



INFORMATION MEMORANDUM

SICO FIXED INCOME FUND

(An open-ended collective investment undertaking pursuant to the regulations for the operation and marketing of collective investment undertakings issued by the Central Bank of Bahrain (CBB) as contained in the CBB Rulebook Volume 7, authorized under the laws of the Kingdom of Bahrain and created by SICO Funds Company VI BSC (c)

Offering of up to 1,000,000 Class A Units and 1,000,000 Class B Units and 1,000,000 Class C Units

Fund Company

SICO FUNDS COMPANY VI B.S.C. (c)

Investment Manager

SICO BSC (c)

SICO Fixed Income Fund qualifies as an expert fund under the Collective Investments Undertakings Regulations issued by the CBB as contained in the CBB Rulebook Volume 7. Being an expert fund, investment in SICO Fixed Income Fund is open to only Expert Investors as defined in the Section headed 'Definitions'. No person who does not qualify as an Expert Investor may subscribe for Units in the SICO Fixed Income Fund.

The date of this Information Memorandum as amended from time to time is September 24, 2020.

Important: If you are in any doubt about the contents of this Information Memorandum, you should seek independent professional financial advice. Remember that all investments carry varying levels of risk and that the value of your investment may go down as well as up. Investments in this collective investment undertaking are not considered deposits and are therefore not covered by the Kingdom of Bahrain's deposit protection scheme. The fact that this collective investment undertaking has been authorised/registered, by the Central Bank of Bahrain, does not mean that the CBB takes responsibility for the performance of these investments, nor for the correctness of any statements or representations made by the operator of this collective investment undertaking. Recipients of this Information Memorandum should inform themselves about and observe any applicable legal requirements.

This Information Memorandum does not constitute an offer or solicitation of Units in any jurisdiction in which such offer or solicitation is not authorized. No action has been taken to permit the distribution of this Information Memorandum in any jurisdiction other than in the Kingdom of Bahrain. Accordingly, this Information Memorandum may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

NOTICE TO INVESTORS

The Central Bank of Bahrain (“CBB”), the Bahrain Bourse (“BHB”) and the Ministry of Industry, Commerce and Tourism (“MOICT”) of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Information Memorandum or for the performance of the SICO Fixed Income Fund (the “Fund”), nor shall they have any liability to any person, an Investor or otherwise, for any loss or damage resulting from reliance on any statement or information contained herein.

This Information Memorandum is being furnished to Expert Investors as defined in the section headed ‘Definitions’ on a confidential basis so that they may consider the opportunity to purchase the Units. This Information Memorandum is the lawful property of SICO Funds Company VI BSC(c) (the “Fund Company”) and may not be distributed, reproduced or copied, as a whole or in part, nor may any of its contents be disclosed without the prior written and express permission from the Fund Company or SICO BSC(c) (the “Investment Manager”).

No person has been authorized to give any information or to make any representations other than those contained in this Information Memorandum. If given or made, such information or representations must not be relied upon as having been authorized by the Fund Company, the Directors or the Investment Manager.

This Information Memorandum provides a summary of information relevant to investing in the Fund. The information in this document relating to the Memorandum of Association and Articles of Association or the Material Contracts of the Fund Company does not purport to be complete and this Information Memorandum is qualified by reference to such documents.

The Units being offered may not be purchased or held by, or purchased or held for the benefit of, any Non-Qualified Person as defined hereinafter at any time. “Non-Qualified Person” means any person to whom a transfer to, or holding by such person of, Units would:

- (a) be in breach of any law or requirement of any country or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances;
- (b) result in the Fund Company or the Fund incurring any tax liability which the Fund Company or the Fund would not otherwise have incurred or suffered;
- (c) require the Fund Company or the Fund to be registered under any statute, law or regulation, whether as an investment company, a trust scheme, or otherwise; or
- (d) cause the Fund Company or the Fund to be required to apply for registration or comply with any registration requirements in respect of any of the Units in any jurisdiction other than in Bahrain; or
- (e) be in any person and/or companies that is not a Fund of Funds Scheme, the definition of which is hereinafter defined in the section headed “Definitions”.



