



**CASS SADDLE**

► Asset Management ►

*"Let There Be Wealth"*

**CASS SADDLE  
AGRICULTURE  
EXCHANGE  
TRADED FUND  
PROSPECTUS**

# CASS SADDLE AGRICULTURE EXCHANGE TRADED FUND PROSPECTUS

This Prospectus is dated  
15 July 2022





**This document contains important information and should be read carefully before investing. If you have any questions about the content of this Prospectus you should consult your broker, intermediary, bank manager, legal adviser, financial accountant or other independent financial adviser.**

# PROSPECTUS *for* CASS SADDLE AGRICULTURE EXCHANGE TRADED FUND

**The trustees of Cass Saddle Agriculture Exchange Traded Fund Trust, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and certify that, to the best of their knowledge and belief, no facts have been omitted the omission of which would make any statement in this Prospectus false or misleading and that they have made all reasonable enquiries to ascertain such facts and that the Prospectus contains all information required by law and the Zimbabwe Stock Exchange (ZSE) Listings Requirements.**

This Prospectus relates to information to prospective investors of the establishment of an Exchange Traded Fund by Cass Saddle Asset Management (Private) Limited, whose objective is to give returns that track the performance of stocks that are within the agriculture sector of the Zimbabwe Stock Exchange. The fund is established under Zimbabwe law by a trust deed, registered with the Securities and Exchange of Zimbabwe, as amended from time to time between Cass Saddle Asset Management (Private) Limited (the "Manager") and Cabs Trustee Services (the "Trustee"). The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the Fund. It contains important facts about the Fund whose Units are offered in accordance with this Prospectus.

Prospective purchasers of any exchange traded funds should ensure that they understand fully the nature of the exchange traded fund and the extent of their exposure to risks and that they consider the suitability of the exchange traded fund as an investment in the light of

their own circumstances and financial position.

"The issuer certifies that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the placing document contains all information required by law and the Zimbabwe Stock Exchange (ZSE) Listings Requirements. The issuer accepts full responsibility for the accuracy of the information contained in the placing document, pricing supplements and the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

The ZSE takes no responsibility for the contents of the placing document, pricing supplements, or the annual report (as amended or restated from time to time) or the amendments to the annual report, makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any

liability for any loss arising from or in reliance upon the whole or any part of the placing document, pricing supplements, or the annual report (as amended or restated from time to time);

The ZSE's approval of the listing of the Cass Saddle Asset Management (Private) Limited Exchange Traded Fund securities is not to be taken in any way as an indication of the merits of the issuer or of the securities. The ZSE has not verified the accuracy and truth of the contents of the listing documentation and that to the extent permitted by law, the ZSE will not be liable for any claim whatsoever. If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant or other professional advisor.

Date of issue: 14 July 2022

**SADDLE**  
"There Be Wealth"



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# Key Participants

**CASS SADDLE ASSET MANAGEMENT (CSAM) PVT LTD  
(MANAGER)**

**6TH FLOOR GREEN BRIDGE EASTGATE BUILDING, HARARE**

**Trustee**



Cabs Trustee Services  
3 Northend Close  
Northridge Park  
Highlands  
Harare

**Sponsor**



Ingenium Capital (Pvt) Ltd

37 Canterbury Road Kensington Harare



Cabs Custodial Services  
3 Northend Close  
Northridge Park  
Highlands  
Harare

**Authorised Participants**



Cass Saddle Asset Management (Pvt) Ltd  
6<sup>th</sup> Floor Green Bridge,  
Eastgate Building,  
Harare

**Auditors**



7 Boundary Road Eastlea,  
Harare

**Transfer Secretaries**



2nd Floor ZB Centre, 56 Union Ave, Harare

**Market Maker**



**MORGAN & CO**

OUR WORD IS OUR BOND

1<sup>st</sup> Floor, Block D, Smatsatsa Office Park, Borrowdale Road, Harare



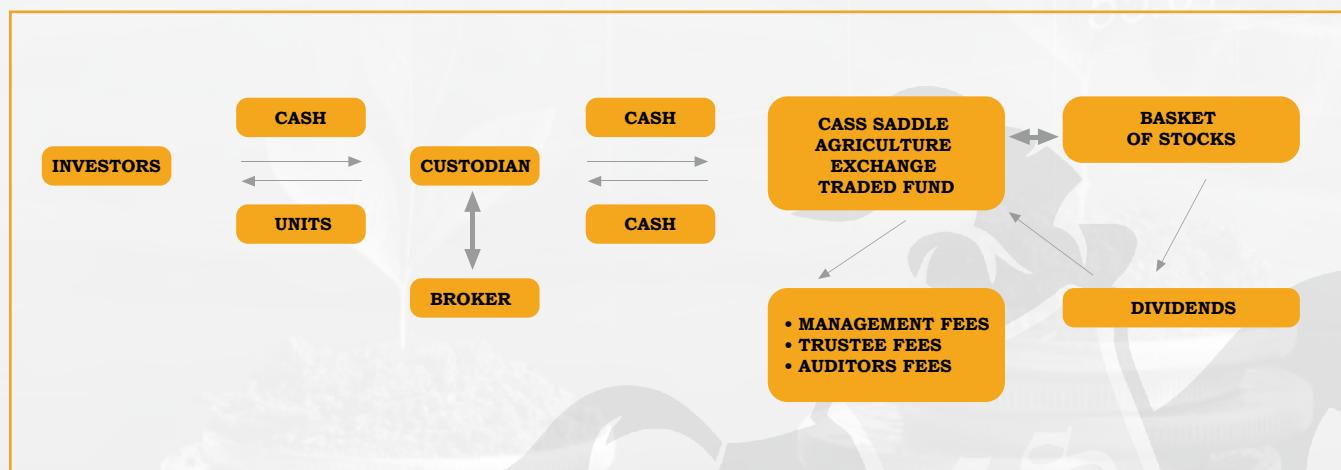
# Overview And Salient Features

An exchange traded fund (ETF) is a marketable security that tracks an index, sector, commodity, or other asset, but which can be purchased or sold on a stock exchange the same way a regular stock can. Unlike a company stock, the number of shares outstanding of an ETF can change daily because of the continuous creation of new shares and the redemption of existing shares. The ability of an ETF to issue and redeem shares on an ongoing basis keeps the market price of ETFs in line with their underlying securities.

