was established by a Trust Deed dated November 24, 2015 and registered in Jamaica with the Financial Services Commission on October 29, 2015. The Trust Deed may be inspected at the offices of the Trustee and the Manager. Copies of the Trust Deed and/or any Supplemental Deed will be supplied by the Manager to any person on application at a charge of \$1,000 per copy or such other price per copy as the Manager may set. The most recent annual and interim reports of the Trust may also be inspected at the offices of the Trustee and the Manager, and copies obtained and the cost set by the Manager. The Trust will be comprised of one or more Portfolios and there may be different Classes within Portfolios. The Portfolios currently in the Trust are:

- (i) The **CUMAX Money Market Fund;**
- (ii) The **CUMAX FX Fund;**
- (iii) The **CUMAX Equity Fund;**
- (iv) The **CUMAX Liquidity Fund; and**
- (v) The **CUMAX FX Bond Fund**
- (vi) The **CUMAX Loan Fund**

2. THE TRUSTEE

The Trustee and Custodian of all cash and assets of the Trust Scheme is JCSD Trustee Services Limited, 40 Harbour Street, Kingston. JCSD Trustee Services Limited was incorporated in Jamaica on 21 July 2008 and is a wholly owned subsidiary of Jamaica Central Securities Depository Limited, a company incorporated in Jamaica with its registered office at 40 Harbour Street,

Kingston. The Trustee is entitled under the Trust Deed to delegate its duties as trustee and custodian. The Directors of JCSD Trustee Services Limited are:

Garth Kiddoe (Chairman)
Alvaro Casserly
Curtis Martin
Ian McNaughton
Livingstone Morrison
Gary Peart
Marlene Street-Forrest
Yvolyn Maxwell
Leo Williams

3. THE MANAGER

The Manager is Credit Union Fund Management Company Limited (CUFMC), a company incorporated in Jamaica on August 10, 2005 and a licensed securities dealer with its registered office at 2A Manhattan Road, Kingston 5. CUFMC is a subsidiary of Jamaica Co-operative Credit Union League Limited, a co-operative incorporated in Jamaica with its registered office at 2A Manhattan Road, Kingston 5. The Directors of CUFMC are –

Winston Fletcher (Chairman)
Derrick Tulloch
Clide Nesbeth
Andrea Messam
Lambert Johnson
Joan Garfield
Dennis Hutchinson
Carlton Barclay
Robin Levy

The Manager may delegate some or all of its duties and responsibilities under the Trust Deed with the written approval of the Trustee.

4. AUDITORS, REGISTRAR & SELLING AGENT

A. AUDITORS

PricewaterhouseCoopers
Scotiabank Centre
Duke and Port Royal Streets, Kingston

B. REGISTRAR

Credit Union Fund Management Company Limited
2a Manhattan Road
Kingston 5

C. SELLING AGENT

Credit Union Fund Management Company Limited
2a Manhattan Road
Kingston 5

5. BUYING AND SELLING UNITS AND PRICE QUOTATIONS AND CHARGES

A. Buying and Selling Units

Price of Units – Net Asset Value

Units may be bought or sold on any business day at the prevailing Net Asset Value (NAV) per Unit, subject to the minimum holding period as listed below:

- CUMax Money Market Fund** – 30days
- CUMax FX Fund** – 90days
- CUMax Equity Fund** – 90days
- CUMax Liquidity Fund** – 0 days (No minimum holding period)
- CUMax FX Bond Fund** – 180 days
- CUMax Loan Fund** – 18 months

On each trading day, being each business day, a separate NAV is calculated for each Portfolio and is determined by taking the fair value of its assets and subtracting the fair value of total liabilities of the Portfolio in accordance with the accounting standards used in Jamaica valued daily at the prices prevailing at the close of trading on the previous day, no later than 5:00 p.m.. The resulting value of that portfolio is divided by the number of units in issue to determine the NAV per Unit. The Net Asset Value of units in a portfolio is calculated after the close of business on each trading day. Prices of Units are published in a daily newspaper at least once per week and will be available at www.cufmco.com.

Valuation of the price of Units in a Portfolio necessary for the buying, selling or conversion of Units, may be suspended by the Manager in circumstances including where the Manager determines it is reasonably unable to determine the price of Units. The suspension may also occur where a stock exchange on which any investment of the Trust is closed (other than weekends and holidays) or is restricted or dealing on the exchange is suspended.