The Fund will actively purchase and sell debt and related securities and therefore, investing in the Fund involves risks and Investors should be able to bear the economic risks of their investment in the Fund, including all or part thereof, and should not be dependent upon any returns from such investment for any basic financial needs.

Investors should be aware that the value of Units might decrease as well as increase.

Each Expert Investor may acquire Units solely for investment purposes. The Units may not be directly or indirectly sold, transferred, or assigned, by operation of law or otherwise, without the prior written consent of the Directors or, to the extent delegated by the Fund Company, the Investment Manager. Any attempt by an Investor to transfer Units constitutes a tender to the Directors for the repurchase of such Units.

The Directors of the Fund Company together with the Operator accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors of the Fund Company, having taken all reasonable care to ensure that this is the case, the information contained in this Information Memorandum is on the date hereof in accordance with the facts and does not omit anything likely to materially affect the meaning of such information.

The statements contained herein that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which the Fund would operate, management's beliefs, and assumptions made by the management. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements.

The Fund is not registered under the U.S. Investment Company Act of 1940, as amended. Neither the Investment Manager nor the Fund Company is registered under the U.S. Investment Advisers Act of 1940, as amended.

Neither the Fund nor the Units are or will be registered under the U.S. federal securities laws. The Units are offered outside of the U.S. to Investors who are not U.S. Persons. This Information Memorandum may not be delivered in the U.S., its territories or possessions to any prospective Investor except in a transaction that does not violate applicable U.S. laws. No person whether or not a U.S. Person may originate a purchase order for Units from within the U.S.

The Fund Company and/or Placement Agent, in its sole discretion, may reject any subscription for Units in whole or in part at any time prior to acceptance thereof. Furthermore, the Fund Company may at any time and at its discretion repurchase the Units and distribute to Expert Investors their respective share of the proceeds thereof.

The Fund Company, the Investment Manager, the Registrar and the Custodian and the Placement Agent reserve the absolute right to require further verification of the identity of each potential Investor or that of the person or entity on whose behalf the potential Investor is applying for a subscription in the Fund. Each



potential Investor will provide satisfactory evidence of identity and other required Know Your Customer documents, within a reasonable time period determined by the Fund Company.

Applications for Units are subject to acceptance by the Fund Company and Placement Agent.

This Information Memorandum is important and should be read in its entirety. Potential Investors are strongly advised to seek professional advice in relation to the contents of this Information Memorandum.

The contents of this Information Memorandum should not be construed as investment, legal or tax advice. Each potential Investor must seek independent investment, legal and tax advice with respect to the implications of investing in the Units.

The information in this Information Memorandum is given as of the date hereof, unless expressly otherwise specified herein.

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1. DEFINITIONS

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| BHB | means Bahrain Bourse |
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| Business Day | means a day on which banks and financial institutions are open for general business in Bahrain |
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| Administration Agreement | means the administration agreement between the Administrator and the Fund Company dated November 14, 2012 in respect of administrative duties pertaining to the Fund |
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| Administrator | means HSBC Bank Middle East Limited, Bahrain Branch a Jersey company regulated by the Jersey Financial Services Commission with registration number 85600, acting through its branch in Bahrain Branch or its successor when acting as an Administrator of the Fund in accordance with the Administration Agreement or such other entity appointed to act in such capacity from time to time by the Fund Company |
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| Articles of Association | mean the Articles of Association of the Fund Company as amended from time to time |
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| Asset Management Committee | has the meaning given to it in the section headed "Management and Administration – Asset Management Committee" |
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Auditor means KPMG, Bahrain or their successors when acting as auditors for the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company

Bahrain means the Kingdom of Bahrain

Bahrain Law means the laws and regulations in force in Bahrain

Base Currency means the base currency of the Fund, which is the U.S. Dollar

Board means the board of directors of the Fund Company

CBB means Central Bank of Bahrain

Closing Date the Closing Date means the last date for receipt of applications for Units pursuant to the Initial Offering being December 30, 2012 or such later date as the Directors, acting on their sole discretion, may determine