Sectors are investable slices of the economy that represent groupings of similar companies. Cass Saddle Asset Management (Pvt) Ltd wishes to establish a sector-based ETF named the Cass Saddle Agriculture Exchange Traded Fund (Agro ETF) that tracks all the counters in the agricultural sector listed on the ZSE.

The diagram below illustrates the creation and redemption of the Agro ETF and how investors get access to their returns.

## Creation and Redemption of the Agro ETF



ETF sponsors enter contractual relationships with one or more Authorized Participants, financial institutions which are typically large broker-dealers. Only Authorized Participants purchase and redeem shares directly from the ETF. In addition, they can do so only in large blocks (e.g., 50,000 ETF shares) commonly called creation units, and they typically “pay” for the creation units in an in-kind exchange with a group or basket of securities and other assets that generally mirrors the ETF’s portfolio.

Once an Authorized Participant receives the block of ETF shares, the Authorized Participant may sell the ETF shares in the secondary market to investors. An ETF share is trading at a premium when its market price is higher than the value of its underlying holdings. An ETF



share is trading at a discount when its market price is lower than the value of its underlying holdings.

**Table showing the counters as at 30 June 2022.**

Counter	Weight
NatFoods	28%
BAT	15%
Tanganda	12%
Hippo	11%
Seedco	9%
TSL	9%
CFI	8%
Dairibord	3%
Zimplow	1%
Ariston	1%
Cash	3%
<b>Total</b>	<b>100%</b>

A seed initial capital of ZWL36,199,404 has been deposited by Cass Saddle Asset Management in the above weights, comprising 36,199,404 units. The Agro ETF will be listed on the ZSE and additional investments will be used to purchase shares on the market as addition to the portfolio. Investors can deliver a basket of stocks in the exact weight of the fund through an authorized participant or buy units in the ETF through a registered stock broker whenever they wish to invest.

CABS Custodial Services will be the ETF custodian; thus it will hold the assets of the fund, whilst CABS Trustee Services will be the trustee. Settlement of trades in the units will be done in electronic format in accordance with the settlement modalities approved by the Zimbabwe Stock Exchange. By investing in the ETF the investor will have considerable latitude to own underlying stocks. The ETF will be passively managed thereby mitigating the element of “managerial risk” that can make choosing the right fund difficult.

**ETFs Merits**

Costs- ETFs are index funds, they incur low expense ratios and fewer broker commissions because they are not actively managed

Risk management- The ETF facilitates diversification which in itself is a risk management tool.

Easy to trade - ETFs can be bought and sold at current market prices at any time during the trading day at the ZSE.

Liquidity – ETFs offer the ability to convert stocks into cash without losing significant value.

Transparency - ETFs follow an index and are required to publish their NAV daily

More tax efficient - ETFs typically generate a lower level of capital gain distributions relative to actively managed mutual funds.



## Preamble

- A. The manager and the trustee have agreed to establish a collective investment scheme in securities to be known as Cass Saddle Agriculture ETF under the Collective Investment Schemes Act, 1998 (the “**Act**”) and to create thereunder, by means of one or more supplemental deeds, one or more separate portfolios.
- B. The manager intends, subject to the Act and this prospectus, to make available to members of the public for investment participatory interests in one or more portfolios.
- C. To protect and secure the interests of investors in a portfolio –
  - (the manager undertakes to invest money or other assets on behalf of investors in one or more portfolios of the collective investment scheme under the supervision and control of the trustee; and
  - the trustee agrees to accept delivery of and to hold in safe custody the assets of a portfolio.
- D. The parties have reached agreement on the following matters relating to the establishment and administration of the collective investment scheme and its portfolios:

## Definitions

- In this prospectus a word defined in the Act bears the meaning so assigned to it.
- In this prospectus, unless inconsistent with the context – “**Act**” – Collective Investment Schemes Act [Chapter 24:19].
- “Accounting period, means the period not exceeding 12 months commencing on the date of commencement of such portfolio as declared by the manager in consultation with the trustee and ending on the last day of month of each year,
- “Authorised Participant”, a recognised body that has entered into a participation agreement to create or redeem units of the exchange traded funds (ETFs)
- “basket” means a portfolio of securities which comprises the smallest number of securities issued by each of the constituent companies in the Index that allows for such securities to be held in the same weightings as they are



included in the Index.

