

# OFFERING DOCUMENT



## Mutual Funds

YOUR GOALS REALISED

Managed by JN Fund Managers Limited

[www.jnfunds.com](http://www.jnfunds.com)

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

*This Offering Document has been prepared in accordance with Regulations contained in the Securities (Collective Investment Scheme) Regulations 2013*

THIS OFFERING DOCUMENT WAS REGISTERED IN JAMAICA WITH THE FINANCIAL SERVICES COMMISSION ON DECEMBER 15, 2024 AND RELATES TO THE FOLLOWING PORTFOLIOS:

<b>FUND</b>	<b>FIRST DATE OF REGISTRATION</b>
Local Money Market Fund	July 22, 2015
Global Money Market Fund	July 22, 2015
Global Fixed Income Fund	July 22, 2015
Global US Dollar Fixed Income Fund	November 22, 2017
Global Diversified Income Fund	July 22, 2015
Global Equity Fund	July 22, 2015

## DIRECTORY

### **Manager & Administrator**

JN Fund Managers Limited  
2 Belmont Road  
Kingston 5  
Telephone: (876) 926-1344  
Fax: (876) 926-4375

### **Auditors**

KPMG  
6 Duke Street Kingston  
Telephone: (876) 922-6640  
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### **Distributors**

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2-4 Constant Spring Road  
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Fax: (876) 926-7661

JN Fund Managers Limited  
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Kingston 5  
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### **Custodian**

JCSD Trustee Services Limited  
40 Harbour Street  
Kingston  
Telephone: (876) 976-3271  
Fax: (876) 948-665

### **Attorneys-at-Law**

Patterson Mair Hamilton  
Temple Court, 85 Hope Road  
Kingston 6  
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# IMPORTANT NOTICE

**IMPORTANT: If you are in any doubt about the contents of this document you should seek independent financial advice.**

Collective Investment Schemes own different types of investments, 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 of these changes, the value of the securities of any of the Funds may go up or down and the value of your investment in a Fund, when you redeem it, may be more or less than when you purchased it. The full amount of your investment is not guaranteed.

Your investment in a mutual fund is not like a deposit in a bank and no part of your investment is, or will be, insured by the Jamaica Deposit Insurance Corporation.

Past performance of a collective investment scheme should not be taken as an indication of future performance.

Each Fund, which offers Shares under this Offering Document, is registered as a collective investment scheme by the Financial Services Commission (“FSC”) pursuant to the Securities (Collective Investment Schemes) Regulations, 2013. Such registration does not require the FSC or any other Jamaican authority to approve or disapprove either the adequacy or accuracy of this Offering Document or the portfolio of securities in which a Fund may invest. **The FSC has not passed upon the accuracy or adequacy of the information contained in this Offering Document. Any representation to the contrary will be deemed by the FSC to be false and misleading.**

The Board has taken all reasonable care to ensure that the facts stated in this Offering Document are true and accurate in all material respects at the date hereof and that there are no other material facts, the omission of which makes any statement of fact or opinion in this Offering Document misleading. The Directors accept responsibility accordingly. The Board has approved this Offering Document.

The information contained in the Offering Document will be supplemented from time to time by the most recent audited financial statements and the most recent quarterly financial statements for each Fund. Such financial statements relative to a Fund will be sent to existing investors in such Fund and/or will also be posted on the JN Mutual Fund’s website ([www.jnfunds.com](http://www.jnfunds.com)) or published in a daily newspaper in circulation in Jamaica. Copies will also be available at the registered office of the Funds and the principal office of the Manager and all branches of JN Bank Limited (“JN Bank”).

This Offering Document is intended for use in Jamaica only and is not to be construed as an invitation or offer to any person outside of Jamaica to subscribe or apply to purchase Shares in a particular Fund. The Funds and their Shares are available for subscription or sale only in Jamaica and accordingly the Funds and their Shares are not being and may not be offered, sold, transferred, or delivered, directly or indirectly in any country in which the Funds or their Shares are not permitted by applicable law. This Offering Document does not constitute, and may not be used for the purposes of, an offer or solicitation to any one in any such jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such offer or solicitation. **The distribution or publication of this Offering Document and the offering of Shares in a Fund in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Offering Document may come are required to inform themselves about, and to observe, such restrictions.**

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## MARKET TIMING AND EXCESSIVE TRADING

Each Fund is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Fund may harm performance by disrupting portfolio management strategies and by increasing expenses. In accordance with JNFM Mutual Funds Limited's policy and practice, a Fund and its Distributor are committed not to permit transactions which they know to be or have reasons to believe to be related to market timing. Accordingly, a Fund and the Distributors may refuse to accept applications for, or switching of Shares, especially where transactions are deemed disruptive, particularly from market timers or investors who, in the opinion of a Fund or the Distributor, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Fund. For these purposes, a Fund and the Distributor may consider an investor's trading history in another Fund and accounts under common ownership or control.

## EFFECTIVE PERIOD OF OFFERING DOCUMENT

This Offering Document is effective for one (1) year from its date of registration on December 15, 2024. Accordingly, after December 14, 2025 this Offering Document will no longer be effective.

*The FSC has not passed upon the accuracy or adequacy of the information contained in this Offering Document. Any representation to the contrary will be deemed by the FSC to be false and misleading.*







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<i>Words</i>	<i>Definitions</i>
Articles of Incorporation	The articles of incorporation of the Fund Company, JNFM Mutual Funds Limited, incorporated as a mutual fund company under the Companies Act, 2004
Auditor	The auditor for the time being of a Fund appointed by the Manager pursuant to Regulation 14 of the CIS Regulations
Back-end Load	A charge not exceeding 5% of the NAV of the relevant Fund deducted from the NAV in determining the Redemption Price
Business Day	Any day other than a Saturday, Sunday or public holiday in Jamaica on which banks are generally open for business in the Corporate Area of Kingston and Saint Andrew
CIS Regulations	The Securities (Collective Investment Scheme) Regulations, 2013
Dealing Day	A Business Day which does not fall within any period in which the NAV of the relevant Fund is suspended
Duties and Charges	Duties and charges incurred in disposing of any asset in a Fund including but not limited to transfer tax, stamp duty, registration fee, brokerage, any stock exchange cess or fee
Early Redemption Fee	A fee payable by a Shareholder on redeeming any Share before expiration of the relevant lock-up period applicable to the Fund
Front-end Load Fee	A charge not exceeding 5% of the NAV of the relevant Fund applicable to the purchase of Shares in a Fund and which may be included in the offer price of such Shares
FSC	The Financial Services Commission

JDIC	Jamaica Deposit Insurance Corporation
JMD or J\$	Jamaican dollar
Minimum Performance Standard	In respect to any Fund, the minimum return on investment determined by the Directors. i.e. the Benchmark (See Part 3-Funds at a Glance)
NAV	The Net Asset Value of a Fund, which equates to the value of the assets less the liabilities of such Fund determined in accordance with the principles set out in the Articles of Incorporation and summarized in this Offering Document.
NAV per Share	The NAV of the Fund divided by the number of Shares in issue at the material time.
Quoted Price	The NAV per Share for a particular Dealing Day as published on the JN Mutual Funds website ( <a href="http://www.jnfunds.com">www.jnfunds.com</a> ) or in a daily newspaper.
Recognised Stock Exchange	The Jamaica Stock Exchange or any other stock exchange
Redemption Price	The price at which Shares of a fund may be redeemed on any Dealing Day
Share	An investment share issued by a Fund
Shareholder	The holder of a Share in a Fund; also called an Investor
Special Share	The one special rights ordinary share issued to the Manager
USD or US\$	United States dollar
Valuation Point	1.00 p.m. on any Dealing Day

***In this Offering Document the singular noun shall be deemed to include the plural and reference to any gender includes all other genders.***

# THE FUNDS AT GLANCE

	JN MUTUAL FUNDS					
	Global Money Market Fund	Local Money Market Fund	Global US Dollar Fixed Income Fund	Global Fixed Income Fund	Global Diversified Income Fund	Global Equity Fund
<b>Objective</b>	To preserve capital whilst providing US dollar money market returns	To preserve capital whilst providing Jamaican dollar money market returns	To achieve an attractive total return through capital appreciation and income growth	To achieve an attractive total return through capital appreciation and income growth	To achieve long term investment growth through exposure to a diversified range of asset classes	To achieve long term capital growth and risk diversification
<b>Strategy</b>	Invests in local and global money market instruments for safety, liquidity and yield	Invests in local and global money market instruments for safety, liquidity and yield	Invests in regional sovereign debt securities, Local, international corporate bonds	Invests in regional sovereign debt securities, Local, international corporate bonds	Invests in fixed income, high dividend yielding stocks, REITS and structured products	Invests in the shares of local and international companies which offer strong growth possibilities and consistent income
<b>Style</b>	Money Market	Money Market	Income	Income	Income	Growth
<b>Risk</b>						
<b>Currency</b>	USD	JMD	USD	JMD	JMD	JMD
<b>Initial Investment</b>	US\$ 30	J\$ 5,000	US\$ 30	J\$ 5,000	J\$ 5,000	J\$ 5,000
<b>Subsequent Investment Minimum</b>	US\$ 30	J\$ 5,000	US\$ 30	J\$ 5,000	J\$ 5,000	J\$ 5,000
<b>Minimum Holding Period (Days)</b>	30	30	90	90	90	90
<b>Management Fees (p.a.)<sup>1</sup></b>	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%
<b>Early Redemption fee</b>	2%	2%	4%	4%	4%	4%
<b>Benchmark</b>	Bank of Jamaica US\$ Money Market Weighted Average Rate	BOJ 30 Day CD	95% JSE Global Bond Index/5% Bank of Jamaica US\$ Money Market Weighted Average rate	95% PSOJ 5-year JMD yield/5% Bank of Jamaica 30-day Weighted Average rate	45% Combined JSE/50% 5-year yield – PSOJ yield curve/5% Bank of Jamaica 30-day Weighted Average rate	75% JSE Combined Index/20% MSCI All Country World Index (FX adjusted)/5% Bank of Jamaica 30-day Weighted Average rate

<sup>1</sup>This represents the maximum management fee chargeable by the Manager. The Manager may in its sole discretion decide to waive or reduce the management fee to be paid to it by shareholders. The maximum management fee chargeable by the Manager may be changed from time to time by agreement between a Fund and the Manager. In the case of an increase in the maximum management fee chargeable to investors in a fund, shareholders of that fund will receive no less than 30 days' prior notice of the increase.



## THE FUNDS IN MORE DETAIL

The Funds are constituted as open-ended mutual funds under the umbrella of a single mutual fund company, JNFM Mutual Funds Limited (“JNFM Mutual Funds”). JNFM Mutual Funds is incorporated in Jamaica.

Each Fund constitutes a segregated portfolio within JNFM Mutual Funds and the rights of a shareholder in a particular Fund are derived from the class rights attached to its Shares. That is to say, the Shares of a particular Fund will confer upon the Shareholder rights which are restricted to the portfolio of the relevant Fund.



## FUND CHARACTERISTICS

Class of Shares	Redeemable Investment Shares
Base Currency	USD
Valuation Point	1.00 pm
Dealing Frequency	Daily
Investment Manager	JN Fund Managers Limited
Settlement Period of Subscription & Redemption	Within T+3 business days
Annual Accounting Date	March 31
Profile of a Typical Investor	This is a low risk Fund which aims to provide income and liquidity in a relatively safe investment environment. The Fund will invest in USD debt instruments and, if the opportunity arises, in other foreign currency denominated instruments. This Fund may be suitable for investors who are seeking an alternative to ordinary bank deposits or who wish to “put away” cash earmarked for a particular purpose in the near future.
Specific Fund Risk Factors	<i>This should be read in conjunction with the general Risk Factors in Part 11.</i> The key risk factors to which this Fund is exposed are (i) counterparty credit risks - generally the risk that a debt issuer may not pay on the due date; (ii) prepayment risk - the risk that in a declining interest rate environment, debt issuers may pre-pay with the result that the monies prepaid have to be reinvested by the Fund at the lower prevailing interest rate; (iii) inflation risk - the risk that inflation may outpace the return on the Fund thereby reducing the purchasing power of the investment; and (iv) interest rate risk - the risk that interest rates may rise above the prevailing rates, thereby decreasing the value of your investment Investments in the Fund are not insured by JDIC.