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| Collective Investment Undertaking | means (a) any arrangement made for the purpose, or having the effect, of providing facilities for the participation of persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any interest therein or any other property whatsoever; and (b) any other investment vehicle of a similar nature to that described in paragraph (i) above |
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| Commercial Companies Law | means Bahrain's Commercial Companies Law No. (21) of 2001 as amended from time to time |
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| Custodian | means HSBC Bank Middle East Limited, Bahrain Branch a Jersey company regulated by the Jersey Financial Services Commission with registration number 85600, acting through its branch in Bahrain or its successor when acting as the Custodian of the Fund in accordance with the Custody Agreement or such other entity appointed to act in such capacity from time to time by the Fund Company |
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| Custody Agreement | means the Custody Agreement between the Custodian and the Fund Company dated November 14, 2012 in respect of custodian duties pertaining to the Fund |
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| Dealing Day | means Thursday of each calendar week and if such Thursday is not a Business Day, immediately following Thursday that is a Business Day. |
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| Directors | means the directors (members of the Board) of the Fund Company from time to time |
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| Effective Date | means such date as determined by the Directors, acting in their sole discretion, provided that it falls no later than 45 days from the date on which the Fund is approved for the first time by the CBB |
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| Expert Investors | means <ul style="list-style-type: none"> (a) Individuals holding financial assets (either singly or jointly with their spouse) of US\$ 100,000 or more; (b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than US\$ 100,000; or (c) Governments, supranational organisations, central banks or other national monetary authorities, local authorities and state organisations. |
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| Financial Year | means a period of one year starting from January 1 and ending on December 31 of each year except for the first financial year that will begin on the Closing Date and expire on December 31, 2012 |
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| Fund | means SICO Fixed Income Fund, an expert open-ended collective investment undertaking established by way of an Instrument as a contractual arrangement between the Fund Company and the Investors and approved and supervised by the CBB |
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| Fund Company | means SICO Funds Company VI B.S.C.(c), a closed joint stock company incorporated under the laws of Bahrain to act as an umbrella vehicle for the Fund |
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Fund of Funds Scheme means a Collective Investment Undertaking that uses an investment strategy of holding a portfolio of other Collective Investment Undertakings

GCC Countries means member countries of the Gulf Cooperation Council currently including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates

Information Memorandum means this Information Memorandum and all appendices, attachments, amendments and supplements thereto including, without limitation, the Subscription Agreement and the repurchase Request Form

Initial Offer Period means the period commencing at 9am Bahrain time on the Effective Date and concluding on the Closing Date

Initial Offering means the offering of 1,000,000 Units of Class A and Class B each at US\$ 100 per Unit

Instrument means the instrument issued by the Fund Company, dated January 06, 2010 as amended from time to time with the prior approval of the CBB in connection with the creation of Units in the Fund

Investment Objective and Policy means the investment objective and policy of the Fund as set out in the section headed "Investment Policy – Investment Objective and Policy"

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| Investment Manager | means SICO BSC(c) or its successor when acting as investment manager to the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company |
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| Investors | means Expert Investors who subscribe to Units in the Fund; the term can be used interchangeably with the term Unitholders |
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| Memorandum of Association | means the Memorandum of Association of the Fund Company as amended from time to time |
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| Money Laundering | means regulations, ministerial orders and circulars in force in Regulations Bahrain in connection with the prevention and combating of money laundering, including, but not limited to, Legislative Decree No. (4) of the year 2001 with respect to Prohibition of and Combating Money Laundering and the various Ministerial Orders and circulars issued with regard thereto and Terrorist Financing from time to time including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institutions' Obligations Concerning the Prohibition of and Combating Money Laundering and any other law which may come into force in Bahrain in the future in connection with anti-money laundering regulations. The fund will comply with all regulations issued by the CBB from time to time regarding the Anti Money Laundering and terrorist financing. |
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| Net Asset Value or NAV | means the net asset value of Units as determined in accordance with the principles set out in the section headed "Determination of Net Asset Value" |
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| Operator | means SICO BSC(c), which owns 99% shares in the Fund Company, who represents a person undertaking the functions of establishing, operating or winding up a collective investment undertaking. |
| Placement Agency Agreement | means the Placement Agency Agreement between the Fund Company and the Placement Agent dated November 13, 2012 in connection with the Fund |
| Placement Agent | means SICO BSC(c) or its successor when acting as placement agent to the Fund or such other entity appointed in such capacity from time to time by the Fund Company |
| Quarter | means a period of three months ending on the last day of March, June, September or December in any year |
| Repurchase Price | means the NAV per Unit calculated as described in the section headed "Determination of Net Asset Value" for the Units to be redeemed at the option of the Unitholders and in respect of mandatory repurchases at the option of the Fund Company as at the relevant Dealing Day. |
| Repurchase Request Form | means the repurchase form approved by the Fund Company, which the Investors must submit, in the manner described in this Information Memorandum and attached to the Subscription Agreement, for purposes of repurchasing Units in the Fund |
| Registrar | means HSBC Bank Middle East Limited, Bahrain Branch a Jersey company regulated by the Jersey Financial Services Commission with registration number 85600, acting through its branch in Bahrain or its |