- “CSD” means a Central Securities Depository, operated by ZSE.
- “Declaration date”, means the date, on which it is announced to investors via SENS (the “Stock Exchange News Service”) that a distribution of income is to be paid.
- “Distribution date” means the date of payment of a distribution of income to investors in respect of each accounting period, which date must be in accordance with the ZSE’s corporate actions timetable.
- “Deal Note”- the form of receipt which shall be issued by the securities dealer to the purchasers of Units on the purchase of such Units and to the sellers of Units on the sale of such Units.
- “Deposited Property” - all the assets for the time being held or deemed to be held upon trust in terms of the Trust Deed excluding any amount for the time being standing to the credit of the Distribution Account
- “Distribution Account”- the account to which the moneys to be distributed to Participants is credited prior to distribution.
- “Effective Date” – shall be the date of obtaining the last of the approvals required
- “ETF Rules” means the Rules governing Exchange Traded Funds made by the Securities and Exchange Commission of Zimbabwe and the Zimbabwe Stock Exchange from time to time as and when amended from time to time.
- “Index” shall bear the meaning attributed to it in relation to the portfolio in question in the relevant supplemental deed.
- “Manager’s charge”, in relation to a participatory interest, means the charges contemplated;
- “Market value” means (i) in respect of underlying securities held in a portfolio, the value determined (ii) in respect of a participatory interest traded in the secondary market, the price at which such participatory interest may be bought or sold on the secondary market at a particular point in time or (iii) in respect of a participatory interest sold or repurchased by the manager, the net asset value as determined;
- “Primary market” means the creation, issue, sale or repurchase and cancellation of participatory interests by the manager, acting in its capacity as such.
- “register” means the register of investors or, as the context may require, any
- “Registrar” means the Registrar of Collective Investment Schemes
- “scheme” means the Collective Investment Scheme in Securities established in terms of the trust deed.
- “secondary market” means all trade in participatory interests other than the creation, issue, sale or repurchase and cancellation of participatory



interests by the manager acting in its capacity as such, and includes all such trades entered into with any market maker appointed in terms of the ZSE's Listings Requirements from time to time;

- “Service charge” means the periodical charge stipulated in the deed or the relevant supplemental deed or as agreed with investors in writing, to remunerate the manager for the administration of a portfolio.
- “valuation point”, in relation to the primary market, means on each pricing date, being the point in time on a pricing date at which the prices of participatory interests are calculated: Provided that with the consent of the trustee, valuations may take place more frequently but not less frequently.
- “ZSE” means the Zimbabwe Stock Exchange.

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## 1. Part One: The Manager

### 1.1. Manager

Name	Cass Saddle Asset Management
Corporate form	Private Limited Company
Country of incorporation	Zimbabwe
Date of incorporation	2021
Company registration number	2469/2013
SECZ Licence number	SECZ3426A
Issued share capital	USD2,000
Paid up share capital	USD2,000
Registered Office	6th Floor Green Bridge, Eastgate Building, Harare

### 1.2. Directors

The following are the directors of Cass Saddle Asset Management (Pvt) Ltd;

- Bartholomew Mswaka (Non-Executive Chairman);
- Professor Mandivamba Rukuni (Non-Executive Director); and
- Calvin Mugabe (Chief Executive Officer).

### 1.3. None of the directors of the Company has:

- 1.3.1. been involved in or has been subject to any bankruptcies, insolvencies or individual voluntary compromise arrangements.
- 1.3.2. been involved or subject to any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where he or she is or was a partner at the time of or within the 12 (twelve) months



preceding such event(s);

1.3.3. been subject to any public criticisms by statutory or regulatory authorities, including recognised professional bodies.

1.3.4. ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

1.3.5. committed any offence involving dishonesty;

1.3.6. been removed from an office of trust on the grounds of misconduct and involving dishonesty; or

1.3.7. been subject to any court order declaring him or her delinquent or placing him or her under probation in terms of the Companies and Other Business Entities Act (24:31)

## 1.4. Trustee

Name	Cabs Trustee Services
Corporate form	Private Limited Company
Country of incorporation	Zimbabwe
Date of incorporation	1998
Company registration number	5684 / 1998
SECZ Licence number	SECZ7804T
Issued share capital	ZWL\$35,000,000
Paid up share capital	ZWL\$35,000,000
Registered Office	Northridge Park, 3 Northend Close, Highlands. Harare

## 2. Part Two: The Scheme

### 2.1. Name

Cass Saddle Agriculture Exchange Traded Fund.

### 2.2. Objective of the fund

The Cass Saddle Agriculture ETF (the “Fund”) seeks to track the investment results of an index composed of agricultural sector equities listed on the Zimbabwe Stock Exchange.

### 2.3. To achieve the object of the Trust the Manager shall be entitled: -

2.3.1. To create and issue an unlimited number of units in a portfolio established in terms of this Prospectus;



2.3.2. To buy a basket of stocks in the exact proportions of the counters that fall under the ZSE agricultural index as defined from time to time by the Zimbabwe Stock Exchange; and

2.3.3. To ensure that any dividends accruing to the portfolio are distributed to the unit holders.

## 2.4. Fees and Expenses

The following table describes the fees and expenses that you will incur if you buy, hold and sell shares of the Fund.

Participant	Company	Fee (per annum)
Fund Manager	Cass Saddle Asset Management	0.5%
Custodian	Cabs Custodial Services	0.05%
Trustee	Cabs Trustee Services	0.1%
Transfer Secretary	Corpserve	0.01%
Index License Fees	ZSE	0.01%
Creation/Redemption fees	Authorised Participant	USD100
<b>Total</b>		0.67%

NB. *It is noteworthy that fees may change at any time during the life of the ETF*

## 2.5. Portfolio Turnover.

The Fund may pay transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in the Annual Fund Operating Expenses, affect the Fund’s performance.

## 2.6. The Offer

The fund will be listed on the Zimbabwe Stock Exchange by way of introduction.

Listing Date: 15 JULY 2022

## 2.7. Listing Price

2.7.1. The listing price will be the Net Asset Value of the fund per the initial number of units.

## 2.8. After Listing

The “After Listing” phase commences on the Listing Date and continues until the Fund is terminated. An investor can acquire or dispose the



Units in either of the following two ways:

Buy and sell Units on the Zimbabwe Stock Exchange; or

Apply for cash or in-kind creation and cash redemption of Units through Authorised Participants (AP).