## GLOBAL MONEY MARKET FUND

The investment objective of this Fund is to preserve capital whilst providing US dollar money market returns.

To achieve this objective, the Fund will invest in money market instruments denominated in USD and other major currencies. Those instruments will include short term treasury bills, Bank of Jamaica certificates of deposit, Government of Jamaica debt instruments, repurchase agreements and other fixed income securities. The Manager will seek to identify instruments which are safe and which provide liquidity with sustainable yield. Shareholders will share realized gains in the value of the assets as well as any impairment.





## LOCAL MONEY MARKET FUND

The investment objective of this Fund is to preserve capital whilst providing Jamaican dollar money market returns.

To achieve this objective, this Fund will invest in local and global money market instruments denominated in JMD, USD and other major currencies. Those instruments will include short term Treasury Bills, certificates of deposit, commercial paper and other fixed income securities. The Manager will seek to identify instruments which are safe and which provide liquidity with a sustainable yield. Shareholders will share realized gains in the value of the assets as well as any impairment.

## FUND CHARACTERISTICS

Class of Shares	Redeemable Investment Shares
Base currency	JMD
Valuation Point	1.00 pm
Dealing Frequency	Daily
Investment Manager	JN Fund Managers Limited
Settlement Period of Subscription & Redemption	Within T+3 business days
Annual Accounting Date	March 31
Profile of a Typical Investor	This is a low risk Fund which aims to provide income and liquidity in a relatively safe investment environment. The Fund will invest in both JMD and USD debt instruments and, if the opportunity arises, in other foreign currency denominated instruments. This Fund may be suitable for investors who are seeking an alternative to ordinary bank deposits or who wish to “put away” cash earmarked for a particular purpose in the near future.
Specific Fund Risk Factors	<i>This should be read in conjunction with the general Risk Factors in Part 11.</i> The key risk factors to which this Fund is exposed are (i) counterparty credit risks - generally the risk that a debt issuer may not pay on the due date; (ii) prepayment risk- the risk that in a declining interest rate environment debt issuers may pre-pay with the result that the monies prepaid have to be reinvested by the Fund at the lower prevailing interest rate; (iii) inflation risk - the risk that inflation may outpace the return on the Fund, reducing the purchasing power of the investment and (iv) interest rate risk - the risk that interest rates may rise above the prevailing rates, thereby decreasing the value of your investment. Investments in the Fund are not insured by JDIC.



## FUND CHARACTERISTICS

Class of Shares	Redeemable Investment Shares
Base Currency	JMD
Valuation Point	1.00 pm
Dealing Frequency	Daily
Investment Manager	JN Fund Managers Limited
Settlement Period of Subscription & Redemption	Within T+3 business days
Annual Accounting Date	March 31
Profile of a Typical Investor	This is a medium risk Fund which aims to provide predictable income growth coupled with preservation of capital. The Fund will invest in both JMD and USD debt instruments and if the opportunity arises, in other foreign currency denominated instruments. This Fund may be suitable for investors who are seeking to achieve somewhat higher but stable income from debt instruments and other fixed income securities with a modicum of protection against inflation.
Specific Fund Risk Factors	<i>This should be read in conjunction with the general Risk Factors at Part 11.</i> The key risk factors to which this Fund is exposed are (i) counterparty credit risks - generally the risk that a debt issuer may not pay on the due date; (ii) prepayment risk - the risk that in a declining interest rate environment debt issuers may pre-pay, with the result that the prepayment has to be reinvested by the Fund at the lower prevailing interest rate; (iii) inflation risk – the risk that inflation may outpace the return on the Fund, reducing the purchasing power of the investment and (iv) interest rate risk – the risk that interest rates may rise above the prevailing rates, thereby decreasing the value of your investment.

# GLOBAL FIXED INCOME FUND

The investment objective of this Fund is to achieve an attractive total return through capital appreciation and income growth.

To achieve this objective, the Fund will invest in local and regional sovereign debt, local and international corporate bonds, and repurchase agreements. Bonds and debt instruments will be denominated in JMD, USD and possibly, if the opportunity arises, other major currencies. The Manager will seek to identify instruments which provide an attractive yield with a fair margin of safety. Shareholders will share realized gains in the value of the assets as well as any impairment.



# GLOBAL US DOLLAR FIXED INCOME FUND

The investment objective of this Fund is to achieve an attractive total return through capital appreciation and income growth.

To meet this objective, the Fund will invest in local, regional and international sovereign debt, local and international corporate bonds, Treasuries and repurchase agreements. Bonds and debt instruments will be denominated in USD, JMD and possibly, if the opportunity arises, other major currencies. The Manager will seek to identify instruments which provide an attractive yield with a fair margin of safety. Shareholders will share realized gains in the value of the assets as well as any impairment.

## FUND CHARACTERISTICS

Class of Shares	Redeemable Investment Shares
Base Currency	USD
Valuation Point	1.00 pm
Dealing Frequency	Daily
Investment Manager	JN Fund Managers Limited
Settlement Period of Subscription & Redemption	Within T+3 business days
Annual Accounting Date	March 31
Profile of a Typical Investor	This is a medium risk Fund which aims to provide predictable income growth coupled with capital appreciation. The Fund will invest in both USD and JMD debt instruments and if the opportunity arises, in other foreign currency denominated instruments. This Fund may be suitable for investors who are seeking to achieve somewhat higher but stable income from debt instruments and other fixed income securities with a measure of protection against inflation.
Specific Fund Risk Factors	<i>This should be read in conjunction with the general Risk Factors at Part 11.</i> The key risk factors to which this Fund is exposed are (i) counterparty credit risks - generally the risk that a debt issuer may not pay on the due date; (ii) prepayment risk - the risk that in a declining interest rate environment debt issuers may pre-pay, with the result that the monies prepaid have to be reinvested by the Fund at the lower prevailing interest rate; (iii) inflation risk – the risk that inflation may outpace the return on the Fund, reducing the purchasing power of the investment and (iv) interest rate risk – the risk that interest rates may rise above the prevailing rates, thereby decreasing the value of your investment.



## GLOBAL DIVERSIFIED INCOME FUND

The investment objective of this Fund is to achieve long term investment growth through exposure to a diversified range of asset classes.

To achieve this objective the Fund will invest in a wide range of asset classes including local and global equities, bonds, real estate and money market instruments. Investments will be denominated in JMD, USD and possibly, if the opportunity arises, other major currencies. The Manager will seek investment opportunities in various asset classes with above average earnings and/or growth potential balanced by a blend of defensive securities.

This Fund may use derivative instruments to, *inter alia*, (i) hedge against losses from movements in stock markets, exchange rates or interest rates; (ii) have indirect exposure to individual securities or markets without buying the securities directly; or (iii) generate additional income.

### FUND CHARACTERISTICS

Class of Shares	Redeemable Investment Shares
Base Currency	JMD
Valuation Point	1.00 pm
Dealing Frequency	Daily
Investment Manager	JN Fund Managers Limited
Settlement Period of Subscription & Redemption	Within T+3 business days
Annual Accounting Date	March 31
Profile of a Typical Investor	This is a medium to high risk Fund which aims to provide long term capital appreciation with moderate income growth. The Fund will invest both in JMD and USD debt and equity instruments and, if the opportunity arises, in other foreign currency de-nominated instruments. This Fund may be suitable for investors who are seeking to achieve long term growth.
Specific Fund Risk Factors	<i>This should be read in conjunction with the general Risk Factors in Part 11.</i> Because of the wide range of asset classes in which this Fund will invest, it will be exposed in a limited way to a wide variety of risks that could lead to a decrease in the value of your investment. However, the impact of the risk factors will be mitigated by the fact that investments will be diversified among a wide range of asset classes, therefore, a factor affecting one asset class adversely may have a positive effect on another class.
Global Risk Exposure	The Fund may use derivative instruments for efficient portfolio management and for specific investment purposes.
Stock Lending	Permitted



# GLOBAL EQUITY FUND

The investment objective of this Fund is to achieve long term capital growth and risk diversification.

To achieve its objective the Fund will invest in local and regional companies with above average earnings and/or growth potential with a small exposure to medium term debt instruments. Instruments will be denominated in JMD, USD and if the opportunity arises, other major currencies.

The Manager will seek to identify equities with above average earning and/or growth potential balanced with bonds providing an adequate yield. This Fund may use derivatives to, *inter alia*, (i) hedge against losses from movements in stock markets, exchange rates or interest rates; (ii) have indirect exposure to individual securities or markets without buying the securities directly; or (iii) generate additional income.

## FUND CHARACTERISTICS

Class of Shares	Redeemable Investment Shares
Base Currency	JMD
Valuation Point	1.00 pm
Dealing Frequency	Daily
Investment Manager	JN Fund Managers Limited
Settlement Period of Subscription & Redemption	Within T+3 business days
Annual Accounting Date	March 31
Profile of a Typical Investor	This is a high-risk Fund which aims to provide income coupled with capital gains. The Fund will invest in high quality local, regional and international companies. The portfolio will also have a small exposure to medium term debt instruments for liquidity management purposes, which will be denominated in JMD, USD and possibly, if the opportunity arises, other major currencies. This Fund may be suitable for investors who are seeking to achieve a higher return over the longer term with high risk tolerance.
Specific Fund Risk Factors	<i>This should be read in conjunction with the general Risk Factors in Part 11.</i> The key risk factors to which this Fund is exposed are (i) macroeconomic risks and (ii) liquidity risks. Macroeconomic risk relates to developments in the economy such as changes in interest rates, currency values, inflation rates, tax rates, government policies and central bank policies, that could lead to a decrease in the value of your investment. Liquidity risk is the inability to sell a security at the optimum price due to low trading volume.
Global Risk Exposure	The Fund may use derivative instruments for efficient portfolio management and for specific investment purposes.
Stock Lending	Permitted

# CONSTITUTION OF THE FUND AND CHARACTERISTICS OF THE SECURITIES

## CONSTITUTION:

Each of the Funds is constituted as an open-ended segregated portfolio within JNFM Mutual Funds Limited (“the Fund Company”). The Fund Company is an umbrella-type mutual fund company incorporated under the Companies Act, 2004 of Jamaica (as amended).

Each Fund is constituted under the Fund Company by the terms of the Articles of Incorporation of the Fund Company which (i) provides for the segregation of assets and liabilities of each Fund; and (ii) attaches class rights to the Shares issued by the Fund Company so the holder of Shares in a particular Fund will have rights in the Fund Company restricted to the assets of the particular Fund or portfolio. The Articles of incorporation strictly prohibit cross-subsidization among two or more Funds but, subject to the investment objective of each Fund, nothing prevents one Fund from investing in another. In other words, each fund will operate as a synthetic “cell” company within the Company.

## THE FUND COMPANY:

JNFM Mutual Funds Limited t/a JN Mutual Funds.

## REGISTERED ADDRESS:

2 Belmont Road, Kingston 5, Jamaica

## DIRECTORS:

- (i) Earl Jarrett, O.J, C.D., J.P., F.C.A., M.Sc. (Acct.), LL.D. (Hon.)
- (ii) Peter Morris, B.Sc., MBA
- (iii) Caryl Fenton, FCA, FCCA

## PRINCIPAL OFFICERS:

- (i) Hugh Miller – Managing Director (Acting)
- (ii) Natalie Brown – Head of Investment Banking
- (iii) Sharon Whitelocke – Deputy General Manager
- (iv) Dianne Tomlinson-Smith- Chief Financial Officer
- (v) Delories Jones – Senior Vice President, Sales & Marketing
- (vi) Aaron Miller – Head of Portfolio Management
- (vii) Tasha Manley – Company Secretary
- (viii) Christopher Campbell – Head of Treasury & Trading

## AUDITORS:

KPMG, 6 Duke Street, Kingston, Jamaica

## AUTHORIZED CAPITAL:

The authorized share capital of the Fund Company is J\$500,000,000,001 divided into:

1 special rights non-participating ordinary share (“the Special Share”); and

500,000,000,000 Participating Redeemable Preference Shares of no par value (“the Investment Shares”).