successors when acting as registrar for the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company

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| Registrar Agreement | means the Agreement between the Fund Company and Registrar dated November 14, 2012 in respect of registrar duties pertaining to the Fund |
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| Settlement Date | means the final date for receipt of subscription monies raised during the Initial Offer Period |
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| SICO | means SICO BSC(c) |
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| Operator | means SICO BSC(c), which owns 99% shares in the Fund Company, who represents a person undertaking the functions of establishing, operating or winding up a collective investment undertaking. |
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| Sub-Placement Agent | means an entity appointed by the Placement Agent to act as a subplacement agent to the Fund |
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| Subscription Agreement | means the Subscription Agreement prepared by the Fund Company in connection with the Fund and entered into with each Expert Investor |
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| Subscription Price | means (a) during the Initial Offer Period, US\$ 100 per Unit; (b) for the subscription after the Closing Date, the NAV per Unit calculated as described in the section headed "Determination of Net Asset Value" as at the relevant Dealing Day. |
| U.S. Person | has the meaning given in Regulation S under the U.S. Securities Act of 1933, as amended |
| United States" or "U.S." | means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia |
| Unitholders | means the holder or holders of all or any of the Units, being the person or entity who is for the time being entered in the register maintained pursuant to the conditions as a Unitholder |
| Unitholders' Resolution | means a resolution either (a) consented to in writing by the holders of Units the aggregate Net Asset Value of which is at least 50 per cent. of the Net Asset Value or (b) passed at a general meeting of the Unitholders by the holders on the record date for the meeting in question of Units the aggregate Net Asset Value of which is at |

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| | least 50 per cent. of the Net Asset Value, present in person or by proxy |
| Units | means one equal undivided share of Class A, B, and C with no voting rights into which the beneficial interest in the assets of the Fund shall be divided. The rights and obligations of all Units are in accordance with the Instrument |
| US\$ or U.S. Dollar(s) | means the lawful currency of the United States; and |
| Valuation Day | means every` Dealing Day, the last calendar day of the Financial Year and/or any other days designated by the Directors with its discretion |

2. THE FUND AND THE FUND COMPANY

The Fund

The Fund is an open-ended expert fund, created by the Fund Company and established as a Collective Investment Undertaking pursuant to the regulations for the operation and marketing of Collective Investment Undertaking issued by the CBB as contained in the CBB Rulebook Volume 7.

The Fund is a contractual arrangement between the Fund Company and the Investor. Such contractual arrangement has been approved by and will be supervised by the CBB. As such, the Fund does not have a separate legal status for purposes of Bahrain Law. The Fund is domiciled at the following address First Floor, BMB Center, P.O. Box 1331, Manama, Bahrain

The Fund, being open-ended, will offer Class A, Class B Units and Class C Units on a continuous basis, on each Dealing Day, through the Placement Agent and through Sub-Placement Agents authorized by the Placement Agent. The Fund Company may seek to list the Fund on the BHB or stock exchanges of other GCC Countries. The Fund Company does not intend at the time of the initial offering of Units, to make a secondary market in the Units.