## **2.9. Buying and selling Units on the Zimbabwe Stock Exchange:**

2.9.1. After Listing, all investors can buy and sell Units like ordinary listed shares through an intermediary such as a stockbroker or market maker of the ZSE.

2.9.2. Investors should note that transactions in the secondary market on the Zimbabwe Stock Exchange will occur at market prices which may vary throughout the day and may differ from Net Asset Value per Unit due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary market. As a result, the market price of the Units in the secondary market may be higher or lower than Net Asset Value per Unit.

## **2.10. Apply for cash creation and cash redemption of Units through Authorised Participants**

2.10.1. Units will continue to be created and redeemed at NAV through Authorised Participants in Creation Unit size or multiples thereof as determined from time to time. In-kind creations or in-kind redemptions may be permitted by the Manager.

2.10.2. To be dealt with on a Dealing Day, the relevant Authorised Participant must submit the Creation Applications to the Custodian/Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. Authorised Participants are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Authorised Participants determine.

2.10.3. The minimum lot size for in-kind creations shall be 1 million units but the fund manager shall have the powers to vary this amount from time to



time in line with market developments.

## **2.11. Investment Strategy**

The Fund seeks to track the investment results of the agricultural counters which measures the performance of the agricultural sector. Underlying Index uses a market capitalisation capping methodology to constrain at quarterly rebalancing of the weights of one or more securities in the fund. Substantially all of the underlying index is expected to be represented by securities of companies in the agricultural sector listed on the Zimbabwe Stock Exchange. Cass Saddle uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

## **2.12. Securities Lending**

There is no current intention for the Fund to engage in securities lending, repurchase transaction or other similar over-the-counter transactions, but this may change in light of market circumstances and where the Fund does engage in these types of transactions, prior approval shall be obtained from the SECZ and ZSE and no less than one month’s prior notice will be given to the Unitholders.

# **3. Part Three: Key Participants**

## **3.1. The Manager**

3.1.1. The manager for the fund shall be Cass Saddle Asset Management Pvt Ltd.

## **3.2. Duties of the Manager**

3.2.1. The Management Company shall be responsible for ensuring that the Trust is managed in accordance with the provisions of the Act or Regulations in force from time to time in Zimbabwe relating to ETFs;

3.2.2. The Manager shall make decisions as to the investment of any part of the Deposited Property in a way that appears to them most likely to secure the objectives of the Scheme, and generally shall



manage the Scheme in the paramount and equal interests of the unitholders and not those of the Manager, the Trustee, any investment adviser or their respective associates;

### **3.3. Powers of the Manager**

Without prejudice to the generality of the foregoing, the Management Company shall have the following specific powers, namely

- 3.3.1. To purchase, select or sell listed equities that fall within the agriculture sector and provide services and carry on business of any kind in such manner as the Management Company could do if it were the beneficial owner thereof;
- 3.3.2. To invest moneys in such manner as its officers may think fit and vary such investments from time to time;
- 3.3.3. To pay all rates, taxes, imposts, and charges lawfully levied or imposed upon the Trust assets and any other expenses incurred in connection with the administration of the Trust;
- 3.3.4. To engage the services of accountants, legal practitioners, architects, quantity surveyors, land surveyors, valuers, agents, brokers or other professional advisers as they may consider necessary to transact all or any other business of whatsoever nature required to be done under the Deed and to pay all fees, charges and expenses so incurred as a first charge against the Deposited Property;
- 3.3.5. To act on the advice or information obtained from professional advisers and other bodies considered by them to be experts;
- 3.3.6. To appoint an agent or agents to represent them for any specific purpose, and to perform such powers and duties on its behalf as they may deem expedient;
- 3.3.7. To allow time for payment of debts due to the Trust and to compromise claims by the Trust in the discretion of their officers; with the approval of the Trustee to compromise and settle for such consideration and upon such terms and conditions as its officers may deem advisable all matters arising in relation to the Trust and all such compromises and settlements shall be final and binding upon all unitholders;
- 3.3.8. To enter indemnities, guarantees or suretyships of every description, either gratuitously or for consideration, which in their absolute discretion they may deem fit; and
- 3.3.9. To purchase, select, sell, exchange, or alter any of the Deposited Property if nothing in its paragraph shall impose any liability on them to



bear the expense of stamping any Certificate or any transfer relating to the Deposited Property.

### **3.4. Removal of Manager**

The Manager may be removed at any time by notice in writing given to them by the Trustee in the following circumstances:

- 3.4.1. on the liquidation of the Manager, other than a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved by the Trustee;
- 3.4.2. On the granting of a provisional judicial management order in respect of the Manager;
- 3.4.3. On the failure of the Manager to be licensed in terms of the Rules or on the cancellation or suspension of their licence;
- 3.4.4. Where, for good and sufficient reason, the Trustee is of the opinion, and so states in writing to the incumbent Manager, that a change of Manager is desirable in the interests of the unit holders provided that if the Manager dispute their removal in these circumstances the matter shall be referred to the Chief Executive Officer of the Securities and Exchange Commission of Zimbabwe (SECZ);
- 3.4.5. Where the unit holders pass an extraordinary resolution removing the Manager;
- 3.4.6. If unit holders holding three quarters (3/4) of the Units in issue request the Trustee in writing to remove the Manager.