## THE SPECIAL SHARE

The Special Share was subscribed by the Manager for J\$1.00 and may be held only by the Manager or its nominee. It confers no rights to receive dividends or to otherwise participate in the profits of the Fund Company. On a winding up, the Special Share confers no right to receive or participate in the distribution of any assets of the Fund Company, until all Fund shareholders (i.e. holders of the Investment Shares) have received an amount equivalent to the NAV of their Shares and only then may the holder of the Special Share receive a distribution not exceeding J\$1.00.

The Special Share is designed to facilitate a regime for the stable management and control of the Funds by giving the holder (JN Fund Managers Limited) majority voting control in general meetings of the Company. In addition, certain amendments to the Articles of Incorporation relating to the removal of the Manager as manager of the Funds, will constitute modification of the rights attaching to the Special Share, and will require the approval of JN Fund Managers accordingly, as holder of the Special Share.

It should be noted that if for five (5) consecutive years a Fund fails to achieve its Minimum Performance Standard (i.e. its Benchmark), then the shareholders in the relevant Fund can vote to suspend the voting rights attaching to the Special Share in respect of that Fund. The holder of the Special Share has the right to attend a Fund meeting, called to vote on suspension of the voting rights attaching to the Special Share, and to be heard on the resolution, but not to vote on the resolution. In this way, the shareholders could terminate the appointment of JN Fund Managers and appoint another manager in its place.

## INVESTMENT SHARES

Apart from the Special Share, all other shares issued by the Company relative to a Fund (being Participating Redeemable Preference Shares, called "Investment Shares"), will rank *pari passu* with each other relative to a particular Fund, and will enjoy equal rights and privileges. Each Investment Share in a Fund will be entitled to participate equally in any dividend or other distributions declared on such Investment Share as well as in the event of a termination of the Fund or liquidation, in the liquidation process of such Fund. For all practical purposes therefore, the Investment Shares issued by a Fund will be entitled to the entire NAV of that Fund.

Each Investment Share will be entitled to one vote at any meeting of the shareholders of a Fund.

No Fund has issued any option or special rights relating to any Investment Shares and the Investment Shares confer no preemption or similar rights.

The Board of the Fund Company has power to restrict the issue of Shares pursuant to Article 34.1 of the Articles of Incorporation of the Fund Company, to prevent the issue of Shares to unqualified persons such as US Persons buying in violation of the US Securities Act; any person in another foreign country whose law prohibits the purchase of Shares; a person suspected, on reasonable grounds, to be engaged in money laundering or the financing of terrorism, or a person buying less than the Minimum Holding in the relevant Fund. The Board may also restrict the sale and issue of shares which violate the anti-market timing policies of the Fund (See Market Timing and Excessive Trading on page iii and Part 6 I).

There is no maximum number of Shares allocated to any Fund. The Board, with the approval of the Custodian, may (i) consolidate Shares (i.e. to say, combine two (2) shares with a NAV of J\$10.00 each into one share with a NAV of J\$20.00) or subdivide shares (i.e. to say, divide one share with a NAV of J\$20.00 into two (2) shares with a NAV of J\$10.00 each).

None of the Funds is licensed, registered or otherwise authorized to sell Shares outside Jamaica.

## SEGREGATION OF FUND LIABILITY

The Board of the Fund Company shall seek to include in all contracts, agreements or transactions entered into by the Fund Company the following terms, that:

the party or parties contracting with the Company shall not seek, whether in proceedings or by any other means whatsoever or where so ever, to have recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund;

if any party contracting with the Company shall succeed by any means whatsoever or where so ever in having recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund, that party shall be liable to the Company to pay a sum equal to the value of the benefit thereby obtained by it; and

if any party contracting with the Company shall succeed in seizing or attaching by any means, or otherwise levying execution against, the assets of a Fund in respect of a liability which was not incurred on behalf of that Fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separate and identifiable as trust property.

## BORROWING

The Manager, with the consent of the Board of the Fund Company, may borrow up to 10% of the market value of the assets in a particular Fund for a period not exceeding one (1) year. Such borrowings may be for the purpose of meeting any liquidity demands of a Fund or for any purpose that is deemed advantageous to the Fund(s) by the Manager. Borrowings are subject to any requirements stated in the CIS Regulations and shall be outlined in the Fund's financial statements.



## MANAGEMENT & ADMINISTRATION

### MANAGER:

The Manager of the Funds is JN Fund Managers Limited (“the Manager”); a company incorporated under the laws of Jamaica on October 14, 1999 and having its principal office at 2 Belmont Road, Kingston 5 in the Parish of Saint Andrew.

The principal activities of the Manager are the provision of investment management, stock brokering and investment banking.

### REGISTERED OFFICE:

2 Belmont Road, Kingston 5, St. Andrew

### SHARE CAPITAL:

**Issued:** J\$400,000,000.00  
**Paid Up:** J\$318,250,000.00



## DIRECTORS OF THE MANAGER

Elizabeth-Ann Jones, C.D., FCCA, FCA – Chairman	Chartered Accountant
Earl Jarrett. O.J., C.D., J.P., F.C.A., M.Sc. (Acct.), LL.D. (Hon.)	Business Executive/ Chartered Accountant
Monica Ladd, B.A., J.D.	Attorney-at-Law
Peter Morris, B.Sc., MBA	Director
Caryl Fenton, FCA, FCCA	Chartered Accountant
Keith Levy, B.A. Physics, M.Sc., Physics, MEng	Director
Sonja Salmon, B.A., MBA, LLB, J.D	Director
Curtis Martin, B.Sc., MBA	Managing Director – JN Financial Group

## PRINCIPAL OFFICERS OF THE MANAGER

Hugh Miller	Managing Director (Acting)
Sharon Whitelocke	Deputy General Manager
Natalie Brown	Head of Investment Banking
Dianne Tomlinson-Smith	Chief Financial Officer
Delories Jones	Senior Vice President – Sales & Marketing
Aaron Miller	Head of Portfolio Management
Christopher Campbell	Head of Treasury & Trading
Karen Mendez	Compliance Manager
Patrick Blake	Senior Manager Accounting

### ULTIMATE HOLDING COMPANY:

The Jamaica National Group Limited, a company incorporated under the laws of Jamaica with registered office located at 2-4 Constant Spring Road, Kingston 10.

### CUSTODIAN:

The Custodian of the Funds is JCSD Trustee Services Limited (“the Custodian”); a company incorporated under the laws of Jamaica on July 21, 2008 and is a wholly owned subsidiary of the Jamaica Central Securities Depository Limited (“JCSD”). JCSD is in turn wholly owned by the Jamaica Stock Exchange Limited which is a publicly listed company. The Custodian’s registered office is at 40 Harbour Street, Kingston in the Parish of Kingston.

## DIRECTORS OF THE CUSTODIAN

Mr. Livingstone Morrison	Chairman
Mr. Leo Williams	Deputy Chairman
Mr. Alvaro Casserly	Director
Mr. Julian Mair	Director
Miss Justine Collins	Director
Mr. Gary Peart	Director
Dr. Marlene Street Forrest	Director
Mr. Terron Francis	Director
Mr. Curtis Martin	Director
Mrs. Kadyll McNaught-Hermitt	Company Secretary

## PRINCIPAL OFFICERS OF THE CUSTODIAN

Ms. Andrea Kelly	General Manager
Ms. Suzette Whyte	Financial Controller
Mrs. Kadyll MacNaught-Hermitt	Company Secretary

**INVESTMENT ADVISOR:** The Manager may engage sub-investment advisors, as it deems fit, to provide investment advice to the Manager

**AUDITORS OF THE FUNDS:** KPMG  
6 Duke Street, Kingston

**REGISTRAR AND TRANSFER AGENT:** JN Fund Managers Limited  
2 Belmont Road, Kingston 5

**DISTRIBUTORS:** JN Fund Managers Limited;  
JN Bank Limited

*None of the foregoing persons are registered, licensed or otherwise authorized to carry on business as a provider of financial services in any jurisdiction outside Jamaica.*

*The Custodian may appoint and delegate custodial functions to one or more custodians operating in a foreign jurisdiction to hold securities belonging to a Fund acquired in such jurisdictions. Such foreign sub-custodian must be duly licensed or registered or otherwise authorized in the relevant foreign jurisdiction to provide such services. No sub-custodian has been appointed at the present time.*

*The Manager, as investment manager, may appoint one or more sub-investment advisors to provide investment advice to the Manager. Such investment advisors must be duly licensed, registered or otherwise authorized in the jurisdiction in which they operate to provide such services. No sub-investment advisor has been appointed at this time.*

## LEGAL COUNSEL TO THE FUNDS

Patterson Mair Hamilton

Attorneys-at-Law  
Temple Court  
85 Hope Road, Kingston 6  
Telephone: (876) 920-4000  
Facsimile: (876) 920-0244



## INVESTMENT IN JN MUTUAL FUNDS

### A. Price Quotations

The “ask” or “offer” or “issue” price and the “bid” or “purchase” or “redemption” price for a particular Fund are derived from the current selling and buying prices of the securities in that particular Fund. The ask price is the price at which the Manager will sell Shares to persons and the bid price is the price at which the Manager will repurchase Shares from investors. The “bid” and “ask” prices will be published at least once per week in a daily newspaper.

All dealing in Shares will be on a forward pricing basis. Thus the price at which an investor can deal will not necessarily be the same as the Quoted Price. See paragraph C (ii) below for additional details.

## B. How to Buy Shares

You may purchase Shares using any of the methods outlined below:

- a. directly through JN Fund Managers Limited
- b. through any branch of JN Bank Limited or any other Distributor appointed by the Manager

If you are buying shares for the first time, you will be required to complete an Application Form. Please note that Applications will not be accepted for less than the Minimum Subscription. The initial minimum subscriptions of Shares that can be purchased are outlined in the table that follows. This minimum may be varied from time to time as the Manager may determine.

Minimum Subscription and Minimum Holding of each Fund

	Global Money Market Fund	Local Money Market Fund	Global Fixed Income Fund	Global US Dollar Fixed Income Fund	Global Equity Fund	Global Diversified Income Fund
Initial Investment/ Minimum Holding	US\$30	J\$5,000	J\$ 5,000	US\$30	J\$ 5,000	J\$ 5,000
Subsequent Amount	US\$30	J\$5,000	J\$ 5,000	US\$30	J\$ 5,000	J\$ 5,000

i. **In-Branch or In-Office Processing**

Application Forms may be completed either:

- a. at the office of JN Fund Managers Limited at:  
2 Belmont Road  
Kingston 5
- b. at any branch of JN Bank Limited
- c. at the office of any other appointed Distributor

ii. **Mail**

To open an account by mail, you should complete the Application Form along with a cheque payable to “JNFM Mutual Funds” drawn on a Jamaican bank. Please include a contact telephone number and email address at which you can be contacted promptly for any issues that may arise in connection with your Application.

The completed Application Form and cheque should be mailed, sent by prepaid courier or otherwise delivered to:

JNFM Mutual Funds Limited  
2 Belmont Road  
Kingston 5

Application Forms and/or cheques or other payment sent via post or prepaid courier shall be at the risk of the Applicant and cannot be processed until actually received by the Manager.

iii. **Internet**

You may go to [www.jnfunds.com](http://www.jnfunds.com) and follow the instructions on the website to open an account. Payment may be effected by wire transfer or real time gross settlement transfer (“RTGS”).

iv. **JNFM Mutual Funds Automatic Investment Programme**

To engage in the “JNFM Mutual Funds Automatic Investment Programme” to purchase Shares, you will need to (i) complete the JNFM Mutual Funds Application Form; and (ii) set up an automatic payment plan with JN Bank or your financial institution with a standing order to transfer to your Fund a specified sum on a monthly or quarterly basis.

That sum will be applied to purchase Shares in the Fund of your choice. The JNFM Mutual Funds Application Form may be completed online ([www.jnfunds.com](http://www.jnfunds.com)) or may be completed and sent to the Manager by email, facsimile transmission, post or may be delivered by hand to the Manager or any branch of JN Bank.

In the case of the (a) Global Fixed Income Fund, (b) Global Diversified Income Fund, (c) Global US Dollar Fixed Income Fund or (d) Global Equity Fund, the Manager has agreed to waive the Minimum Subscription if you engage in the JNFM Mutual Funds Automatic Investment Programme and agree to purchase on a monthly or quarterly basis (as the case may be) a minimum amount of shares as prescribed by the Manager until you have purchased a pre-agreed amount of shares.