Purchases of Units

Units may be purchased by completing an Application Form and paying for Units in full or in such other manner as the Manager may determine. The Manager reserves the right to reject any application.

Orders for purchases (where investors buy Units from the Scheme) or for redemption of Units (where investors sell Units to the Fund) must be received by CUFMC no later than 12:00 pm local time on a trading day (or such earlier time as may be specified by CUFMC) in order to be processed

based on the NAV on that date. Otherwise, the order will be processed based on the applicable NAV per Unit on the next trading day. A receipt or other confirmation of purchase will be issued to the Unit Holder.

Units in the Portfolios shall be purchased solely through the Selling Agent, CUFMC, and any other licensed securities dealers that may be appointed for that purpose from time to time. No money should be paid to any person in Jamaica to acquire securities unless that person is licensed or registered as a dealer under the Securities Act. The minimum initial purchase and subsequent purchase that may be made by Unit Holders are as follows:

	CUMax Money Market Fund	CUMax FX Fund	CUMAX Equity Fund	CUMAX Liquidity Fund	CUMAX FX Bond Fund	CUMAX Loan Fund
Initial Investment	J\$200,000	US\$500	J\$100,000	J\$1,000,000	US\$500	J\$5,000,000
Subsequent Investment	J\$10,000	US\$500	J\$10,000	J\$1,000,000	US\$500	J\$10,000

In the event that the purchase of units is made with a cheque, the Manager may require a minimum waiting period, comparable with that set by commercial banks in Jamaica, to allow the cheque to clear. If a cheque is dishonoured by the bank, the Manager reserves the right to cancel the Unit holdings of the applicant.

Sale of Units by Unit Holders

When the Unit Holder wishes to encash units (i.e. when a Unit Holder sells his units to the Manager) he/she will be required to complete a request signed by any of the joint holders (unless otherwise agreed with the Manager) and return his or her Certificate(s), if any, to the offices of the Manager or Selling Agent. Provisions have been made where joint holders in writing to the Trustee may authorize any one of their number to request and effect a realisation of Units or where joint holders may sign several counterparts of the request and send to the Manager or Selling Agent by electronic means, including e-mail or fax. Sale of Units must not, without the permission of the Manager, reduce the holding to less than the minimum amounts listed below:

- CUMax Money Market Fund** –500 units
- CUFMax FX Fund**–200 units
- CuMax Equity Fund**– 500 units
- CuMax Liquidity Fund**– 500 units
- CuMax FX Bond Fund**– 500 units
- CuMax Loan Fund**– 5,000 units

Where a Unit Holder makes a request or within five days, a series of requests, for realisation of Units and the Realisation Price of such Units exceeds the higher of \$5,000,000 or the equivalent of one percent (1%) of the value of the Deposited Property the Manager may, with the consent of the Unit Holder, discharge their obligation to pay or procure payment of the Realisation Price of the

Units by procuring either the transfer to the Unit Holder of investments forming part of the Deposited Property as may be determined by the Manager equal in value to the Realisation Price, as to part, in cash and, as to the remainder, in such investments aforesaid equal in value to the remainder. For the purpose of determining the equivalent to the Realisation Price, or as the case may be, a remainder of the Realisation Price of investments so transferred, the Value of such Investments shall be that obtaining on the trading day next following the receipt of the request for realisation.

Transfer of Units

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

Conversion of Units

The Manager may determine whether units in a Portfolio shall be convertible into or out of that Portfolio. Where conversion is permitted, a Unit Holder may convert Units in one Portfolio to Units in another Portfolio by serving the Manager with a Conversion Notice requesting that the Manager procure the conversion of the Units. The Manager reserves the right to waive penalties and fees associated with the exit from a Portfolio.

Keeping of Register

The Registrar will be responsible for keeping and maintaining a Register of all Unit Holders. This Register contains the details of the Unit Holders, including their names and addresses, and the details of their holdings, including whether such holdings are held jointly.

B. Charges & Fees

The preliminary charges and management fees are as outlined in the table below. The Manager will give at least one month’s notice of any increase in these charges and fees.

