



# First Capital Liquidity Plus Fund Information Sheet

for Individuals & Institutional Investors



**FIRST CAPITAL**  
UNIT TRUST MANAGERS  
(Pty) Limited

# Liquidity Plus Fund

## The Fund

First Capital (FC) Liquidity Plus Fund (The Fund) is an actively managed fixed income fund targeting attractive returns in excess of cash/deposit interest rates. The Fund Manager aims to achieve the performance objective by taking views on the direction of interest rate and volatility in the market by investing in a diverse range of fixed income securities.

## Fund Manager

First Capital Treasury Solutions (Pty) Ltd (FCTS) has been appointed as the Fund Manager. FCTS is a licenced financial services provider established in 2009.

They enable investors to thrive and help their clients to maximize their returns and realise their most important goals. Over the past 10 years they have built a firm uniquely equipped team to achieve these objectives and has an exceptional reputation for quality research, investment expertise and value-added services.

## Fund Overview

The FCLPF is an open-ended Unit Trust Fund constituted in terms of Namibian laws, and invests in short to medium term debt instruments. The fund is actively managed within transparent guidelines and offer security of capital, liquidity and competitive sector related returns.

Fund Category	Money Market
Base Currency	Namibian Dollar
Financial Year End	31 March
Risk Profile	Low to Moderate



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## Custodian Bank/Trustees

Standard Bank Namibia Limited has been appointed the Fiduciary Custodian (Trustee) of the Fund. The Fiduciary Custodian is required to take reasonable care to ensure that the Fund is managed and administered by the Fund Manager in accordance with the Trust Deed, the Investment Management Agreement, and the Fiduciary Custodian Agreement. The Fiduciary Custodian is responsible for taking into its custody or under its control all the assets of the Fund and for holding it in trust for the Fund.

## Investor's Profile

The Fund is suitable for investors who:

- are conservative in nature and are temperament towards risk-reward trade-off;
- have a short-term investment horizon of less than 1 to 3 years; and
- wish to temporarily liquidate or reduce exposure in equities

The Fund is ideal for investors such as Pension Funds, Corporates, Insurance companies, Charities, Public Sector, Individuals, and other Professional investors with cash on their balance sheets.

## Investment Objective

The primary investment objective of the Fund is to provide its unit holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The primary performance objective of the fund is to obtain positive income consistent with capital preservation and liquidity.

The Fund invests in high-quality, short term portfolio of government and corporate papers, and cash. The Fund will invest the entire net assets in investments i.e., authorised short term money market instruments with a maximum time to maturity of less than one year.

## Investment Objective

"Provide its unit holders competitive returns from a portfolio of low risk, short duration assets"



## Investment Strategy

The Fund is essentially managed to provide liquidity to meet the short-term cash flow requirements of its Unit Holders while providing a reasonable income return. The Fund's investments include deposits bankers acceptances, negotiable certificates of deposits (NCDs), government and government-sponsored bonds and corporate bonds (listed and unlisted). The Fund's investments are largely confined to short-term money market instruments and short-dated fixed income securities that are highly liquid. Typically, these instruments include deposits and securities that mature within 365 days or 1 year. Nevertheless, the Fund is permitted to invest in instruments (such as bonds) with maturity periods exceeding 365 days but not longer than 732 days, which is equivalent to approximately 2 years. These longer dated investments are subject to a cap of 10% of the NAV of the Fund.

The Fund Manager adopts a prudent strategy in forming a portfolio of money market instruments which is in accordance with the Fund's investment objective and the Fund Manager's assessment of investment prospects in line with the underlying interest rates and economic outlook. The Fund is actively managed to provide income while maintaining capital stability based on the liquidity management and interest rate outlook.

## Risk Management Strategies and Techniques

Not lower than 90% of the NAV of the Fund must be invested in money market instruments and corporate bonds that mature within 365 days or 1 year. An allowance of up to 10% of the NAV of the Fund is given to the Fund to invest in fixed income instruments with maturity periods exceeding 365 days but not longer than 732 days.

The credit risk assumed is limited to the extent that any fixed income instruments invested must have credit ratings of not lower than BBB rating by from a recognised rating agency. If a fixed income instrument is placed under a negative outlook by any rating agencies, the Fund Manager will immediately assess its continued investability and take necessary steps to mitigate any negative impact to the Fund. Should the fixed income instrument be downgraded below the minimum investment grade, the Fund Manager will divest the fixed income instrument. However, to protect the best interest of the Fund, the Fund Manager has the discretion to take into consideration all relevant factors that affect fair value of the investment via an internal credit assessment process before deciding on the manner and time frame of the sale.

The structure of the Fund is such that it is confined to fixed income instruments of short duration to maturity to minimise the impact of fluctuations in interest rate on the performance of the Fund over the short term while the credit risks it may face are mitigated by strict limits on concentration of investments i.e. diversification and due diligence in the credit assessments by ensuring high credit ratings as mentioned earlier.

## Asset Allocation

90% to 100% of the Fund's NAV is invested in money market instruments and fixed income investments that mature within 365 days or 1 year whilst up to 10% of its NAV in fixed income investments with maturity periods exceeding 365 days but not longer than 732 days, which is equivalent to approximately 2 years.

## Prices

Prices are calculated on a net asset value (NAV) basis which is the total value of all assets in a fund including any income accrual and less permissible deductions from the fund. Prices are published daily and are available at our website and in daily newspapers, or from First Capital Unit Trust Mangers upon request.

## Benchmark

IJG Money Market Index.

Note: The benchmark is only used as a reference for investment performance comparison purpose after deducting all expenses which are charged to the Fund. The value of units/NAV is subject to fluctuations from time to time and that past performance is not necessarily an indication of expected future performance.

## Minimum Investment

Individuals	N\$500
Institutional	N\$10 000
Scheduled (Monthly)	N\$250

## Redemption / Disinvestment of Units

Your investments are 100% liquid and you may access them at any time. If you action a sell, the money will be deposited into your bank account within two working days. No fees are charged on withdrawals.

## Investment Strategy

"The Fund is able to invest in a broad spectrum of fixed income and related securities"

## Fees/Charges

There are fees that you need to be aware of when investing in any Unit Trusts. These fees will be deducted as a percentage of your investment namely:

### Initial Fee

0.50% includes commission and is deducted prior to the purchase of units. This fee will be waived if the investor engaged our offices directly.

### Management Fee

1.00% annually on the net asset value (NAV) of the Fund

### Custodian Fee

0.65% charged annually on the net asset value (NAV) of the Fund

## Tax Implications

Interest income is taxed (exemptions apply) but your dividends are tax-exempt.

## Transaction Requests

All requests for transactions received on or before 16:00 every day will be traded at ruling prices and valued after 16:00 on that day.

## Income Distribution

Interest accrues daily, and is payable monthly on the first day of each month. The interest earned may be reinvested in the investors' account to earn more units or may only be paid out into an account as nominated by the investor. Prices are calculated on a net asset value (NAV) basis which is the total value of all assets in a fund including any income accrual and less permissible deductions from the Fund.

A monthly statement will be sent to all unit holders indicating your capital amount and interest accrued for the said period.

## Contact Details

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## Disclaimer

The information contained within this brochure does not constitute financial advice or any personal recommendation. Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is not a guarantee of future returns. You may not recover what you invest. References to taxation are based on our current understanding of the legislation but we do not represent that it is accurate or complete and it should not be relied upon as such. Tax laws are subject to change.

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