In the case of all Funds, after making the Minimum Subscription in a Fund the JNFM Mutual Funds Automatic Investment Programme may be used to purchase subsequent amounts of Shares in that Fund.

## C. Subscription Payments

i. **Payment for subscriptions**

You are required to pay, in cleared funds, by cash, cheque, wire transfer or real time gross settlement transfer (“RTGS”) the full purchase price and any Front-end Load Fee applicable to an investment in the relevant Fund or Funds. Investors already holding accounts with the Manager may give written authorization for the Manager to debit their existing accounts and transfer the subscription price to the relevant Fund.

You must make payment in Jamaican currency (“JMD”) except in the case of the Global Money Market Fund and the Global US Dollar Fixed Income Fund which are denominated in US dollars. If you wish to make payment in United States currency or other foreign currency, you should first discuss and agree the exchange rate with the Manager. The Manager reserves the right to reject, on reasonable grounds, an Application for Shares in any Fund, in whole or in part, or to hold an Application until additional information, reasonably requested by the Manager, is provided to its satisfaction.

**ii. Price per Share and Valuation Point**

All dealing in shares of a Fund will be on a forward pricing basis. That means that an Application Form in “good order” along with cleared funds that are received by the Manager or JN Bank before the Valuation Point (1.00 p.m.) on a Dealing Date will be booked and Shares allotted at the NAV per Share calculated for that Dealing Date. If however the Application Form and cleared funds are received after the Valuation Point on a Dealing Date, then the purchase will be booked and Shares allotted at the NAV per Share calculated for the following Dealing Date.

For example if an application to purchase (redeem or switch) is received along with cleared funds on Monday at 12:00pm the purchase price will be the NAV per Share calculated for Monday.

Note that the NAV per Share for a Dealing Date will usually be posted on the following Dealing Date unless exceptional circumstances arise. Thus the price at which an investor may deal will not necessarily be the same as the Quoted Price.

The number of Shares allotted based on the relevant NAV per Share shall be rounded to four decimal places. The NAV per share of the Fund will be published at least once per week in a daily newspaper in circulation in Jamaica and will be displayed on the JN Mutual Funds website ([www.jnfunds.com](http://www.jnfunds.com)). The NAV per Share is the Net Asset Value of the relevant Fund (excluding your subscription) divided by the number of Shares issued by the Fund (excluding the Shares you have applied for), and will be rounded to four decimal places.

**iii. Subscription in Specie**

By prior written agreement with the Manager, the purchase price for Shares and any Front-end Load Fee may be paid by contributing securities or other assets to the relevant Fund; subject to the investment policy and any relevant investment restrictions applicable to the fund.

**iv. Contract Note**

A Contract Note will be given by the Manager to each approved applicant within three (3) Business Days after the Dealing Date on which the Application to purchase Shares is valued by the Manager (See Price per Share and Valuation Point above). The Contract Note will include among other things (i) the Fund in which the Shares are allotted; (ii) your name and address and that of any co-purchaser(s); (iii) the Dealing Date of the purchase transaction; (iv) the number of Shares allotted; (v) the price per Share; (vi) the total subscription sum received; and (vii) any Front-end Load Fee or commission paid.

The Contract Note will be made available to you via:

- a. internet/electronic communication;
- b. facsimile transmission; or
- c. post

**v. Share Certificates, Title and Register of Shareholders**

The Manager is responsible for keeping and maintaining a Register of Shareholders, however the Manager may appoint a company to act as registrar for the purposes of maintaining the register. In any event the register shall contain the information specified by FSC and the Companies Act 2004 (as amended).

If the Shares of the relevant Fund are deposited and immobilized in the Jamaica Central Securities Depository (“JCSD”) then, no share certificate will be issued to you individually. Instead, you will have an account in the JCSD either through the Manager or your securities dealer in which your holding of Shares will be recorded.

If the Shares of the relevant Fund in which you have invested are not held in the JCSD, then the Manager or the Registrar and Transfer Agent (if separately appointed) shall maintain the Register of Shareholders in electronic form. It is a condition of the allotment of Shares in a Fund that no share certificate shall be issued to Investors unless expressly requested. When requested, a share certificate may be issued in electronic format.

**vi. Prevention of Money Laundering and Terrorist Financing Procedures**

In order to safeguard against any of the Funds being used as a

vehicle for money laundering or the financing of terrorism, the Manager has established policies and procedures to mitigate against such risks. Within this context, in circumstances where you have no previous history of dealings with the Manager or JN Bank, you will be requested to provide identification documents, Letters of Reference and proof of address as part of the Manager's "Know your Customer" procedures and ongoing customer due diligence. If you have any questions regarding customer identification and the due diligence process, you should contact the Manager or any branch of JN Bank.

**No money should be paid to any person in Jamaica to acquire shares in a Fund unless the party to whom the money is paid is licensed or registered as a dealer by the FSC under the Securities Act.**

## D. How to Redeem Shares

You may redeem Shares, as stipulated under paragraphs (i) to (v) below, on any Dealing Day when Shares are offered for sale.

### i. In-Branch or In-Office Processing

Redemption Forms may be obtained either:

- a. at the office of JN Fund Managers Limited at:  
2 Belmont Road  
Kingston 5
- b. at any branch of JN Bank; or
- c. at the office of any other appointed Distributor.

### ii. Internet

If your account is eligible, you can redeem Shares by accessing your account online at [www.jnfunds.com](http://www.jnfunds.com). If an account has more than one account holder or authorized person, the Manager will accept online instructions from any one account holder or authorized person.

### iii. Mail

You may also redeem shares by mailing your completed and signed Redemption Form to:

JN Fund Managers Limited  
2 Belmont Road  
Kingston 5

Please be sure to include (a) your account number for the payment of redemption proceeds; (b) the amount of your redemption (dollar value or number of Shares) and (c) the notarized signature(s) of the relevant account holder(s).

### iv. Facsimile & Email

You may also fax or email your redemption instructions to (876) 926-4375 or [info@jnfunds.com](mailto:info@jnfunds.com) respectively. Please be sure to include your (a) account number; (b) the amount of your redemption (dollar value or number of Shares); and (c) payment instructions.

Prior to acting on redemption instructions by fax or email the Manager requires you to have completed and returned a Fax/Email Indemnity Form which authorises communication by facsimile or email.

The Manager reserves the right to reject, on reasonable grounds, any redemption request, in whole or in part, until such information as reasonably requested by the Manager is provided to its satisfaction.

### v. Special Cases

A Fund may require additional documents where the redeeming shareholder is a company or other corporate body, agent or fiduciary or a surviving joint holder. In the case of a company or other corporate body, a Fund may require proof of authorization in the form of a certified copy of a resolution signed by the Chairman or the Secretary. In the case of an agent or fiduciary, a Fund will usually require a letter of authorization or another appropriate document issued by the principal. In the case of a surviving joint holder, a certified copy of the original death certificate of the deceased account holder will customarily be required. Please contact the Manager at (876) 929-6700 if you have any questions or require any clarification about the requirements for redeeming your Shares.

### vi. Redemption Price

The redemption price payable shall be the NAV per Share for the relevant Redemption Record Date times the number of Shares being redeemed less any applicable Duties and Charges (see Charges and Expenses).

The NAV per Share will be determined for the Dealing Date on which the redemption is recorded.

If the redemption request is received in “good order” on a Dealing Date before the Valuation Point (1.00 p.m.), then such Dealing Date shall be the Redemption Record Date and the redemption price shall be the NAV per Share calculated for that Dealing Date but if it is received in “good order” after the Valuation Point, then the Dealing Date immediately following shall be the Redemption Record Date and the redemption price shall be the NAV per Share calculated for the following Dealing Date.

A redemption request is in “good order” if it identifies clearly the relevant Fund, the name and address of the redeeming shareholder, the number of Shares or dollar value to be redeemed, the account number for the payment of redemption proceeds if applicable is duly authorized, and where a share certificate has been issued such share certificate is returned to the Manager.

will “stay in” a Fund for a minimum investment period. Some of the Funds have a Minimum Holding Period and if redemption occurs before expiration of that period, an Early Redemption Fee will be payable on the amount withdrawn. The minimum holding period and Early Redemption Fee for each Fund is as follows:

	Global Money Market Fund	Local Money Market Fund	Global Fixed Income Fund	Global US Dollar Fixed Income Fund	Global Equity Fund	Global Diversified Income Fund
Minimum Holding Period	30 days	30 days	90 days	90 days	90 days	90 days
Early Redemption Fee	2%	2%	4%	4%	4%	4%

## E. Redemption Payments

### i. Payment for Redemptions

Your redemption payment will be made available to you no later than three (3) Business Days after the Redemption Record Date. You may decide the manner in which payment should be made which maybe:

- a cheque drawn in favour of the account holders to be collected from the Manager’s office or any branch of JN Bank
- cheque sent through the post at your risk;
- wire transfer or RTGS transfer to a designated bank account;
- deposit in your investment account with the Manager; or
- applied to purchase shares in another Fund (See Switching below.)

### ii. Exit Charges

Premature redemptions disrupt the execution by the Manager of a Fund’s investment strategy which assumes that investors

A Fund reserves the right, if it disposes of assets to pay redemption proceeds, to apportion a pro rata share of any transfer tax, stamp duties, registration fees, stock exchange cess, legal fees and other charges and expenses between the Fund and the redeeming investor. The Articles of Incorporation of the Fund Company makes provision for a Back-end Load Fee to be imposed by the Directors. At this time, no Back-end Load applies to any of the Funds however if a Fund were to introduce such a fee, due notice would be given to all Investors and the FSC.

### iii. Redemption in Specie

Each Fund, may, with the consent of the relevant redeeming Shareholder, satisfy payment of the redemption price to such investor by transferring assets of the Fund equivalent in value to the redemption payment, directly to the Shareholder. The nature and type of assets to be transferred in such a case shall be determined by the Board on such basis as the Board, in its discretion, and in consultation with the Custodian, shall deem equitable and not prejudicial to the interest of the remaining Shareholders in the relevant Fund.

#### iv. Staggered Redemption & Suspension

If on any Dealing Day, the volume of redemptions from any Fund is 10% or more of the issued Shares in such Fund then the Directors in their discretion, may limit redemptions on such date to 10% of the net asset value of the Fund and all redemptions which would have had a Redemption Record Date on such Dealing date shall be reduced on a pro rata basis so that the aggregate redemption does not exceed 10% or such other higher percentage as maybe determined by the Directors. In such a case, the unsatisfied redemptions shall be carried forward to the next Dealing Date and shall have priority for redemption over redemption requests received subsequently.

Redemption of Shares in a Fund may be temporarily suspended during any period of market disruption or other exceptional circumstances which makes it impossible or impractical to determine the value of a substantial portion of the assets of the relevant Fund. (See Part 8 for additional details). Notice of any suspension will be promptly published on the JN Mutual Funds website ([www.jnfunds.com](http://www.jnfunds.com)); given in writing to the FSC and published in the daily newspaper in circulation in Jamaica.

## F. Transfer of Shares

Shareholders are entitled to transfer Shares to another person provided that the transferor shall:(i) make a request in such form as the Manager may from time to time prescribe; (ii) comply with any transfer directions given by the Manager, the Custodian or the Registrar and Transfer Agent; (iii) pay any fees, imposts, duties or taxes associated with such transfer. Notwithstanding that an Investor has fulfilled the foregoing conditions, the Manager shall not be obliged to effect any transfer if as a result of the transfer either the transferor or the transferee will have a shareholding which values less than the Minimum Holding stipulated by the relevant Fund (*See Part 6 for Minimum Holding in each Fund*).

A corporate body may be registered as a Shareholder or as a joint Shareholder. When encashing or redeeming Shares, the corporate body shall on all documents include its seal and signatures of persons duly authorised to bind the company in respect of the encashment or redemption of Shares.

The Manager shall upon transferring Shares inform the Share Registrar of such transfers and the Share Registrar shall update the corresponding Register. The Manager shall provide the Share Registrar with such evidence as the Share Registrar may require to prove title of the transferor or his right to transfer Shares.