	CUMax Money Market Fund	CUMax FX Fund	CUMAX Equity Fund	CUMAX Liquidity Fund	CUMAX FX Bond Fund	CUMAX Loan Fund
Preliminary Charges	0%	1.75%	4.00%	0%	2.00%	2.00%
Management Fee	1.50%	1.75%	1.75%	1.50%	1.75%	3.00%

Encashment before the end of the minimum holding period (see above) will attract an early redemption charge of 2.00% of the amount to be redeemed.

6. PORTFOLIO INVESTMENT POLICY

A. THE CUMax MONEY MARKET Fund

Investment Objective

The fundamental investment objective of the CUMax Money Market Fund is to earn the highest level of income consistent with capital preservation and liquidity by investing primarily in Jamaican dollar money market instruments.

Who Should Invest In The Portfolio

The CUMax Money Market Fund suitable for investors who are conservative and income oriented. It is the ideal place to place cash which may be needed in the short-term pending a longer-term investment decision. Investors who have low risk tolerance and for whom security of principal is their primary concern should invest in this portfolio.

Strategy

The Portfolio invests primarily in short term government and commercial paper denominated in Jamaican dollars. It may also invest in non-Jamaican, dollar-denominated money market instruments, including Commercial paper, investment grade obligations of companies based in the Caribbean, US, UK and Canada, to generate higher yields on a total return basis subject to the constraints set out in the General Restrictions below.

The Portfolio may invest in medium to long-term debt securities to the extent that such securities provide a high income yield and/or are believed to be undervalued and offer the potential for capital appreciation in the short-term. The Portfolio may also invest in the stocks of listed companies with a high dividend yield.

In selecting debt securities denominated in various currencies, the Manager considers, among other factors, the effects of movements in the currency exchange rates on the values of such securities in a manner that will seek to maximize the Portfolio's total Jamaican dollar return.

B. CUMax FX Fund

Investment Objective

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

Who Should Invest In The Portfolio

Investors who have a moderate to aggressive risk profile and are seeking capital appreciation should invest in this portfolio. Investors must be willing to accept moderate to high fluctuations in unit prices. The USD Fixed Income portfolio is suitable for investors seeking to manage devaluation risks and to diversify the risk of a portfolio containing stocks and/or money market investments. The portfolio is intended to be a medium to long term investment.

Strategy

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

In selecting securities the focus will be mainly on USD denominated securities. However, investments in other currencies are permitted in so far as the Manager considers that currency exchange rate movements may have a positive impact on the values of such securities in a manner that will seek to maximize the Portfolio's total return.

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

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

C. CUMAX EQUITY Fund

Investment Objective

The Equity Portfolio seeks long term capital appreciation by investing primarily in equity securities, subject to foreign exchange restrictions imposed by the laws of Jamaica. The Portfolio employs an analytical approach to securities selection and offers a dynamic blend of growth and value investing styles.

Who Should Invest In The Portfolio

Investors seeking a well-diversified portfolio of stocks to maximize long term growth of capital with moderate dividend income should invest in the CUMAX Equity Portfolio. The Portfolio is intended to be a medium to long term investment. Investors with an aggressive risk profile would invest a greater percentage of their funds in this portfolio.

Strategy

Subject to foreign exchange restrictions imposed by the laws of Jamaica, the Portfolio invests primarily in publicly-traded equity securities of companies domiciled in Jamaica, other Caribbean countries and internationally. Equity securities include common and preferred stock, convertible debt securities and rights to acquire such securities.

In seeking to achieve its Investment Objective, the Manager allocates the Portfolio's assets primarily on the basis of the anticipated performance of each equity market as well as the relative performance of the various industries/companies within these markets. The Manager takes into consideration the economic condition of each market as well as social and political factors that may affect the investment in that market. Fundamental and technical analyses are employed in the selection of individual companies.

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

The Portfolio may also invest in debt securities of corporate and government issuers domiciled in the various countries. The Portfolio may hold significant cash or cash equivalent positions pending investment or when the Manager considers this desirable as a result of market conditions.

**D. THE CUMax Liquidity Fund
Investment Objective**

The fundamental investment objective of the CUMax Liquidity Fund is to earn a moderate level of income consistent with capital preservation and liquidity by investing primarily in Jamaican dollar instruments. This Fund will meet the BOJ requirements regarding instruments to be considered as liquid. These features will be as follows:

- The instrument must be allowable
- The instrument must be so designated by the BOJ
- The instrument must have a maturity of less than 9 months

Who Should Invest In The Portfolio

The CUMax Liquidity Fund suitable for accredited investors who are conservative and income oriented. It is the ideal place to place cash which may be needed in the short-term pending a longer-term investment decision. Investors who have low risk tolerance and for whom security of principal is their primary concern should invest in this portfolio. The portfolio is targeted at Credit Unions that have specific liquidity requirements. This Fund is exclusively for non-retail clients

Strategy

The Portfolio invests primarily in short term government and allowable securities denominated in Jamaican dollars.