Changes to this Information Memorandum must will be subject to the approval of the CBB and communicated to the Investors of the Fund. Under the following circumstances Unitholders shall be notified at least 30 calendar days before the changes take effect (such period the "Notice Period"):

- a. Any changes in the investment policy;
- b. Any changes in the operator, manager, administrator or custodian of the Fund;
- c. Any changes in the directors of the Fund Company;
- d. Any increase of the fees charged to the Fund;
- e. The merger, division or termination of the Fund; and
- f. Any other major issues that may materially affect the Unitholders.

In such cases, each Unitholder shall have the right to redeem its units at any time during the Notice Period as provided for in Rule BDE-2.1.5 of Volume 7 of the Rulebook issued and maintained by the Central Bank of Bahrain. In such cases, the valuation rules dictated for repurchases of Units shall apply mutatis mutandis.

No amendment, modification, alteration or addition to the Information Memorandum shall impose on any Unitholder any obligation to make any further payment for its Units, or to accept any liability in respect of them.

The Fund Company

SICO Funds Company VI B.S.C. (c), is a closed joint stock company incorporated under the laws of Bahrain to act as an umbrella vehicle for the creation of the Fund. The Fund Company approved by the CBB is incorporated in Bahrain as a Bahrain joint stock company (closed) with Commercial Registration No. 73587, whose registered address is First Floor, BMB Center, P.O. Box 1331, Manama, Bahrain.



The primary objective of the Fund Company is to issue Units by way of Instruments that are contractual obligations between the Investors and the Fund Company.

The establishment of the Fund Company and its Memorandum of Association and Articles of Association have been approved by the Ministry of Commerce in Bahrain in accordance with the Commercial Companies Law, and by the CBB.

The fixed duration of the Fund Company is twenty-five years commencing from the date of registration of the Fund Company i.e. December 15, 2009 in the Commercial Registry. Such duration may be extended by resolution of the Fund Company's shareholders to be adopted by an extraordinary meeting of the general assembly, in the manner provided in the Commercial Companies Law of the Fund Company with the prior approval of the MOICT and the CBB.

The authorized share capital of the Fund Company is BD 1,000 divided into 100 shares. Except for one share owned by SICO Ventures Company S.P.C, all shares of the Fund Company are owned by SICO. The personal liability of the shareholders in the Fund Company for its debts or obligations is limited to the amounts they have subscribed to the capital of the Fund Company.

3. INVESTMENT POLICY

Investment Objective and Strategy

The primary objective of the Fund is to generate income and seek capital appreciation over the medium to long term. The Fund will aim to achieve this investment objective by actively investing in diversified portfolio of Government and Corporate fixed income, sukuk, Repo, Reverse Repo, money market instruments, and other fixed income related instruments for hedging purposes.

Investment Strategy

The Investment Strategy will involve managing the credit risk and the duration of the overall portfolio based on market conditions. The duration play will be adjusted according to the interest rate outlook and global economic environment.

While constructing the portfolio, the primary objective will be to invest in securities with the intention to holding them for longer periods. However, as and when opportunities arise, we intend to capitalize on market conditions and anomalies by selling certain issues in the portfolio and realizing gains and reinvesting the proceeds in other issues.

Duration, coupon, and liquidity of the overall market will always be monitored in order to have a fairly liquid portfolio that is relatively immune to significant changes across the yield curve.

Risk Management Policy, Processes and Limit Structures

Risk management is an integral part of the investment process of the fund. The Investment Manager follows a bottom-up approach to risk management i.e. risks are first looked at the individual security level and then at the portfolio level. As a bottom-up investor, the Investment Manager does a detailed credit analysis of the issuers to identify attractively priced securities which meet the portfolio objectives. Subsequently, the Investment manager constructs an optimized portfolio from such identified securities, while ensuring that the portfolio level risks are within acceptable parameters. At the portfolio level, the firm seeks to enhance risk management by diversifying the risk factors to which the fund's holdings are exposed. In addition, the Investment Manager strives to attain geographic and sectoral diversification for the fund.