## G. How to Switch from One Fund to Another

You may switch some or all your Shares in one Fund to another Fund or Funds subject to satisfying the Minimum Holding requirement for each Fund into which you switch (See Part 6 for Minimum Holding in each Fund). A switch involves the sale of Shares of the original Fund and the application of the redemption proceeds to purchase new Shares in the other Fund or Funds on the same Dealing Date. The number of new Shares issued to you will be determined by reference to the respective NAVs per share of the old Shares (in effect the net redemption price) and the new Shares (being the prevailing offer price on the Dealing Date). If a switch would result in your holding being less than the Minimum Holding in the old Fund or the new Fund, then the Manager may refuse to make the switch or, at its discretion, convert all the old Shares into new Shares in the Fund to which you wish to make the switch.

Requests to switch maybe made by sending a completed Application Form to the Manager or any branch of JN Bank or via the internet or telephone where applicable. Switching instructions should include full account details and the number of Shares or relevant dollar amount of the relevant Fund to be switched and the Fund or Funds into which the investment should be switched. You should note that for tax purposes switching from one Fund to another is treated as a disposal of the old Shares. Please see Part 12 for a brief discussion of the taxation issues affecting Funds.

Appropriate Contract Notes will be sent to you after completion of a switching transaction.

## H. Joint Holder

No more than four (4) persons may be registered as joint holders of Shares in a Fund. Where Shares are registered in the joint name of two or more persons, then unless specifically stated in writing at the time of application, it shall be presumed that any one of the registered joint holders may authorize transactions on the account including redemption of Shares, switching of Shares and payment instructions.



## I. Market Timing Policies and Procedures

Frequent purchases and redemption of Shares of the Funds may harm other shareholders by interfering with the efficient management of the Fund's portfolio, increasing brokerage and administrative costs and potentially diluting the value of the Shares. Accordingly, each Fund has adopted a policy of discouraging frequent purchases and redemption of its Shares that could disrupt the efficient management of its portfolio. If the Manager determines that a Shareholder is making frequent trades (defined as a purchase and redemption within five (5) Business Days) in sufficient volume and with sufficient frequency to disrupt a Fund's operation, that Shareholder will be barred from making future investments in the Fund. The Directors and the Manager do not encourage frequent trading and will not engage in an agreement with any party to permit frequent trading. The Manager will continue to monitor trading activity and the regulatory environment and may alter the policies at any time without prior notice to shareholders.

If inappropriate trading is detected in an omnibus account registered in the name of a nominee or financial intermediary (collectively "financial intermediaries"), a Fund may apply these market timing policies and procedures to the account. The Funds generally are dependent on the financial intermediaries in monitoring trading frequency and therefore in applying the Funds' market timing policies and procedures.

Each Fund reserves the right to reject any subscriptions or switches at any time. In addition, the Manager reserves the right to impose restrictions on subscriptions or switches at any time that are more restrictive on disruptive, excessive or short-term trading than those that are otherwise stated in this Offering Document.

## J. Distribution Plan

Shares will be sold through JN Fund Managers Limited and any branch of JN Bank. The Manager has the right to appoint sub-distributors. Any such sub-distributor must be a licensed securities dealer or an exempt dealer such as a commercial bank.

## K. General Investment Safeguards

Under the Articles of Incorporation of the Company, the Directors have broad powers of investing the assets of each Fund in accordance with its Investment Objective and the CIS Regulations. However, the Funds are restricted from investing:

- a. more than 15% of its net assets in illiquid assets; or
- b. more than 10% of its net assets in the securities of one issuer except for:
  - i. Investment grade securities issued by a government;
  - ii. Securities issued or guaranteed by the Government of Jamaica and the Bank of Jamaica.

The use of leverage is limited to 10% of the aggregate market value of a Fund's assets.

If an investment limit set out above is exceeded as a result of movement in the investments or other events beyond the control of the Fund, such excess shall not be treated as a violation of the investment limit but the Fund shall not voluntarily purchase additional securities except in exceptional circumstances, such as a rights issue on favourable terms. In the event of a breach of the restrictions, the Board will, within a reasonable period of time, take such steps as are necessary to remedy the situation after taking due account of the interest of the Shareholders.

## L. Environmental, Social and Governance Considerations

The Manager's Investment Policy grants it the authority to take into account environmental, social and governance criteria ("ESG Criteria") in making investment decisions. The Manager will not purchase a security if it believes the issuer does not (or no longer) meet(s) the ESG Criteria adopted by the Manager.

ESE Criteria will be used in addition to traditional investment principles. The use of ESE Criteria means that a potential investment may be excluded based on:

- a. Business ethics and governance;
- b. Social impact of products and services;
- c. Environmental impact.

Accordingly, the Funds WILL NOT be invested in the securities of an issuer that derives significant revenues from the manufacture or sale of products or services that: (a) exhibit harmful habit forming behavior and addictive tendencies; (b) are physically harmful to users; and/or (c) exert a social burden on the community.

## DETERMINATION OF NET ASSET VALUE

All JN Mutual Funds are single-price mutual funds. That means that on any Dealing Day, Shares in the Fund may be bought or redeemed at the same base price; being the NAV per Share (subject to any addition for Front-end Load Fee or any deduction for early redemption fee, Back-end Load or applicable Duties and Charges).

The NAV of each Fund except the Global Money Market Fund and Global US Dollar Fixed Income Fund is determined in Jamaican Currency ("JMD") in accordance with the Company's Articles of Incorporation. The Global Money Market Fund and the Global US Dollar Fixed Income Fund are denominated in USD and the NAV will be determined in USD. The NAV of a Fund is determined by adding the value of all the assets of the Fund and then subtracting the liabilities of the Fund. The resultant figure is the NAV of the Fund. The NAV per Share is determined by dividing the NAV of the relevant Fund by the number of Shares issued by that Fund.

The Directors of a Fund are charged with the responsibility of seeing to the proper calculation of the NAV of the Fund but on a day-to-day basis that function will be carried out by the Manager. Under the Articles of Incorporation of the Company the assets held by a Fund will be valued based on the following principles, namely:

- a. Securities which are quoted or listed on a Recognised Stock Exchange will be valued based on the last traded price but if that price is not available, then the mid-market price (i.e. the price midway between the latest offer price and the latest bid price). Where securities are quoted or dealt in more than one Recognised Stock Exchange the price on the principal Exchange for such securities shall apply. If quoted securities are traded "off the market" at a premium above or a discount below the price on the Recognized Stock Exchange, the Directors may take such premium or discount into account after consultation with the Custodian and Manager provided that the Custodian is satisfied that the adoption of such procedure is justified for the purposes of establishing the probable realization value of such security.
- b. Unquoted securities or quoted securities where the quoted or listed price is not a fair representation of the true value of the security shall be valued based on the likely realization value as estimated in good faith by the Directors or the Manager or a competent firm of valuers selected by the Directors and approved by the Custodian. Unquoted fixed income securities may be valued using matrix methodology compiled by the Directors whereby the value of such securities may be determined by reference to valuation of comparable securities as respect credit rating, yield, due date and other pertinent characteristics.
- c. Cash in hand or on deposit will be valued at face value plus accrued interest (where applicable).
- d. Certificates of deposit will be valued based on the best price paid for similar certificates on the relevant Dealing Day.
- e. Treasury bills and bills of exchange will be valued based on the price prevailing in the relevant market for such instrument on the relevant Dealing Day.
- f. Financial derivatives which are traded on a regulated

market will be valued at the market settlement price but if the settlement price is not available the value shall be the realizable value estimated in good faith by the Directors, the Manager or a competent person appointed by the Directors and approved by the custodian.

- g. Over The Counter derivative contracts will be valued based either on (i) a counterparty quotation or (ii) alternative valuation method proposed by a competent person appointed by the Directors with the approval of the Custodian.
- h. Forward foreign exchange contracts will be valued by reference to the prevailing market quotation being the price at which new forward contracts of the same size and maturity would be under taken in the relevant market.
- i. Units or shares in a collective investment scheme will be valued on the basis of the latest available net asset value per unit or share as published by the scheme or if listed on a Recognised Stock Exchanges as per(a)above.
- j. In the case of a money market fund, the Directors may use the amortised cost method of valuation whereby the securities are valued at their acquisition cost when purchased and thereafter a constant proportionate accretion and amortization of any premium or accretion or discount on the securities are recorded until the maturity of the security.
- k. In the case of a Fund which is not a money market fund, the Directors may value securities having a residual maturity not exceeding three (3) months using the amortised cost method where such securities have no specific sensitivity to market parameters, including credit risk.

The Directors are empowered, with the consent of the Custodian, to adjust the value of any investment assets if, having regard to marketability, applicable interest rates, anticipated rate of dividend, liquidity or other relevant considerations they consider that such adjustment is necessary to reflect fair value. Where the value of an asset is expressed in foreign currency, such value shall be converted to JMD at such rate as the Directors shall determine to be appropriate, except in the case of the Global Money Market Fund the Global US Dollar Fixed Income Fund which are denominated in USD.

Where the value of any asset is not ascertainable based on the principles

described above, then the value of such asset shall be the likely realization value estimated by the Directors with care and in good faith or by a competent person appointed by the Directors with the approval of the Custodian.

There shall be added to the value of a Fund's investment the following additional items, namely:

- a. actual or estimated amount for accrued tax which may be recoverable;
- b. "unamortized" expense, accrued interest, dividend or other income accrued but not yet received (discounted to the extent that the Directors deem appropriate); and
- c. any other credits or amounts due to be paid into the relevant Fund.

The above calculation will produce the gross asset of the particular Fund. To arrive at NAV, there shall be deducted from such gross figure:

- a. the total amount of any actual or estimated liabilities payable out of the assets of the Fund such as borrowings interest, fees and expenses, estimated tax liability and such amount in respect of contingent or projected expenses as the Directors may consider to be fair and reasonable as of the Valuation Point;
- b. the remuneration of the Manager, Custodian and other provider of services to the Fund (together with general consumption tax where chargeable);
- c. all establishment, operational and ongoing administrative fees, costs and expenses.
- d. where appropriate, an amount representing a portion of any projected liability in respect of the costs and expenses likely to be incurred in the event of liquidation of the relevant Fund.

Where an expense or liability (such as filing fees payable in respect of the Company) is not wholly attributable to one Fund, then it shall be apportioned among the relevant Funds on a pro rata basis based on their respective NAVs. The deduction of the aforesaid liabilities of a Fund from its gross asset value produces the Net Asset Value or NAV of the relevant Fund. The NAV per Share is determined by dividing the NAV by the number of Shares in an issue relative to the relevant Fund. The NAV and NAV per Share of a Fund will be determined on each Dealing Date as at 1 p.m. ("the Valuation Point"). The prevailing NAV and NAV per Share will be published on the JN Mutual Funds website ([www.jnfunds.com](http://www.jnfunds.com)) and at least once per week in a daily newspaper in circulation in Jamaica.

# TEMPORARY SUSPENSION OF DETERMINATION OF NAV AND THE ISSUE AND REDEMPTION OF SHARES

- d. during any breakdown in the means of communication normally employed in determining the value of the NAV of the relevant Fund or when, for any other reason, the value of any assets of the relevant Fund cannot be promptly and accurately ascertained;
- e. during any period in which the Custodian is unable to repatriate funds required for making payments due on redemption of Shares or during which the realisation of assets or the transfer of funds involved in such realisation cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange;
- f. if the Fund is being wound up or otherwise terminated; or
- g. any other reason which makes it impossible or impracticable to determine the value of a substantial portion of the assets of the relevant Fund.

Suspension of determination of NAV of Shares in one Fund does not necessarily imply a similar suspension in respect of any other Fund.

Notices of any suspension will be given in writing to the FSC and Shareholders in such manner as the Directors may deem appropriate and shall be published on the JN Mutual Funds website ([www.jnfunds.com](http://www.jnfunds.com)) and in a daily newspaper in circulation in Jamaica.