To comply with the BOJ requirements that define liquid investments as those having maturity within 9 months, the proposed composition of the instruments in the Fund would be as follows:

- Treasury Bills
- GOJ instruments with a maturity with the next 9 months
- BOJ Certificates of Deposits (CDs)
- Other Allowable assets with a maturity of 9 months

Instruments not meeting the BOJ's requirements would not be included in the Fund

E. CUMax FX Bond Fund

Investment Objective

The fundamental investment objective of the portfolio is to generate a stable level of income and capital appreciation by investing in high yielding medium to long term USD denominated sovereign and corporate debt instruments. The Fund will exclusively invest in debt instruments.

Who Should Invest In The Portfolio

Investors who have a moderate to aggressive risk profile and are seeking capital appreciation should invest in this portfolio. Investors must be willing to accept moderate to high fluctuations in unit prices. The USD FX Bond Fund portfolio is suitable for investors seeking to manage devaluation risks and to diversify the risk of a portfolio containing medium to long term bond and money market investments. The portfolio is intended to be a medium to long term investment.

Strategy

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

In selecting securities the focus will be mainly on USD denominated securities. However, investments in other currencies are permitted in so far as the Manager considers that currency exchange rate movements may have a positive impact on the values of such securities in a manner that will seek to maximize the Portfolio's total return.

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

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

F. THE CUMax Loan Fund

Investment Objective

The fundamental investment objective of the CUMax Loan Fund is to earn the highest level of income consistent with capital preservation and liquidity by investing primarily in Jamaican dollar money market instruments.

Who Should Invest In The Portfolio

The CUMax Loan Market Fund suitable for investors who are conservative and income oriented. It is the ideal place to place cash which may be needed in the short-term pending a longer-term investment decision. Investors who have low risk tolerance and for whom security of principal is their primary concern should invest in this portfolio.

Strategy

The Portfolio invests primarily in short term government and commercial paper denominated in Jamaican dollars. It may also invest in non-Jamaican, dollar-denominated money market instruments, including Commercial paper, investment grade obligations of companies based in the Caribbean, US, UK and Canada, to generate higher yields on a total return basis subject to the constraints set out in the General Restrictions below.

The Portfolio may invest in medium to long-term debt securities to the extent that such securities provide a high income yield and/or are believed to be undervalued and offer the potential for capital appreciation in the short-term. The Portfolio may also invest in the stocks of listed companies with a high dividend yield.

In selecting debt securities denominated in various currencies, the Manager considers, among other factors, the effects of movements in the currency exchange rates on the values of such securities in a manner that will seek to maximize the Portfolio's total Jamaican dollar return.

7. INVESTMENT POLICY

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

Though the Trust proposes to use derivatives primarily for hedging purposes the use of derivative instruments involves an inherent amount of risk. The Manager may choose to use derivatives, such as options and forward contracts, in all the Portfolios in three ways:

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

Because of the necessity to spread the risk of the investment, the Trust may not:-

A. CUMax Money Market Fund

- (a) Invest more than 10% of the value of the Portfolio in any one company;

- (b) Invest in more than 10% of the total nominal value of all the issued shares or stock of any class in any company or body;
- (c) Invest more than 10% of the value of the Portfolio in unquoted securities.

B. CUMax FX Fund

- (a) Invest more than 10% of the value of the Portfolio in any one company;
- (b) Invest in more than 10% of the total nominal value of all the issued shares or stock of any class in any company or body;
- (c) Invest more than 10% of the value of the Portfolio in unquoted securities.

C. CUMax Equity Fund

- (a) Invest more than 10% of the value of the Portfolio in any one company;
- (b) Invest in more than 10% of the total nominal value of all the issued shares or stock of any class in any company or body;
- (c) Invest more than 10% of the value of the Portfolio in unquoted securities;
- (d) Invest more than 20% of the Portfolio in real estate (which in any event shall not exceed 15% of the value of the Trust i.e. the cumulative value of all the Portfolios);
- (e) Invest more than 5% of the Portfolio in foreign securities.