### **3.5. The Trustee**

The Trustee shall be Cabs Trustee Services. The trustee shall be expected to carry out the following functions:

- 3.5.1. Ensuring that the manager is managing the scheme in accordance with the provisions of the Collective Investment Schemes Act, Rules and the trust deed;
- 3.5.2. Satisfying itself on reasonable grounds that the manager has maintained and is maintaining sufficient records, in particular records regarding the calculation of prices at which units are issued and redeemed;
- 3.5.3. Taking all steps and executing all documents necessary to secure that acquisitions and disposals of Assets made by the manager are completed;
- 3.5.4. Collecting any income due to be paid to the scheme, including the



repayment of tax, and to hold such income in trust for the participants in accordance with the trust deed;

3.5.5. Keeping such records as are necessary to enable it to comply with the trust deed and to demonstrate such compliance.

## 3.6. Authorised Participants

3.6.1. According to the Authorised Participant (AP) Agreement, the Authorised Participant(s), will facilitate the creation and redemption of Blocks of ETF units on its own behalf, or for investors on whose behalf it has agreed to act, and to facilitate the redemption of Blocks of ETF units on behalf of the Company when required.

3.6.2. The fund has concluded a Participant Agreement with Cass Saddle Asset Management Pvt Ltd. The manager will publish from time to time on its website the names of other Authorised Participants with whom the manager would have concluded an Authorised Participant Agreement.

## 3.7. Custodial Services

The Company concluded a Custody Agreement with CABS Custodial Services (CABSCUS). The Custodian is responsible for safekeeping the physical holdings of the fund. Only Authorised Participants may deposit and withdraw securities from the custodial accounts. The Custodian will facilitate the transfer of the securities into and out of the fund's account.

## 3.8. Market Maker

The Manager will ensure that at least one Market Maker will maintain a market for the Units. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the ZSE with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information made available to an Authorised Participant. The fund has appointed Morgan and Company (Pvt) Ltd as the market maker with the possibility of appointing other market makers in line with the market making rules laid down by the Zimbabwe Stock Exchange.

## 3.9. Clearing House

3.9.1. Units will be deposited, cleared and settled by the Zimbabwe Stock Exchange Central Securities Depository (CSD).

3.9.2. Furthermore, the Trustee and the Manager acknowledge that pursuant



to the General Rules of CSD, ZSE has no proprietary interest in the Units.

### **3.10. Auditors**

3.10.1. The auditors for the issuer shall be G-Village (Part of Nexia International Network).

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## **4. Part Four: Issuing And Redemption Of Units**

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### **4.1. Investment in the Fund**

There are two (2) methods of making an investment in the fund and of disposing of Units to realise an investment in the Fund:

- 4.1.1. Create or to redeem Units at Net Asset Value directly with the Fund in the primary market through an Authorised Participant that has entered into a Participation Agreement in respect of the Fund.
- 4.1.2. Buy or to sell Units in the secondary market on the ZSE which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the Fund.

### **4.2. Creation of units through Authorised Participants**

- 4.2.1. Any application for the creation of Units must only be made through an Authorised Participant in respect of a creation Unit size or whole multiple thereof. Only Authorised Participants may submit Creation Applications to the Trustee (with a copy to the Manager).
- 4.2.2. Units are continuously offered through an Authorised Participant, who may apply for them on any Dealing Day for its own account or for the investors account, by submitting a Creation Application to the Trustee (with a copy to the Manager)
- 4.2.3. Each initial Authorised Participant has to indicate to the Manager that it will generally accept and submit creation requests received from its clients, subject always to
  - 4.2.3.1 Mutual agreement between the relevant initial Authorised Participant and its clients as to its fees for handling such requests;



4.2.3.2 Completion to its satisfaction of client acceptance procedures and requirements;

4.2.3.3 No objection from the Manager to create Units for the relevant initial Authorised Participant on behalf of such clients (please refer to the sub-section on “Creation process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Creation Application); and

4.2.3.4 Mutual agreement between the relevant initial Authorised Participant and its clients as to the method of effecting such creation requests

4.2.4. In addition, an Authorised Participant reserves the right to reject, acting in good faith, any creation request received from a client under exceptional circumstances, including without limitation the following circumstances any period during which;

- Any period during which (i) the creation or issue of Units, (ii) the redemption of Units, and/or (iii) the determination of Net Asset Value is suspended.
- Where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index
- Where acceptance of the creation request or any Security in connection with such creation request would render the Authorised Participant in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Authorised Participant necessary for compliance with applicable legal and regulatory requirements; or
- Circumstances outside the control of the Authorised Participant make it for all practicable purposes impossible to process the creation request.

### 4.3. Creation Process

4.3.1. An Authorised Participant may from time to time submit Creation Applications to the Trustee (with a copy to the Manager), following receipt of creation requests from clients or where it wishes to create Units for its own account.

4.3.2. To be effective, a Creation Application must;

- be given by an Authorised Participant in accordance with the Trust Deed and the relevant Participation Agreement;
- specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and

4.3.3. The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances any period during which:



- Any period during which (i) the creation or issue of Units, (ii) the redemption of Units, and/or (iii) the determination of Net Asset Value is suspended.
- where in the opinion of the Manager, acceptance of the Creation Application or any Security in connection with such Creation Application would have an adverse effect on the Fund.
- Where, if relevant to the Fund, in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant market;
- Where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;
- Where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements.
- Circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;
- The business operations of the Manager, the Trustee or any agent of the Manager or the Trustee are substantially interrupted or closed because of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- An Insolvency Event occurs in respect of the relevant Authorised Participant

4.3.5. In the event of such rejection, the Manager shall notify the relevant Authorised Participant and the Trustee of its decision to reject such Creation Application. Where for any reason there is a limit to the number of Units which can be created, priority will be given to Authorised Participants and the relevant Creation Applications.