The fund has identified investment restrictions which serve as the risk limits for the portfolio and the Investment Manager shall adhere to the same at all times. The first level of monitoring these limits is done by the fund manager himself. The fund manager will try to achieve the funds objective within the funds limits and restrictions making sure that these restrictions are not breached. Therefore before any investment decision, the fund manager will revert to the fund's prospectus to make sure that the investment decision is not in breach of any of the limits and restrictions that have been set for the fund. Moreover, the Investment Manager has an independent Risk Management unit which also monitors the fund's adherence to these limits on an ongoing basis. The second level of risk management monitoring is done by the fund's administrator and custodian. Monitoring of the fund is done on each valuation date which is done on a weekly basis by the fund administrator. Any breach spotted by the fund administrator will be informed to the fund manager along with the CBB. Any breach must be rectified as soon as possible.

General Investment Restrictions

In attempting to achieve long-term capital appreciation for the fund, the investment manager would be required to adhere to the following restrictions that have been stipulated by the directors:

- (a) The Fund will invest at least 75% of its net assets in MENA region. However, in case of severe market conditions, the fund may maintain cash up to 100% of its NAV while notifying the CBB and the unitholders;
- (b) The Fund shall invest a minimum of 25% in investment grade instruments;
- (c) The Fund shall not invest more than 15% of its NAV in any security.
- (d) The Fund shall not place more than 20% of its NAV in cash and cash equivalents with a single party;
- (e) The Fund shall not invest more than 20% of its NAV in a group of connected corporate securities;
- (f) The Fund shall not invest more than 20% of its NAV in third-party collective investment undertakings (provided that the Fund will not invest more than 10% in one collective investment scheme).
- (g) The Fund may borrow up to a maximum of 20% of its NAV by pledging assets of the Fund only as a temporary measure to finance its operations and not to seek leverage;
- (h) The Fund may invest up to 25% of its NAV in a money market fund operated by the investment manager;
- (i) The Fund may leverage up to a maximum of 20% of its NAV by pledging assets of the Fund, provided that the aggregate borrowing and leverage shall not exceed 30% at any given time;
- (j) The Fund shall not make any investments that would expose it to unlimited liability;
- (k) The Fund shall not deal short or on margin;
- (l) The Fund will not make any loan or give any guarantee;
- (m) The Fund will not take or seek to take legal or management control over the issuers of any of its underlying investments. However, the fund reserves to right to do needful action in cases where an issuer defaults;
- (n) The Fund will only purchase or sell derivatives for the purposes of hedging risk ; and
- (o) There will be no transactions made by the Investment Manager, for the profit of the Investment Manager or any other third party that would be contrary to the protection of Unitholders or would be prejudicial to the proper management of the assets of the Fund.



Legal Limitations

In managing the Fund, the Fund Company and the Investment Manager will comply with the requirements of Bahrain Law and other relevant laws. In particular, the Fund Company and the Investment Manager will, and will cause the Fund to, comply with the requirements of CBB's Collective Investments Undertakings Regulations as contained in the CBB rulebook, Volume 7, Capital Markets Collective Investment Undertakings Module and subsequent supplementary regulations that have been approved and issued by the CBB. Derogation from such requirements is only permitted subject to the approval of the CBB.

Governing Law

This Information Memorandum and other material contracts listed herein below along with the Fund Company's' Memorandum of Association and Articles of Association shall be governed by the laws of the Kingdom of Bahrain.

4. RISK FACTORS

An investment in the Units involves certain risks relating to the investment strategies of the Fund Company and the Investment Manager. Investing in the Fund is suitable only for the Expert Investors who is looking for a long-term investment and who understand the risks being involved. No representation is hereby made that the Fund's investment objective will be achieved. As with any other investment fund, there can be no assurance that the Fund will be profitable and that the Investors may recover monies invested. The following is intended as a summary of certain investment considerations and risks associated with this investment, but is not exhaustive and must be supplemented by the Investors' own analysis of, among other things, Investors' personal or corporate financial circumstances.