D. CUMax Liquidity Fund

- a) Invest in securities outside of those designated as liquid by the BOJ;

E. CUMax FX Bond Fund

- a) Invest more than 15% of the assets of the Portfolio in illiquid assets
- b) Invest in more than 10% of the portfolio in a single issuer except the GOJ or other investment grade sovereigns;

F. CUMax Loan Market Fund

- (b) Invest more than 10% of the value of the Portfolio in any one company;
- (c) Invest in more than 10% of the total nominal value of all the issued shares or stock of any class in any company or body;
- (d) Invest more than 10% of the value of the Portfolio in unquoted securities.

These limitations apply immediately after the investment is made; but if through appreciation the limits are exceeded then the Manager may not make further acquisitions in the respective class until they have divested themselves of the appropriate class of investment. These limitations come into effect once there are 1,000 units in issue.

A list of investments held by the Trust from time to time may be obtained by Holders on request from the Managers.

8. BORROWING

The Trust shall not borrow money except temporarily for the purpose of accommodating requests for realisation of Units. No borrowing shall be effected if immediately thereafter the aggregate amount outstanding of all such borrowings would exceed 10% of the Value of the Deposited Property or such greater percentage or amount as may be prescribed at law. The period of such borrowing shall not exceed 6 months. All borrowings will be outlined in the financial statements of the Trust.

For the purpose of securing any such borrowing and interest thereon the Trustee will be able to charge or pledge any of the investments comprised in the Deposited Property. All interest and expense directly incurred in effecting, maintaining and terminating such borrowing are payable out of the Deposited Property.

The Trustee and the Manager are entitled to be indemnified out of and to have recourse to the Deposited Property in respect of any liability, costs, claims or demands which may arise from such borrowing arrangements.

9. ACCUMULATION OF INCOME

It is not intended that there will be any distribution of income to Unit Holders of **CUMax Money Market Fund, CUMax FX Fund, CUMax Equity Fund, CUMax Liquidity Fund, CUMax FX Bond and the CUMax Loan**. Any income received from interest and dividends on securities will be accumulated and reinvested in the Deposited Property annually on the Accumulation Date, April 30. The Unit Holders enjoy the benefit of this reinvestment through accretions in the price of their units.

Notwithstanding the above, The Trustee may determine to make a distribution of income.

10. REMUNERATION TO THE MANAGER AND TRUSTEE

The Manager will receive a monthly remuneration of 1.50% (but up to 4.0%) of the value of the Deposited Property calculated on the daily balance and paid monthly.

The fees payable out of the Deposited Property for the services of the Trustee and payable by the Trust shall be:

- (a) A one-time initial administrative fee of J\$100,000.00;
- (b) Annual Service Fee of 0.045 of 1% (Four point Five basis points) per annum on the Net Asset Value (NAV) after the first year, subject always however to a minimum monthly fee of :

- i. J\$120,000.00 in the first six (6) months following the commencement of sales of Units; and
- ii. J\$240,000.00 in the first six (6) months following the period mentioned in (i).

(c) Legal Fees for the review of constitutive documents will not exceed J\$90,000.00

The Manager and the Trustee are also entitled to be repaid by the Trust the amount of all disbursements incurred in the performance of their duties under the Trust Deed.

The Trust shall bear the one-time costs associated with the creation and registration of the Trust and all auxiliary and related matters thereto

Conflicts of Interest

The Manager, as a licensed securities dealer, deals in securities and provides investment advice to issuers of securities in the Trust. Where a conflict arises, the Manager will use its best efforts to resolve the conflict fairly and will make whatever disclosures are required by law or as directed by the FSC.

11. TAX TREATMENT

By virtue of the provisions of Section 12(1)(t) of the Income Tax Act of Jamaica ("ITA") the income received by the Trustee of the Trust is exempt from tax, and if tax is deducted at source from such income the Trustee is entitled to be refunded the amount so deducted.

While distribution of income by the Trustee to the Unit Holders would be subject to Jamaican tax (which is generally at the rate of 25%) under section 39(1) of the ITA, the Trust does not intend distribute its income but rather to reinvest it, and the Unit Holders enjoy the benefit of this reinvestment through accretions in the price of their Units. When units are encashed, disposed of or redeemed by a Unit Holder, the accretion thereupon realized by the Unit Holder is taxable in Jamaica as income, and is subject to Jamaican withholding tax at the rate of 25% under section 39(3) of the ITA.