4.3.6. The Manager's right to reject a Creation Application is separate and in addition to an Authorised Participant's right to reject, acting in good faith, any creation request received from a client of the Authorised Participant under exceptional circumstances. Notwithstanding an Authorised Participant has accepted creation requests from its clients and in that connection submitted an effective Creation Application, the Manager may exercise its rights to reject such Creation Application in the circumstances described herein.

4.3.7. Where the Manager accepts a Creation Application from an Authorised Participant, it shall instruct the Trustee to effect (i) for the account of the Fund, the creation of Units in Application Unit size in exchange for a transfer of cash and/or Securities (at the discretion of the Authorised Participant but subject to the Manager's agreement); and



(ii) the issue of Units to the Authorised Participant, in accordance with the Trust Deed.

## 4.4. Fees Relating to Creation Applications

- 4.4.1. The Authorised Participant and/or the Trustee may charge a Transaction Fee in respect of Creation Applications and may vary the rate of the Transaction Fee they charge (but not as between different Authorised Participants in respect of the same Fund). The Transaction Fee shall be paid by or on behalf of the Authorised Participant applying for such Units.
- 4.4.2. In relation to cash creation of Units, the Manager reserves the right to require the Authorised Participant to pay or cause to be paid an additional sum as the Manager in its discretion considers appropriate. The Authorised Participant may pass on to the relevant investor such additional sum.
- 4.4.3. Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the issue price of such unit and shall not be paid from the assets of the fund.

## 4.5. Cancellation of Creation Applications

- 4.5.1. A Creation Application once submitted cannot be revoked or withdrawn without the consent of the Manager.
- 4.5.2. The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received good title to all Securities and/or cash (including Transaction Fees, Duties and Charges) relating to the Creation Application by the Settlement Day, provided that the Manager may at its discretion, with the approval of the Trustee extend the settlement period (either for the Creation Application as a whole or for a particular Security) such extension to be on such terms and conditions as the Manager may determine; or
- 4.5.3. Partially settle the Creation Application to the extent to which Securities and/or cash has been vested in the Trustee, on such terms and conditions the Manager may determine including terms as to any extension of the settlement period for the outstanding Securities or cash.
- 4.5.4. In addition to the preceding circumstances, the Manager may also cancel any creation order of any Units if it determines by such time that it is unable to invest the cash proceeds of any Creation Application.



4.5.5. Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above or if an Authorised Participant otherwise withdraws subject to the Manager's consent a Creation Application (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of creations of Units), any Securities or any cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Authorised Participant (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Authorised Participant shall have no right or claim against the Manager, the Trustee and/ or the Service Agent in respect of such cancellation provided that:

4.5.6. The Trustee may charge the relevant Authorised Participant for an application cancellation fee (see the section on "Fees and Expenses" for further details);

4.5.7. The Manager may at its discretion require the Authorised Participant to pay to the Trustee, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Authorised Participant had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Fund as a result of such cancellation;

4.5.8. The Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

4.5.9. No previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units

## **4.6. Redemption Process**

4.6.1. An Authorised Participant may from time to time submit Redemption Applications to the Trustee (with a copy to the Manager), following receipt of redemption requests from clients or where it wishes to redeem Units for its own account.

4.6.2. To be effective, a Redemption Application must:

- Be given by an Authorised Participant in accordance with the Trust Deed



and the relevant Participation Agreement;

- Specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and

4.6.3. The Manager shall have the right to reject, acting in good faith, any Redemption Application under exceptional circumstances, including without limitation the following circumstances:

- Any period during which (i) the creation or issue of Units, (ii) the redemption of Units, and/or (iii) the determination of Net Asset Value is suspended.
- Where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the Fund;
- Where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;
- Where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements.
- Circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or
- The business operations of the Manager, the Trustee or any agent of the Manager or the Trustee are substantially interrupted or closed because of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

4.6.4. In the event of such rejection, the Manager shall notify the relevant Authorised Participant and the Trustee of its decision to reject such Redemption Application.

4.6.5. The Manager's right to reject a Redemption Application is separate and in addition to an Authorised Participant's right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances. Notwithstanding an Authorised Participant has accepted redemption requests from clients and in that connection submitted an effective Redemption Application, the Manager may exercise its rights to reject such Redemption Application in the circumstances described herein.

4.6.6. Where the Manager accepts a Redemption Application from an Authorised Participant, it shall (i) effect the redemption and cancellation of the relevant Units; and (ii) require the Trustee to transfer to the Authorised Participant Securities and/or cash in accordance with the Trust Deed.



4.6.7. The Authorised Participant will then transfer the Securities and/or cash to the relevant client if the Redemption Application was submitted by the Authorised Participant for the account of its client

## **4.7. Suspension of Creations and Redemptions**

4.7.1. The Manager may, at its discretion, after giving notice to the Trustee and Zimbabwe Stock Exchange (and where practicable, after consultation with Authorised Participants) suspend the creation or issue of Units of the fund, suspend the redemption of Units of the fund and or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities in respect of any Creation Application and/or Redemption Application in the following circumstances:

- During any period when trading on the ZSE is restricted or suspended;
- During any period when a market on which a Security (that is a component of the Index) has its primary listing, or the official clearing and settlement depositary (if any) of such market, is closed;
- During any period when dealing on a market on which a Security (that is a component of the Index) has its primary listing is restricted or suspended;
- During any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depositary (if any) of such market is disrupted.
- During the existence of any state of affairs as a result of which delivery or purchase of Securities, as appropriate or disposal of investments for the time being comprised in the relevant Fund cannot, in the opinion of the Manager, be affected normally or without prejudicing the interests of Unitholders of the Fund.
- During any period when the relevant Index is not compiled or published;
- During any breakdown in any of the means normally employed in determining the Net Asset Value of the Fund or when for any other reason the value of any Securities or other property for the time being comprised in the Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- During any period when the determination of the Net Asset is suspended or if any circumstance specified in the section on “Suspension of Determination of Net Asset Value” below arises; or
- During any period when the business operations of the Manager, the Trustee, or the Registrar, in respect of the Fund is substantially interrupted or closed because of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.