General Risk

There will be no assurance that the investment objectives and strategies of the Fund will be achieved. The Fund could lose all or some of the capital it invests in any particular investment, which could have a significant adverse impact on the performance of the Fund as a whole. Market conditions and trading approaches are continually changing and the past success of an investment manager is not a guarantee of future performance. Past results are not necessarily indicative of future performance. No assurance can be given that profits will be achieved or that substantial losses will not be incurred. The price of the Units in the Fund can go down as well as up. An investor may not get back the amount he has invested, particularly if Units are redeemed soon after they are issued and if the Units have been subject to a Subscription Fee or transaction charge. The value of the investment is also subject to change from day to day, as the value of invested securities may be affected by changes in interest rates, economy, financial markets, or the news of concerned companies.

Market Risk

Investor in the Fund will be exposed to adverse changes in market prices, which will lower the value of the Fund, as a result of changes in market yields and increase in risk premium. The Fund manager may only be able to limit this risk partially, as it is subject to systemic factors, market cycles, and timing. Investors in the Fund will remain exposed to maturity/ duration risk of the underlying instruments arising from changes in interest rates. The long maturity bonds are generally more sensitive to rate shifts and hence will decline more in value assuming a parallel upward shift in rates.

Emerging Market Risk

The generally accepted accounting, auditing and financial reporting practices in emerging markets may be different from those in developed markets. In relation to mature markets, the regional markets on the other hand have a low level of regulation, enforcement of regulations and monitoring of investors' activities. In addition, the securities markets of these countries are not as large as the more established securities markets and may at times have relatively less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalization and trading volume in a small number of stocks as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of the Fund's acquisition or disposal of securities. Especially, due to the possible limited liquidity of the securities, the process of disposal of securities to meet the repurchase requests of the Units may not be carried out in a timely manner consequently deferring the payment of the repurchase proceeds and likely affecting adversely the price of the

disposition of the relevant securities. The Fund's return may be expected to fluctuate in response to changes in the value of the underlying investments.

Liquidity Risk

Investors in the Fund are subject to liquidity risk as the Fund's investments in bonds have a limited secondary market and the primary markets in the region are still developing. In the event of Unusual Market Conditions, the Fund may not be able to honour all redemption requests. During periods of limited liquidity and higher price volatility, the Fund's ability to acquire or dispose of its investments at a price and time that the Fund deems advantageous may be impaired.

The Manager may directly or indirectly invest a portion of the Fund's assets in securities and instruments that are relatively illiquid and the Fund may not be able to readily dispose of such securities and instruments. This could prevent the Fund from liquidating unfavourable positions promptly and could subject the Fund to substantial losses. These circumstances could also impair the manager's ability to honour redemptions in a timely manner.

Credit Risk

Investors in the Fund are exposed to credit risk arising from the underlying investments in fixed income issues/instruments, short term instruments, and investments in other funds. Changes in an issuer's financial strength or the bond issue's credit rating may affect its value and, thus, impact the Fund performance.

Term of Investment

Debt investments by their very nature are moderate-risk investments with possible sudden decline in prices due to various factors resulting in a potential loss of capital. Therefore, investment in the Fund should be regarded as a moderate-risk investment, and there can be no guarantee that the Investment Manager will achieve the Fund's objective and the Investor will recover the full amount invested. Furthermore, an investment in the Fund should be viewed by applicants as of a long-term nature.

Absence of Voting Rights

Investors in the Units have no voting rights and do not participate in the management of the Fund Company or the Fund. Investors generally have no right to influence the management of the Fund whether by voting against, withdrawing, removing or replacing the Investment Manager or otherwise. Furthermore, Investors have no right to terminate any agreement to which the Fund is or may be a party.

Legal Status

The Fund is a collective investment scheme created by the Fund Company, and is structured as a contractual arrangement between the Fund Company and the Unitholders. This contractual arrangement is regulated and supervised by the CBB. The Fund is not registered under the Commercial Companies Law. Therefore, the Fund does not have a separate legal status and the extent to which a Bahraini government agency or a Bahraini court, acting in the context of insolvency proceedings or proceedings for determining the Fund's liabilities, would up-hold such distinction between the legal status of the Fund and that of the Fund Company and other collective investment undertakings of the Fund Company is unclear and to our best knowledge untested.