The Directors may suspend the determination of the NAV and NAV per Share and the issue, switching and redemption of Shares in a Fund:

- a. during any period when any market on which a substantial part of the assets of the relevant Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays;
- b. during any period when dealings on any such market are restricted or suspended;
- c. during the existence of any state of affairs as a result of which disposal of the assets of the relevant Fund cannot in the opinion of the Directors, be effected normally or without seriously prejudicing the interests of Shareholders of that Fund;



## TERMINATION OF A FUND

Under the Articles of Incorporation, a Fund may be wound up in the following circumstances, namely:

- a. if the Custodian shall retire or cease to be qualified under the CIS Regulations to act as such and a qualified replacement has not been appointed within three (3) months, then the Directors may convene an extraordinary general meeting at which the Shareholders of that Fund may pass a Special Resolution to wind up that Fund;
- b. if the Shareholders of the relevant Fund resolve by Special Resolution that the Fund, by reason of its liabilities, cannot continue its business and that it be wound up;
- c. if the Fund ceases to be registered by the FSC and the

- Directors resolve that it should be terminated;
- d. if the Shareholders resolve by Special Resolution that the Company or a Fund be wound up;
- e. if the Company itself is otherwise wound up.

The Company may, by giving not less than four (4) weeks and no more than twelve (12) weeks' notice to Shareholders redeem all the Shares issued in a Fund at the redemption price prevailing on the relevant Dealing Day. Total redemption may also occur if the Shareholders (including the holder of the Special Share) shall resolve by Special Resolution that all the Shares of a Fund shall be redeemed.

Upon termination of a Fund the NAV of the Fund (i.e. after the fund has paid its liabilities) shall be disposed of and the proceeds distributed as follows:

- a. first to the holders of the Investment Shares in that Fund up to the NAV of their Shares;
- b. second of any sum remaining J\$1.00 to the holder of the Special Share being the redemption price of the Special Shares; and
- c. finally, any residual balance to be distributed among the Investment Shareholders in that Fund pro rata according to their respective holding of Shares.

With the consent of the FSC and an ordinary resolution of the Shareholders, a Fund's assets may be distributed in specie instead of by cash payment, to any Shareholder. Such distribution in specie would be the equivalent value of the Shareholder's cash entitlement. A liquidator also has power, with the approval of an ordinary resolution of the shareholders, to "hive down" the assets of a Fund to a newly-formed company and to cause such company to issue commensurate shares to the Shareholders i.e. a side pocket transaction.

# CHARGES AND EXPENSES

The following is a summary of the charges and expenses to which a Fund is exposed.

- I Early Redemption Fee: An early redemption fee of 2% of the NAV per Share of the Money Market Funds and 4% of NAV per Share for all other Funds will be imposed on all redemptions of Shares that are held for less than the Minimum Holding Period. The Minimum Holding Period is 30 days in the case of the Money Market Funds and 90 days for all other Funds. The early redemption fee will be retained by the relevant Fund from the redemption proceeds.

- ii Increase in Early Redemption Fees:

The Directors of a Fund may increase the levels of the redemption fee beyond the levels stated above if the Directors are of the view that such increase is necessary to reflect more accurately the actual cost to such Fund of investing subscription monies or realising investments. Not less than 30 days' notice shall be given to Shareholders before such increase takes effect.

- iii Manager's Fees:

The fees payable to the Manager by a Fund shall include the fees payable for investment services and shall be a percentage of the Net Asset Value of each fund calculated and accrued on each Valuation Day and payable monthly in arrears. The fees for the respective funds will be equal to an annual rate of:

- a. 0.5% of the Net Asset Value of the Shares of the Local Money Market Fund;
- b. 0.5% of the Net Asset Value of the Shares of the Global Money Market Fund;
- c. 1.0% of the Net Asset Value of the Shares of the Global Fixed Income Fund;
- d. 1.0% of the Net Asset Value of the Shares of the Global US Dollar Fixed Income Fund;
- e. 1.0% of the Net Asset Value of the Shares of the Global Equity Fund;
- f. 1.0% of the Net Asset Value of the Shares of the Global Diversified Income Fund;

Such fees will be calculated and accrued on each Valuation Day and are payable monthly in arrears. The fees payable to the Manager may be changed from time to time by agreement between a Fund and the Manager. Prior notice of any such change will be given to Shareholders.

The Manager, in its sole discretion, may waive or reduce the fee to be paid to it by a Fund in respect of Shares of such Fund. In the case of an increase, no less than 30 days' notice shall be given to the relevant Shareholders.

- iv **Administration Fees:** The fees payable to the Administrator of the Fund will be equal to a rate of 0.5% of the Net Asset Value of each Fund and calculated and accrued on each Valuation Day and are payable monthly in arrears
- v **Brokerage Fees:** The Directors of a Fund may increase the levels of the redemption fee beyond the levels stated above if the Directors are of the view that such increase is necessary to reflect more accurately the actual cost to such Fund of investing subscription monies or realising investments. Not less than 30 days' notice shall be given to Shareholders before such increase takes effect.
- vi **Custodian Fees:** The Custodian is entitled to be paid a fee as outlined in the Agreement between the Manager and the Custodian. The custodian fee may be modified, from time to time, by agreement between the Manager and the Custodian. Any Sub-custodian appointed by the Custodian shall be paid by the Custodian out of its custodian fees.

- vii **Auditors:** The Auditors of each Fund will be paid such fees as may be agreed from time to time with the Directors of the Company.

- viii **Other Operating Costs:** The Manager is responsible for providing all office personnel, space and facilities required for the performance of their respective services. Each Fund bears all other expenses incidental to its operations and business, including, without limitation, the fees of its legal advisers; interest and commitment fees on loans and debt balances; any income, withholding or other taxes; cost of communication with Shareholders and prospective investors of such Fund. A Fund may be required to pay subscription charges and redemption charges in connection with investments in other collective investment schemes. A Fund may be required to pay brokerage commissions in relation to portfolio transactions by investment advisers. The Directors of the Fund Company may be entitled to reimbursement of expenses for attending board meetings.

All fees payable to Jamaican-resident service providers will attract general consumption tax ("GCT").



# RISK FACTORS

## i. General Risk Warning

All investments involve risk and investing in any of the Funds is no exception. You could lose money investing in a Fund. The likelihood of loss may be greater if you invest for a shorter period of time. The Funds are intended for investors who accept that there will be fluctuations in value from time to time. Investment in a Fund is not a deposit or a guarantee of your investment by JN Bank, JNFM Mutual Funds Limited, JN Fund Managers Limited or any other entity and your investment is not insured by the Jamaica Deposit Insurance Corporation or any other governmental agency.

## ii. Historical Performance

Past performance of a Fund should not be taken as an indication of future performance.

## iii. Investment Objective Risk

Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the prevailing macroeconomic environment, investment objectives may become more difficult or even impossible to achieve. There is no express or implied assurance as to the likelihood of achieving the investment objectives of a Fund.

## iv. Specific Risks

### INTEREST RATE RISK:

The value of debt instruments such as bonds or notes will generally rise or fall in response to prevailing interest rates. If interest rates fall, the value of existing fixed rate debt instruments would be expected to increase and if interest rates rise, the value of existing fixed rate debt instruments would be expected to decline. The longer the period of maturity of an investment is the greater the interest rate risk.

### CREDIT RISK:

This is the risk that a counterparty may not be able to make timely payments when due. In addition, an actual or perceived deterioration of the ability of the counterparty to meet its obligations will generally have an adverse effect on the value of such counterparty's securities held by a Fund.

### LIQUIDITY RISK:

This risk exists when a particular investment is difficult to purchase or sell. Investments in illiquid securities may have to be held to maturity or for a period longer than optimum, due to lack of selling opportunity at an advantageous price. Investments in unlisted shares or bonds, real estate, derivatives or closed-end collective



investment schemes have the greatest exposure to liquidity risk. Under normal market conditions, a Fund will manage its liquidity risk by holding liquid assets such as cash deposits and readily marketable securities to meet redemption requests and current expenses. If a Fund is faced with a greater than anticipated redemption request, it may have to dispose of illiquid or “hard to sell” assets at below the “carrying value” with an adverse impact on the Fund’s NAV.

#### **PRICING AND VALUATION RISKS:**

A Fund may invest in unlisted securities and illiquid assets and such investments carry an inherent risk of mispricing because of the lack of an objective verifiable market price. Although the Directors have the power, with the consent of the Custodian, to determine the best pricing methodology for such assets or may engage an expert to provide a valuation, mispricing may still occur.

#### **SETTLEMENT RISKS:**

Many transactions carried out by a Fund will be done through third party brokers and intermediaries. Although the Manager will monitor the operational capabilities and creditworthiness of brokers and other counterparties performing transactions on behalf of a Fund, the risk exists that a broker or intermediary may default by failing to deliver securities due to a Fund or to transmit payment due to a Fund.

In the case of Government of Jamaica and Bank of Jamaica debt securities this risk is substantially mitigated through the Jam-Clear electronic custodial system operated by the Bank of Jamaica which facilitates settlement by a Delivery versus Payment (“DvP”) mechanism.

#### **FOREIGN EXCHANGE RISKS:**

The Funds will invest to varying degrees in foreign currency and foreign currency assets. Movements in foreign exchange rates can significantly impact on a Fund holding foreign currency or foreign currency assets. A declining Jamaican dollar against another foreign currency (say USD) would typically increase the return to

a Fund holding USD investments whilst an increase in the value of the JMD would negatively impact the return of a Fund holding USD assets. The fact that the JMD has been persistently losing value against other major currencies does not necessarily indicate that this trend will continue in the future. A Fund may or may not hedge against its currency risk using either spot or forward exchange contracts. If a Fund does hedge against such currency risk, this will inherently trigger risks relating to the derivative. (See below Derivatives and Currency Hedging).

#### **INFLATION/DEFLATION RISK:**

Inflation is the risk that the assets of a Fund may be worth less in real terms in the future as inflation (i.e. the rate at which the price of goods and services increase in the economy) would erode the real value of those assets. As inflation increases, the real value of a Fund’s portfolio would decline. A Fund may or may not hedge against inflation by, for instance, investing in US Treasury Inflation Protected bonds under which the par value of the bond will rise with the US inflation rate as measured by the US Consumer Price Index. Such an instrument would not be a complete hedge against Jamaican inflation. Gold may also be used as an inflation hedge but that carries volatility risk. In the Jamaican context, real estate is the most popularly used hedge against inflation but that carries liquidity risks. Deflation is the risk that prices in the economy may decline over time. This would adversely affect corporate profits producing falls in equity value and increases in counterparty credit risks.

#### **CUSTODY RISK:**

This is a specific counterparty risk, namely that the Custodian or any sub-custodian may not be able to account for all the assets held on behalf of a Fund or may not be able to produce the certificates or other title documents when required to do so. Securities and other assets of a Fund are required to be identified in the books of the Custodian or sub-custodian on behalf of the relevant Fund and segregated from other assets but accounting and operational errors as well as fraud can occur within the Custodian’s business operations. The custodial risk of non-restitution is particularly accentuated if the Custodian or sub-custodian goes into liquidation and there is an asset or securities shortfall against the assets shown

in its books as held on behalf of custodial clients. In addition, if the Custodian or any sub-custodian goes into liquidation, administration or similar process a liquidator or similar officer may cease the delivery or release of securities held on behalf of the Fund pending an audit or securities verification process. The Manager will seek to mitigate this risk by engaging a Custodian (such as the JCSD Trustee Services) which has adequate systems in place to identify, measure, monitor and control in the custody service area.

#### **LEGAL AND TAX RISKS:**

The legal and tax regimes in Jamaica governing collective investment schemes may change from time to time, either by the passage of new laws or regulations or the way in which an existing law or regulation is interpreted and applied by the courts, the FSC or another regulatory agency. Changes in the prevailing regulatory regime could increase the compliance burden of a Fund and result in additional operating costs. At the present time, the tax regime governing collective investments schemes is relatively favorable. There is no guarantee that this state of affairs will continue in the future and the imposition of additional taxes would inevitably reduce the NAV of an affected Fund. A Fund may invest in foreign securities and other assets. Such investments may be affected by changes in the tax law or regulations, particularly the rate of withholding tax on dividends, interest and other payments emanating from a foreign source.