4.7.2. The Manager shall notify the ZSE and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website and submit the same notice for publication on the ZSE website or in such other publications as it decides.

4.7.3. The Manager shall consider any Redemption Application, or any Creation Application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

4.7.4. An Authorised Participant may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation Application or Redemption Application by notice in writing to the Manager and the Manager shall promptly notify and request the Trustee to return to the Authorised Participant any Securities and/or cash received by it in respect of the Creation Application (without interest) as soon as practicable.

4.7.5. A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension having ended; and (b) the first Dealing Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised exists

## **4.8. Evidence of Unit Holding**

4.8.1. Units will be deposited, cleared and settled by the Central Securities Depository (CSD). Units are held in registered entry/electronic form only, which means that no Unit certificates are issued.

4.8.2. Corpserve Registrars (Private) Limited is the sole record holder of all outstanding Units deposited with the CSD and is holding such Register for the participants in accordance with the General Rules of CSD.

## **4.9. Exchange Listing and Trading**

4.9.1. The Units shall be listed on the Zimbabwe Stock Exchange (ZSE).

4.9.2. The purpose of the listing of the Units is to enable investors to buy and sell Units on the secondary market, normally via a broker or dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.

4.9.3. The market price of a Unit listed or traded on the ZSE may not reflect the Net Asset Value per Unit. Any transactions in the Units on the ZSE



will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the ZSE.

4.9.4. There can be no guarantee that once the Units are listed on the ZSE they will remain listed.

4.9.5. The Manager will ensure that at least one Market Maker will maintain a market for the Units. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the ZSE with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information made available to an Authorised Participant.

4.9.6. Units may be purchased from and sold through the Market Makers. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities comprised within the Index. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the Funds in respect of their profits.

4.9.7. If trading of the Units on the ZSE is suspended or trading generally on the ZSE is suspended, then there will be no secondary market dealing for the Units.

## **5. Part Five: Valuation Of Assets Of The Fund**

### **5.1. Calculation of Net Asset Value**

5.1.1. The Net Asset Value will be calculated by Cass Saddle Asset Management Pvt Ltd daily at the end of each trading day by valuing the assets and deducting the liabilities, in accordance with the terms of the Trust Deed

5.1.2. The securities which are quoted, listed, traded on the Zimbabwe Stock Exchange shall be valued by reference to the official closing price on the Zimbabwe Stock Exchange

5.1.3. If a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Zimbabwe Stock Exchange

5.1.4. Cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the



Manager, any adjustment (in consultation with the Trustee) should be made to reflect the value thereof;

## 5.2. Suspension of Determination of Net Asset Value

- 5.2.1. The Manager may, after giving notice to the Trustee and obtaining approval of ZSE, declare a suspension of the determination of the Net Asset Value of the Fund for the whole or any part of any period during which:
- 5.2.2. There exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the Fund.
- 5.2.3. Circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any Securities held or contracted for the account of the Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of Units of the Fund;
- 5.2.4. For any other reason the prices of investments of the Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- 5.2.5. There is a breakdown in any of the means normally employed in determining the Net Asset Value.
- 5.2.6. The business operations of the Manager, the Trustee, or the agent of the Manager or the Trustee in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.
- 5.2.7. Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value and the Manager shall be under no obligation to rebalance the Fund until the suspension is terminated on the earlier of:
  - 5.2.8. The Manager declaring the suspension is at an end; and
  - 5.2.9. The first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.
- 5.2.10. The Manager shall notify the ZSE and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website.
- 5.2.11. No Units of the Fund will be issued or redeemed during any period of suspension of the determination of the Net Asset Value of the Fund.



### 5.3. Conditions of Investments

- 5.3.1. The money's collected under this scheme shall be invested in the counters in the Agricultural index in the exact proportions of their weights. The fund shall be rebalanced in line with their performance and at a frequency guided by the ZSE policy.
- 5.3.2. The funds shall not in any manner be invested in any other asset.
- 5.3.3. The Trustees shall follow a formula approved by the ZSE for compiling the Net Asset Value (NAV) and the NAV will be calculated and published daily on the Issuers website or national newspapers.

### 5.4. Currency of Valuation

All valuations shall be made in the official functional currency of Zimbabwe, which as of the date of the Prospectus is the Zimbabwe dollar (ZWL).

### 5.5. Deduction of Liabilities

The value of the Deposited Property shall be reduced by the amount of estimated liabilities, including tax on realised capital gains and accrued tax on income, and of borrowings, accrued but unpaid interest on borrowings, and other liabilities accrued but unpaid.