There is no stamp duty, transfer tax or capital gains charged in Jamaica on the encashment, disposal or redemption of units. Unit Holders resident for tax purposes outside of Jamaica should seek advice in the jurisdiction where they are resident, as to tax treatment in that jurisdiction of an investment in the CUFMC CUMax Fund Portfolios.

Unit Holders may however seek to take advantage of section 12(1)(ak) of the Income Tax Act, which states that accretions realized on the encashment, disposal or redemption of units in a money market fund are exempt from income tax. This applies where individuals hold their Units for no less than 5 years and the investment does not exceed J\$1m and otherwise the fund is operated in accordance with the Act.

12. RISK FACTORS

Unit Trusts own different types of investments assets depending on their investment objectives. The value of these investments may change from day to day, reflecting changes in interest rates, economic conditions and company news. As a result, the value of the Trust's Units may go up or down and the value of your investment in the Trust may be more or less when redeemed than when purchased. Past performance of the Trust should not be taken as a guarantee of future performance.

Also, different investments have different types of risks. The NAV will fluctuate in value to reflect the movement of the underlying assets. Below is a summary of the various types of investment risk that may be applicable to the Trust, and unit trusts in general.

Equity Risk

The value of a unit trust that invests in equity securities (also called stocks or shares) will be affected by changes in the market price of those securities. The price of a stock is affected by, among other things, individual company developments and by general economic and financial conditions in those countries where the company is located, carries on business or where the stock is listed for trading.

Securities Lending, Repurchase and Reverse Repurchase Risk

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

Concentration Risk

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

13. TERMINATION OF THE TRUST OR PORTFOLIO

(a) Events of Termination

The Trust or any of its Portfolios may also be terminated upon the occurrence of any of the following events:

- (a) by an extraordinary resolution passed by a majority of at least 75% of the votes cast, in person or by proxy, at a meeting of the Unit Holders at any time after 15 years have passed since the Trust was established;

- (b) if the Trustee notifies the Manager in writing that the Trustee desires to retire and a new Trustee has not been appointed within six months of the receipt of the Manager of such notification;
- (c) if the Manager gives the Trustee written notice of its intention to retire and the Manager has not found another person ready to accept the office of manager or of whom the Trustee approves within one hundred and eighty (180) days after giving the notice or within such extended period as the Manager agrees;
- (d) if any law is passed rendering it illegal, or otherwise it becomes illegal to operate the Trust or a Portfolio, or if in the opinion of the Trustee or the Manager, impracticable or inadvisable or contrary to the interests of the Unit Holders to continue the Trust (or a Portfolio);
- (e) if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee);
- (f) If the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) and the Manager fails to appoint another person as Trustee who is in its opinion suitable as a replacement for the Trustee within thirty (30) days after the commencement of the liquidation.
- (g) if the Manager is removed by the Trustee and the Manager does not otherwise permit the Trust or Portfolio to be continued;
- (h) if the Manager otherwise decides, in its absolute discretion, to terminate the Trust (or a Portfolio) and gives notice of at least 60 days to the Trustee of that decision; or
- (i) On the expiration of the period of twenty-one (21) years after the date of the death of the last descendant of Queen Elizabeth living on the date of the Trust Deed.

Units in each Portfolio of the Trust have full voting rights.

(b) Effects of Termination

Upon termination of the Trust or of a Portfolio, the Trustee must:

- (a) sell all investments in the Deposited Property of the Trust or the Portfolio (as the case may be); and
- (b) distribute to the Unit Holders in proportion to their respective interests in the Deposited Property of the Trust or the Portfolio (as the case may be) all net cash proceeds from the sale of the said Deposited Property that is available for distribution. The Trustee is not bound (except in the case of the final distribution) to distribute any of the moneys for the

time being in its hands the amount of which is insufficient to pay such sum as the Manager may decide with the approval of the Trustee in respect of each Unit. Also, the Trustee is entitled to retain out of any moneys in its hands as part of the Deposited Property of the Trust or the Portfolio (as the case may be) full provision for all costs, charges, expenses, claims and demands incurred made or apprehended by the Trustee in connection with or arising out of the liquidation of the Trust or the Portfolio (as the case may be).