#### **COMPLIANCE RISKS:**

The regulatory regime governing the registration and operation of collective investment schemes is relatively new having been promulgated on December 30, 2013. It imposes upon collective investment schemes, such as the Funds, a comprehensive reporting and regulatory monitoring system including, inter alia, annual registration of each Fund. The objective of the regulatory regime is the protection of investors. Failure of a Fund to comply with the CIS Regulations could result in sanctions which may include any of the following:

- a. deregistration of the Fund;
- b. suspension of registration;

- c. criminal proceedings before a Resident Magistrate's Court which would culminate in imposition of a penalty not exceeding J\$3,000,000 or in the case of an individual, imprisonment for a term not exceeding three (3) years or both such fine and imprisonment; or
- d. requiring the Fund to undergo an extended audit and inspection at the cost of the Fund.

The Manager will mitigate compliance risks by establishing and maintaining in respect of the Funds, a robust compliance system and will work closely with the FSC to engender confidence and mutual respect.

#### **JUNIOR MARKET & SMALL COMPANIES RISKS:**

A Fund may invest in small companies (including companies listed on the Junior Market). Such companies may offer greater opportunities for growth when compared to larger more mature companies but carry special risks. They are more likely when compared to larger companies, to have limited product lines, and markets as well as lower access to capital. These securities may be less liquid and prone to greater short-term price volatility.

#### **IPO RISKS:**

A Fund may invest in initial public offerings ("IPO") which are more likely to be made by smaller companies. The securities of such companies typically have no trading history. The price of securities purchased in an IPO is generally subject to greater price volatility when compared to more established listed securities.

#### **DERIVATIVES AND CURRENCY HEDGING:**

Some Funds may utilise derivative instruments such as swaps, options or forwards contracts, to modify or replace the economic attributes associated with an investment in a security (including interests in collective investment vehicles), commodities, currencies, interest rates or other financial instruments. These investments are all subject to additional risks that can result in a loss of all or part of an investment. Such risks include interest rate risk, credit risk, volatility risk, world and local market prices demand, and general economic factors and activity.

#### PREPAYMENT RISK:

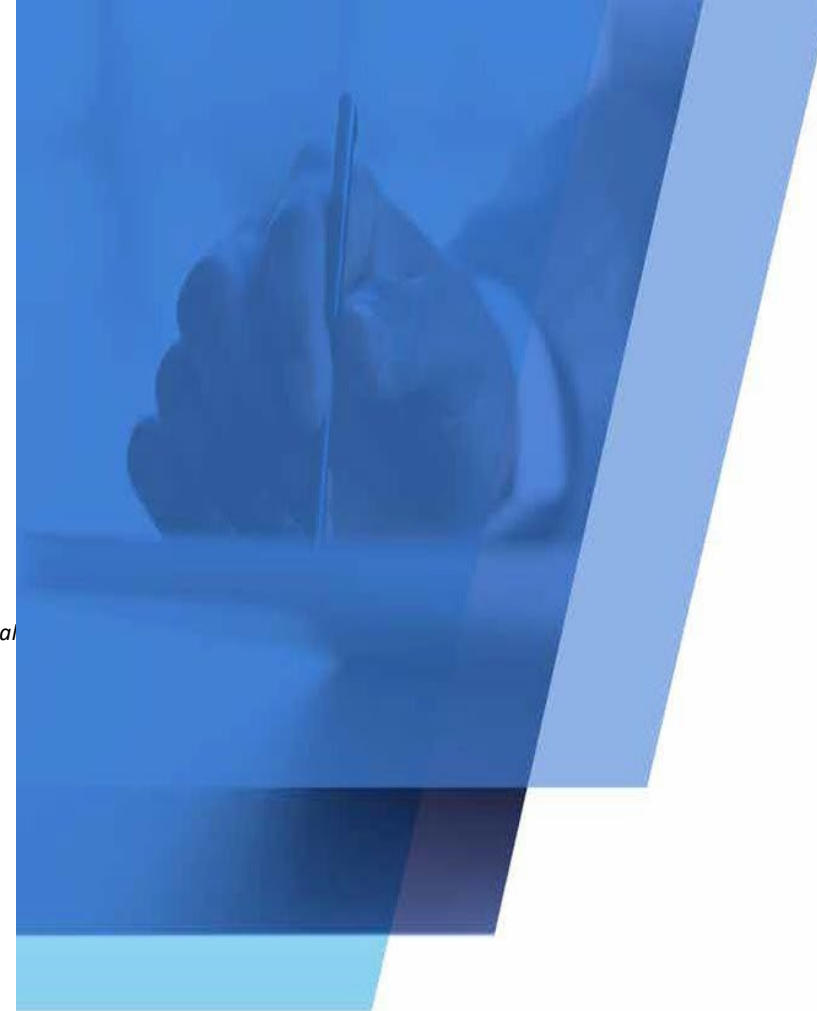
This is the risk that in declining interest rate environment debt issuers may pre-pay with the result that the monies prepaid will have to be reinvested at a lower interest rate.

#### MACROECONOMIC RISK:

This relates to the impact that changes in interest rates, currency value, inflation rates, tax rates, government policies and central bank policies will have on the economy.

#### ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATION RISKS:

This relates to the risk that certain securities are excluded based on ESG Criteria (see *Part 7 Investment in JN Mutual Funds – L. Environmental, Social and Governance Considerations*) which subsequently outperform securities which are included in the Funds.



## I. Taxation of Collective Investment Schemes

### TAX ON INCOME OF A FUND

The income of each Fund will be exempt from income tax so long as the fund is a “qualified” collective investment scheme. This means that the Fund must be registered under the Securities Act and throughout the year of assessment, must have had not less than fifty (50) investment shareholders.

### TAXATION ON DIVIDENDS:

Dividends or other income payments paid upon Investment Shares by a Fund to its Shareholders will attract withholding tax at the rate of 33 <sup>1</sup>/<sub>3</sub>% (in respect of companies and other corporate bodies) and 25% (in the case of individuals).

### TAXATION ON REDEMPTION:

Under the Income Tax Act, the accretion accruing to an investor on redemption of his shares or units in a collective investment scheme (i.e. the difference between his redemption proceeds and the original purchase price of his units or shares) is treated as interest. Such accretion is subject to withholding tax at a standard rate of 25%. Prior to December 30, 2013 this tax applied only to “specified unit trusts” being a unit trust which comprised or included a money market fund. Thus, redemptions by an equity unit trust were exempt from tax on the redemption accretion. This is no longer the case.

### TAXATION ON OVERSEAS INCOME:

Income such as interest and dividends earned by a Fund from foreign sources is generally subject to withholding tax imposed by the source country. This includes countries such as the United States of America, Canada and the United Kingdom. The withholding tax is reduced where Jamaica has a double taxation treaty with the source country. The treaty withholding tax rates with the following key countries are as follows:

Country	Dividend Portfolio Investment	Dividend Substantial Holdings	Interest
Canada	15%	22.5%	15%
Caricom Countries	0%	0%	15%
Germany	15%	10%	10% (Bank) 12.5 (others)
France	15%	10%	10%
United Kingdom	15%	22.5%	12.5%
United States of America	15%	10%	12.5%

A Jamaican resident taxpayer who suffers withholding tax is typically entitled to a tax credit against his Jamaican tax. In the case of a registered Fund, as it is not subject to tax on its income, it would not be able to take advantage of the foreign tax credit which it would otherwise be entitled to take.

### TRANSFER TAX:

The Transfer Tax (Amendment) Act, 2014 which came into force on January 1, 2015 exempts transfers of Shares (including redemption of shares) in a registered collective investment scheme from transfer tax (otherwise subject to tax at 2%). Accordingly, no transfer tax is assessable on redemption or transfers of Shares.

## II. Taxation of Investors in Collective Investment Schemes Generally

### INCOME DISTRIBUTIONS TO INVESTORS:

Dividends or other income distributions paid by a CIS to investors will attract Income Tax at the rate of:

- (i) 25% for an investor that is a natural person; or
- (ii) 33 <sup>1</sup>/<sub>3</sub>% for an investor that is a company

### INVESTOR NAV GAINS ON REDEMPTION

Accumulated net asset value gains on an investment that are realized on redemptions are subject to Income Tax at a standard rate of 25% (whether the investor is an individual or a company or other corporate). The gain in net asset value is calculated by subtracting the purchase price from the redemption price.

The gains in net asset value on an investment that satisfies the Long- Term CIS Holding Exemption (described below) will be exempt from Income Tax on redemption.

### LONG TERM CIS HOLDING EXEMPTION

The Long-Term CIS Holding Exemption was created by section 12 (a) of the Income Tax Act<sup>2</sup>. That section stipulates certain conditions which if satisfied exempt gains in net asset value realized on redemptions from Income Tax.

The Long-Term CIS Holding Exemption applies only to funds where at least 51% of the value is comprised of "Interest-Bearing Instruments"<sup>3</sup>. Additionally, all of the following conditions must be satisfied:

- (i) investment must be held by an individual for a period of not less than five (5) years;
- (ii) investment is not transferable except on the death or bankruptcy of the investor;
- (iii) not more than seventy-five percent of the accretions realized in any year have been paid out; and
- (iv) the amount invested in the acquisition of any such investment in any year does not exceed one million Jamaican dollars.

### TRANSFER TAX EXEMPTION

Transfers of investments in CIS (including redemption, encashment or disposal) are exempt from Transfer Tax.

Having regard to the Taxation of Collective Investment Schemes generally, the Fund Manager has designed each of the Funds to conform with relevant tax legislation, bearing in mind the profile of the typical investor in the particular fund.

## III. Taxation of Investors in the Funds

### Local Money Market Fund

The objective of the Local Money Market Fund is to achieve an attractive total return consistent with prevailing Jamaican dollar money market rates.

To meet this objective, the Fund Manager will invest in short term Treasury Bills, Certificates of Deposit, and Commercial Paper, Government of Jamaica debt instruments

The fund will accumulate profits from quarter to quarter and reinvest any profits and gains into the purchase of additional assets.

Although this Fund does not contemplate distributing profits and dividends at this time if it were to distribute profits, such distributions from the Fund would be subject to withholding on account of Income Tax at 25% for an investor that is a natural person and 33 1/3% for an investor that is a company.

Investors may realise value from their investments in this fund by redeeming their Shares from time to time. On redemption, an investor's gains in net asset value (i.e. the difference between redemption price and purchase price) will be subject to Income Tax at a rate of 25%.

The Manager may structure individualized redemption programmes for investors in this Fund that have monthly or short-term cash needs.

### Global Money Market Fund

The investment objective of this Fund is to achieve an attractive total return consistent with US dollar money market rates prevailing in Jamaica. In order to meet this objective, the Fund Manager will invest in short term Treasury Bills, Certificates of Deposit and Commercial Paper as well as Government of Jamaica debt instruments.

The fund will accumulate profits from quarter to quarter and reinvest any profits and gains into the purchase of additional assets.

Although this Fund does not contemplate distributing profits and dividends at this time if it were to distribute profits, such distributions from the Fund would be subject to withholding on account of Income Tax at 25% for an investor that is a natural person and 33 1/3% for an investor that is a company.

### Global Fixed Income Fund

The investment objective of this Fund is to achieve an attractive total return through capital appreciation and income. In order to meet this objective, the Fund Manager will invest in instruments which provide solid yields with a fair margin of safety. More than 51% of the assets of this Fund will be invested in Interest Bearing Instruments.

This Fund will accumulate its profits from quarter to quarter and reinvest any profits or gains into the purchase of additional instruments. Although this Fund will not distribute income, if it were to distribute income, such distributions from the Fund would be subject to withholding on account of Income Tax at 25% for an investor that is a natural person or 33 1/3% for an investor that is a company.

Bearing in mind the significant possibility of capital appreciation, this Fund has two types of shares: (i) A Shares; and (ii) B Shares.

B Shares are tax exempt shares specifically designed to satisfy the Long- Term CIS Holding Exemption in order to exempt from Income Tax the gains in net asset value realized on redemption. A Shares are ordinary investment shares.

#### Global Fixed Income Fund – B Shares

- B Shares are designed to meet the requirements of section 12(a) of the Income Tax Act<sup>4</sup> so that in respect of B Shares, accumulated gains in net asset value realized on encashment, disposal or redemption are exempt from tax.
- B Shares have the following characteristics:
  - a. B Shares may only be purchased by individuals (companies may not purchase B Shares);
  - b. Each B Share once acquired must be held for a continuous period of at least five (5) years;
  - c. B Shares are not transferable except on death or bankruptcy of the shareholder;
  - d. In any given year not more than 75% of profits and gains on B Shares will be distributed as income to investors; and
  - e. An investor may only purchase one million Jamaican dollars' worth of B Shares in any year.