## 6. Part Six: Risks

As with any investment, you could lose all or part of your investment in the Fund, and the Fund's performance could trail that of other investments. The Fund is subject to certain risks, including the principal risks, any of which may adversely affect the Fund's net asset value per share ("NAV"), trading price, yield, total return and ability to meet its investment objective. Below is the risk management framework associated with investing in Exchange Traded Funds

### 6.1. Risk framework associated with investing in Exchange Traded Funds

Risk factor	Description	Mitigation
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<b>Market Trading Risk:</b>	The Fund faces numerous market trading risks, including the potential lack of an active market for the Fund's units, losses from trading in secondary markets, periods of high volatility and disruptions in the creation/redemption process.	Market risk is purely dependent upon the type of investment strategy that suits you and the amount of risk for return you are prepared to take.
<b>Liquidity risk:</b>	There is the possibility that Unit Holders may fail to easily convert their units to cash without losing significant value.	This risk can be mitigated through the availability of a market maker.
<b>Tax Risk:</b>	ETFs are widely considered to be tax efficient, but this doesn't apply to all of them. It's important for investors to understand the tax treatment for the ETF they want to invest in.	Investors should seek advice from a professional advisor on the tax treatment of the ETF.
<b>Tracking Risk:</b>	The goal of an ETF index fund is to track a specific market index, often referred to as the fund's target index. The difference between the returns of the index fund and the target index is known as a fund's tracking error.	Index investors should understand how these gaps may develop and graph the ETF against the target index tracked to determine if it suits your needs. In order to minimise the Tracking Error risk, the fund manager will use the full replication investment strategy where they buy all the underlying securities of the index in their exact proportions.



<b>Closure Risk:</b>	Globally a few ETFs close every year. When this occurs, managers liquidate the fund and pay out their shareholders. Managers incur capital gains, transaction expenses and in some cases legal expenses, which ultimately trickle down to the investor. Closure risk is part and parcel of being an active market participant.	Investors should sell an ETF as soon as the issuer announces it will close.
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## **7. Part Seven: Expenses, Accounting Period And Fees**

### **7.1. Management Fees**

The Manager shall be entitled to receive as a fee not exceeding 0.5% per annum of the market value of the assets of the scheme accrued daily and paid monthly.

### **7.2. Trustee Charge**

The Trustee' remuneration, is payable out of the Assets of the scheme. The Trustee' remuneration is calculated and accrued daily on the market value of the fund. This remuneration is payable to the Trustee by the Manager on, or as soon as is practicable after, the last business day in a calendar month. The trustee charge shall be 0.1% per annum of the market value of the Assets of the scheme, payable at the end of each month.

### **7.3. Creation Fees**

Investors should be aware that, an applicable Creation Fee will be deducted from any payment accompanying their application and, accordingly, only the net amount will be invested in the fund. The Creation Fee will be charged to each Applicant for a single creation of a Block(s) of shares, regardless of the number of Blocks, which Creation



Fee will be equal to US\$100 (or equivalent), excluding VAT. Similarly, a redemption fee of US\$100 (or equivalent), excluding fees, will be charged on any unit holder wishing to exercise their rights to redeem part or all of the shares in the fund.

The Company may waive or vary the Creation Fees or Redemption Fees payable on a case-by-case basis as required. The Company reserves the right to vary Creation Fees or Redemption Fees of the fund, at its sole election, including to take into account for annual inflationary increases and actual cost increases incurred by the Company.

Such variations will be communicated to the market on the website of the company or through other acceptable means like publication in a daily paper. No Creation Fees or Redemption Fees will be charged to investors who buy and sell Units on the secondary market.

## **7.4. The Principle Accounting Period**

The annual accounting period is the period commencing on 1 January and terminating on 31 December the same year.

## **7.5. Annual Reports and Taxation**

- 7.5.1. Annual reports for the period ending 31 December shall be published not later than the 30th of March the following year.
- 7.5.2. The annual reports shall be made available on the issuer's website.
- 7.5.3. Creation/redemption fees are **USD100** per creation or redemption and payable in local currency converted at the prevailing interbank rate.
- 7.5.4. The Fund is taxable.

# **8. Part Eight: Meeting Of Unit Holders**

## **8.1. Voting Rights Exercisable at Meetings of Participants**

- 8.1.1. The Manager
- 8.1.2. The manager and its representatives are entitled to attend every meeting but are not entitled to vote at and are not to be counted in the quorum of any meeting



8.1.3. No associate of the manager is entitled to vote at any meeting except in respect of Units which it holds on behalf of a person other than the manager and from whom it has received voting instructions.

## 8.2. Procedure at Meetings

8.2.1. The Trustee nominates in writing a person, who need not be a Holder, to preside at any meeting and if no person is nominated or if at any meeting the nominated person is not present within 15 minutes after the appointed time, the Holders present will choose one of their members to be the chairman.

8.2.2. At any meeting all resolutions put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded by the chairman or by one or more Holders present in person or by proxy and holding or representing one- hundredth of the number of issued Units. Procedures of conducting a poll are contained in the First Schedule of the Trust Deed.

8.2.3. On a show of hands every Holder who is present in person or by proxy shall have one vote and on a poll every Holder who is present in person or by proxy shall have one vote for every Unit held by him.

8.2.4. The Management Company shall ensure that proper minutes of all resolutions and proceedings at every meeting are properly made and kept. Such minutes and records shall be recorded in a minute book kept at the offices of the Management Company and shall be open to inspection by Holders during normal business hours.

## 8.3. Proxies

8.3.1. The instrument appointing a proxy shall be in writing and signed by the appointer or his agent duly authorized in writing.

8.3.2. An instrument of proxy shall be in a form approved by the Trustee.

## 8.4. Powers of Meeting

8.4.1. Every resolution of a meeting shall be an extraordinary resolution requiring a majority of votes representing 75 per centum of the Units held by those present and voting at the meeting.



# CASS SADDLE

►Asset Management►

*“Let There Be Wealth”*

Cass Saddle Asset Management (Pvt) Ltd

6<sup>th</sup> Floor Green Bridge,

Eastgate Building

Harare

Signature	
Office Bearer	Calvin Mugabe
Capacity	Chief Executive Officer



# CASS SADDLE

► Asset Management ►

*“Let There Be Wealth”*

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