

UNIT TRUST

Frequently Asked Questions



NCB CapFunds is designed to simplify your investment choice, while delivering real value over the medium to longer term. This unit trust product offers investors the option of three expertly managed funds to suit a variety of investment needs.

NCB CapFunds appeal to different risk tolerances aggressive. Whatever your investment mindset, v

1.0 GENERAL QUESTIONS

1.1 What is Unit trust?

A unit trust is a pool of funds from many investors, invested in a variety of assets (such as stocks, money market instruments, sovereign and corporate bonds) in order to meet specified investment objectives. The total value of the pool of invested money is split into equal portions called units. The pool is managed by professionals and a trustee is appointed to protect the interests of the unit holders.

1.2 How do I invest in a Unit Trust?

We invite you to visit your NCB Capital Markets Client Relations Officer or Wealth Advisor who will facilitate the purchase of units. There is a minimum investment which varies by portfolio. Units may also be added after your initial purchase. The price at which you purchase units is the Net Asset Value (NAV) for that day less a preliminary charge for some of the portfolios. The NAV is the total value of a company's assets less the total value of its liabilities divided by the number of shares in issue. The NAV is determined at the end of each business day when the assets in the fund are valued. For this reason, your transaction can only be settled at the end of a business day when you will know the number of units you have purchased.

1.3 Are there different types of Unit Trust available?

Yes - Unit trust portfolios can be divided into several categories depending on their primary investment objectives and focus. For example, a money market fund would invest primarily in short term fixed income instruments; a bond fund would invest primarily in longer term sovereign and corporate paper, while an equity fund would invest primarily in local and or regional equities.

1.4 What are the benefits of investing in Unit Trust?

The most significant benefit is that of diversification. Investors can select a portfolio or a combination of portfolios to cater to their specific investment goals and risk tolerance.

Through unit trusts there is the opportunity to invest in securities that one may be unable to access as an individual investor. These securities include bonds that usually require a relatively large minimum investment. Also, it may be difficult for investors to directly purchase regional equities whereas a particular fund may provide this kind of exposure.

Funds invested in unit trusts are managed by professional fund managers. Investors therefore benefit from their expertise.

The returns on your investment in the unit trust also accumulate tax deferred. This means that taxes are not applied until you withdraw funds from your investment. The money market and bond portfolios are tax-free if the principal, up to a maximum of \$1Mn per annum, is held for five years. If the principal is withdrawn before five years, withholding tax at a rate of 25% will be applied to gains.

1.5 How can I find information on the price at which I can buy or sell units in the unit trust?

Information on the NAV is readily available as this will be published twice weekly in the major newspapers. The NAV for each portfolio is also published daily on NCB Capital Markets website (www.ncbcapitalmarkets.com). Investors will also receive quarterly updates on the status of their investment via mail.

1.6 Why move from a Repo to a unit trust product given that I am moving from an investment with a fixed return to one that has variable returns?

Unit trust offer investors diversification and the potential to earn higher returns relative to repos. Investors will also benefit from an expert fund manager- NCB Capital Markets. In recognition of our performance the internationally acclaimed World Finance magazine has named NCB Capital Markets Best Investment Management Company, Caribbean for 2013.

Investors can also benefit from the fact that the unit trust allows them to pool their funds with other investors and gain access to assets, such as private placements, that may otherwise be unattainable.

1.7 Who are trustees and what role do they play in this type of investment?

The trustee holds the assets on behalf of the investors in the unit trust scheme. A trustee is appointed to safeguard the Unit Trust scheme's assets. They ensure that funds are invested in accordance with the trust deed and investment objectives. MF&G Asset Management is the trustee for NCB Capital Markets Unit Trust Scheme.

1.8 Who manages the assets in a Unit Trust?

The assets are managed by an experienced portfolio manager. In the case of this Unit Trust scheme, NCB Capital Markets Limited is the investment manager.

1.9 How does a Unit Trust differ from a Mutual Fund?

A Mutual Fund is a corporate body authorized to invite the public to subscribe for its shares. It has a board of directors and custodian which holds the assets on behalf of shareholders. A unit trust is not a corporate body but a legal relationship. The assets of the fund are vested in a trustee and its operations are governed by a trust deed. Contributors to the fund are referred to as unit holders.

1.10 Is my principal secured as it is with a repo transaction?

No. Unlike with the Repo transaction, the total amount an investor receives when the units are redeemed may be more or less than the amount purchased due to movements in the asset prices which is reflected in the NAV. Conservative investors may consider the Money Market portfolio, which comprises short term fixed income securities, and as such carries a relatively lower risk.

1.11 Are the returns guaranteed?

Returns on the funds are not guaranteed. The total amount an investor receives when the units are redeemed may be less than the amount purchased due to movements in the asset prices which is reflected in the NAV.

1.12 Will the returns be greater than that of a repo?

The returns on the unit trust may be greater or less than that earned on repos.

1.13 Can funds in the Unit Trust be used as collateral for loans?

Funds invested in the M Fund (JMD Money Market Portfolio) may be used as security or collateral for loans.

1.14 Is there a prospectus or guide which outlines the portfolio holdings?

The Offering Circular provides details of all the funds and the risks involved to assist clients in making their investment decisions. Additionally, details of the unit trust scheme and the rules governing the operations of the trust are outlined in the trust deed. Copies of the deed can be obtained from the trustees (MF&G Asset Management) or NCB Capital Markets at a cost of \$1000 per copy. Investors can also view a copy of the trust deed at the offices of NCB Capital Markets Limited.”

A wealth advisor is waiting.

Let's talk! 960-7108 | bb pin 22EAE9 | TEXT SUCCESS TO 772-6062