#### Global Fixed Income Fund – A Shares

- A Shares are ordinary investment shares and may be purchased by any person (whether an individual or company). There are no legal restrictions on holding periods<sup>5</sup> and A Shares may be encashed, disposed of or redeemed on any Dealing Day with settlement occurring within T + 3 Business Days.
- Any gain in net asset value realized on redemption of A Shares is subject to withholding on account of Income Tax at a Standard rate of 25%. The gain in net asset value is calculated by subtracting the purchase price from the redemption price.

#### Global US Dollar Fixed Income Fund

The investment objective of this Fund is to achieve an attractive total return through capital appreciation and income growth. In order to meet this objective, the Fund Manager will invest in local, regional and international sovereign debt, local and international corporate bonds, Treasuries and repurchase agreements. More than 51% of the assets of this Fund will be invested in Interest Bearing Instruments.

This Fund will accumulate its profits from quarter to quarter and reinvest any profits or gains into the purchase of additional instruments. Although this Fund will not distribute income, if it were to distribute income, such distributions from the Fund would be subject to withholding on account of Income Tax at 25% for an investor that is a natural person or 33<sup>1</sup>/<sub>3</sub>% for an investor that is a company.

Bearing in mind the significant possibility of capital appreciation, this Fund has two types of shares: (i) A Shares; and (ii) B Shares.

B Shares are tax exempt shares specifically designed to satisfy the Long-Term CIS Holding Exemption in order to exempt from Income Tax the gains in net asset value realized on redemption. A Shares are ordinary investment shares.

#### Global US Dollar Fixed Income Fund – B Shares

- B Shares are designed to meet the requirements of section 12(a) of the Income Tax Act<sup>4</sup> so that in respect of B Shares, accumulated gains in net asset value realized on encashment, disposal or redemption are exempt from tax.
- B Shares have the following characteristics:
  - a. B Shares may only be purchased by individuals (companies may not purchase B Shares);
  - b. Each B Share once acquired must be held for a continuous period of at least five (5) years;
  - c. B Shares are not transferable except on death or bankruptcy of the shareholder;
  - d. In any given year not more than 75% of profits and gains on B Shares will be distributed as income to investors; and
  - e. An investor may only purchase one million Jamaican dollars' worth of B Shares.

### Global US Dollar Fixed Income Fund – A Shares

- A Shares are ordinary investment shares and may be purchased by any person (whether an individual or company). There are no legal restrictions on holding periods<sup>5</sup> and A Shares may be encashed, disposed of or redeemed on any Dealing Day with settlement occurring within T + 3 Business Days.
- Any gain in net asset value realized on redemption of A Shares is subject to withholding on account of Income Tax at a Standard rate of 25%. The gain in net asset value is calculated by subtracting the purchase price from the redemption price.

### Global Equity Fund

The investment objective of this Fund is to achieve long term capital growth with substantial risk diversification. In order to meet this objective, the Fund Manager will invest in equities with above average earnings and/or growth potential. The fund may also invest in liquid securities subject to market conditions. The majority of the assets (over 51%) of the assets in this Fund will be invested in equities.

This Fund will accumulate profits from quarter to quarter rather than distributing gains as income.

An investor in this Fund will receive their return largely by way of capital appreciation over time rather than as current income. Any gain in net asset value on redemption of shares in this Fund is subject to Income Tax at a standard rate of 25%.

### Global Diversified Income Fund

The investment objective of this Fund is to achieve long term investment growth through dynamic exposure to a diversified range of asset classes. In order to meet this objective, the Fund Manager will invest in various asset classes with above average earnings and/or growth potential balanced by a blend of defensive securities. The majority of the assets (over 51%) of the assets in this Fund will be invested in equities.

This Fund will accumulate profits from quarter to quarter, rather than distributing gains as income. Thus, no income distributions are anticipated, if however, the Fund were to distribute income, such distributions would be subject to withholding on account of Income Tax at 25% for an investor that is a natural person or 33 1/3% for an investor that is a company.

It is anticipated that investors in this Fund will receive the majority of their gains through capital appreciation overtime rather than as current income. Any gain in net asset value on redemption of shares in this Fund is subject to Income Tax at a standard rate of 25%.



## DIVIDEND POLICY

The Directors of a Fund may declare and pay dividends out of the income and capital gains of such Fund to the holders of Shares of such Fund, who will have the option of reinvesting such dividend payments in the Fund.

The Directors do not anticipate that any dividends will be paid or other distributions made out of any income or capital. This policy will enhance the tax position of investors and stabilize portfolio management for the long term benefit of investors.

Any changes in the dividend policy of a Fund will be notified to the holders of the Shares.





## GENERAL AND REGULATORY INFORMATION

Copies of the following material contracts may also be inspected at the office of the Manager at the address stated in Part 4- Management & Administration above, namely:

- a. the Management Agreement between the Fund and the Manager dated February 17, 2015;
- b. the Custodian Agreement between the Manager and the Custodian dated February 17, 2015; and
- c. the Distribution Contract between the Fund Company and JN Bank.

There have been no other material contracts (not being contracts entered into in the ordinary course of business) entered into by the Fund Company at this time.

A copy of the Articles of Incorporation of the Manager may be inspected free of charge at:

JN Fund Managers  
Limited  
2 Belmont Road  
Kingston 5

Copies of the following Fund documents may also be inspected at the office of JN Fund Managers Limited stated in Part 4- Management & Administration above free of charge or may be viewed and downloaded from the Fund website([www.jnfunds.com](http://www.jnfunds.com)):

- a. this Offering Document;
- b. any supplement to this Offering Document;
- c. the latest audited financial statements for each Fund (when due);
- d. notes and circulars to Shareholders and general announcements with respect to the Funds;
- e. The latest offer price and redemption price for Shares in Fund;
- f. the last NAV of each Fund;
- g. any pertinent notice or industry circulars issued or published by FSC.

This Offering Document was approved by the FSC pursuant to the CIS Regulations on the December 15, 2024. This Offering Document may from time to time be updated by an Offering Document Supplement which should be read as one with this Offering Document. **The approval of the FSC is not a confirmation of the accuracy or adequacy of the information contained in this Offering Document. Any representation to the contrary will be deemed by the FSC to be false and misleading.**

The address of the Funds website where the Offering Document and other documents will be published from time to time is [www.jnfunds.com](http://www.jnfunds.com).

The Fund Company will use its best efforts to keep the Fund website operational at all times but no guarantee is given in that regard.

## Annual Reports

Each Fund's financial period will end on the 31st March in each year. The accounts of each Fund will be expressed in JMD, with the exception of the Global Money Market Fund and the Global US Dollar Fixed Income Fund which will be expressed in USD and will be prepared in accordance with International Financial Reporting Standards. Copies of each Fund's Annual Report made up to 31st March in each year will be posted on the JN Mutual Funds website ([www.jnfunds.com](http://www.jnfunds.com)) and will also be available at the offices of the Manager and JN Bank. Quarterly un-audited financial statements of each Fund and its investments will be made available to investors. Each Fund will also make available to investors such financial reports as are required by the laws and regulations of any jurisdiction in which it is registered in accordance with such laws and regulations.



# CONFLICT OF INTEREST

## OWNERSHIP AND CONTROL:

The Manager of the Funds (JN Fund Managers Limited) holds the Special Share in the Fund Company which carries 101% of the votes held by the Shareholders. That amounts to 50.25% of all the votes capable of being cast at a general meeting and therefore gives the Manager a controlling interest over the Fund Company and each Fund. The Manager is a direct wholly-owned subsidiary of JN Financial Group Limited. The following directors of the Fund Company, namely Earl Jarrett, Caryl Fenton and Peter Morris are also directors of the Manager. Earl Jarrett, Elizabeth-Ann Jones and Peter Morris are also directors of JN Financial Group Limited. The Manager may or may not hold a material investment in Shares of a Fund and accordingly, its interest may not always be completely aligned with the interests of such a Fund.

The above relationships may give rise to potential conflicts of interest.

## DEALINGS:

The Manager currently trades for its own account and on account of existing clients in securities which would qualify for investment by the Funds. In addition, one Fund may trade (or invest) with (in) another. Accordingly, situations could arise in which, the Manager may deal with a Fund by selling securities to, or buying securities from, the Fund as principal for its own account or as dealer on behalf of a client (including another Fund). The Manager shall not be liable to account to a Fund for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transaction nor would any such transaction affect the Manager's entitlement to be paid management fees on the agreed basis.

## AGGREGATION:

The Manager may aggregate investments entered into on behalf of more than one Fund and may aggregate investments entered into on behalf of the Funds and other clients provided that the terms of such investments are no less favourable to the Funds than would have been the case if the trade were not aggregated.

**Where a conflict cannot be avoided, the Manager will have due regard to its obligation to act in the best interest of the relevant Fund, so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. The Manager will ensure that any affected Funds are treated fairly and that such transactions are effected on terms which are not less favourable to a Fund than if a potential conflict had not existed. Where the Manager is dealing with a Fund as buyer or seller on its own behalf or on behalf of another client (including another Fund) it will ensure that such transactions are conducted at arm's length on customary commercial terms. A transaction will be regarded as carried out on arm's length basis if it is executed on the best possible terms on a Recognised Stock Exchange or other organized investment exchange under its rules or, where that is not practical, on terms which the Manager is satisfied conforms with normal commercial terms and market practice.**

#### CHINESE WALL & SHAREHOLDER DISCLOSURE:

The Manager will establish organizational and administrative arrangements (a “Chinese Wall”) to properly manage and reduce the conflict risks but there may be situations where a Chinese Wall may not be sufficient to avoid, with reasonable confidence, the perception of likely damage to the interest of a Fund. Should any such situation arise the Manager (i) will make an appropriate disclosure to the relevant Shareholders in an appropriate manner and (ii) cause the relevant transaction to be reviewed and approved by the Conduct Review Committee of the JN Group Board.

#### COMMISSION:

Where an investor purchases Shares in a Fund through the Distributor, a broker-dealer or other authorized financial intermediary (such as a bank), the relevant Fund may pay a commission to such Distributor, broker-dealer or financial intermediary. The prospect of such payment may create a conflict of interest by influencing the Distributor, broker-dealer or financial intermediary to recommend the Fund over any other investment for which no commission or fee is earned. Potential Investors have a reasonable expectation that it will be disclosed to them whether the person through whom they are purchasing Shares in a Fund will receive any commission or fee from the Fund and to satisfy themselves that the Fund is right for them.

#### CONFLICT WITH CUSTODIAN & INVESTMENT ADVISERS:

The Custodian and any investment adviser engaged by the Manager will be independent of the Fund and the Manager. Nonetheless a conflict of interest between a Fund and an investment adviser or the Custodian could arise. Such situations will be monitored by the Manager, as part of its overall responsibility for each Fund, to ensure that the interest of the relevant Fund is protected.

## JN Life Vest

JN Life Insurance Company Limited (“JN Life”), an FSC-licensed life insurance company now offers JN Life Vest. JN Life Vest is a suite of Extendable Term Life Insurance products that give a customer the option to invest a portion of their monthly insurance premium in one or more of the Funds.

The terms upon which JN Life Vest customers may invest in the Funds are governed by an Investment Option Agreement as well as this Offering Document. If any conflict arises between the terms of the Investment Option Agreement and this Offering Document, the terms in the Investment Option Agreement will prevail.


## JN BANK BRANCHES

Copies of this Offering Document and Application Forms may be obtained from any branch of JN Bank

## Further Information

Shareholders or prospective shareholders may find more information at [www.jnfunds.com](http://www.jnfunds.com) including retrieving a copy of the Offering Document, and other information regarding the process of opening an account and purchasing shares.



A member of the  Group

*Your Safer, Smarter Financial Partner*

**Contact us for further information**

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2 Belmont Road, Kingston5, Jamaica

(876 / 926-1344 | [info @jnfunds.com](mailto:info@jnfunds.com))