Beneficial and Nominee ownership

The legislative framework in some markets where the Fund may invest is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in debt instruments. Consequently the courts in such markets may consider that any nominee or custodian as registered holder of securities would have full ownership thereof and that a beneficial owner may have no rights whatsoever in respect thereof.

Absence of Transferability of Units

It is not anticipated that there will be a public market for the Units. The Units may not be directly or indirectly sold, transferred or assigned, by operation of law or otherwise, in whole or in part, without the prior written consent of the Investment Manager, which may be granted or withheld in its sole discretion. Any attempt to transfer Units, other than by way of repurchase in the manner described in this Information Memorandum, constitutes a tender to the Investment Manager for the repurchase of Units.

Conflicts of Interest

Under Bahrain Law, an Investment Manager is obligated to act for the benefit of the Fund with respect to matters within the scope of the Investment Management Agreement. The Directors will seek to ensure that no actual conflict of interests will arise.

The Investment Manager may provide investment management services to funds and managed accounts other than the Fund. These funds and accounts may have fee structures or other features that are different from or more beneficial to the Investment Manager than those of the Fund. Although the Investment Manager has contractually committed to treating all accounts fairly, this may create the appearance of an incentive on the part of the Investment Manager to favour accounts with more beneficial structures, and it is therefore possible that any of them may in the course of business, have potential conflicts of interest with the Fund. In the event of an actual conflict arising, the Directors will endeavour that such a conflict will be resolved fairly.

The Administrator, the Investment Manager, the Custodian, the Registrar will not be devoting their full business efforts to the activities of the Fund. This may involve a conflict of interest with respect to the commitment of resources. The Investment Manager intends to devote sufficient time to the Fund's activities to properly manage or provide investment advice to the Fund.

Custodial Risk

Risks exist with respect to the operations and services offered by the Custodian. The assets of the Fund will generally be held by the Custodian directly or through its agents, sub-custodians, or delegates pursuant to the Custodian Agreement. However, in accordance with market practice assets may be transferred from the effective and exclusive control of the Custodian and placed in trading accounts accessible by third party brokers. The Custodian may also, on the instructions of the Fund or the Funds Company, open accounts with any bank or financial institution (including any bank or financial institution which is not a member of the HSBC group) and instruct the Custodian to place cash of the Fund in such accounts. The Custodian shall control and operate the bank accounts but will not be responsible or liable to any person whatsoever, (including the Fund and the Funds Company) in respect of any loss of the cash, securities and/or other assets comprising the assets of the Fund held in such accounts or not deposited with or held to the

Custodian's order, occasioned by reason of the liquidation, bankruptcy or insolvency of such bank, financial institutions or other person.

The Custodian may also on the instruction of the Fund or the Funds Company leave shares in trading accounts in various stock exchanges/depositories for the purchase and sale of Investments in the name of the Fund where the shares are credited into the trading account. The Custodian shall monitor and reconcile timely and promptly the level of Investments held in such trading accounts and inform the CBB of any discrepancies. However, the Custodian will not be responsible for the loss suffered by the Fund for shares held in these trading accounts.

Economic and Political Stability

Investment in GCC Countries may carry a high degree of economic and political risks. On the economic front, the economies of GCC Countries, while striving to diversify, are primarily oil driven economies. A prolonged period of low oil prices can potentially affect the economic health of the GCC Countries' economies and may result in an overall recession in the region.

Taxation

The Fund Company, with the assistance of the Investment Manager, will take reasonable steps to mitigate the Fund's tax liabilities (if any). Investors should review carefully this Information Memorandum and the Subscription Agreement and discuss with their tax advisors the specific tax and other consequences of investing in the Fund.

Mandatory Repurchase

Compulsory repurchase may result in the liquidation of investments under conditions less favorable as the liquidity of some of the underlying assets may not allow for an orderly liquidation at the prevailing market prices, and consequently result in loss to Investors.

Operational Risk

There may be risks relating to the operation of the Fund arising from the improper processing of transactions or deficiencies of the operating systems or control processes of the Fund, the service providers of the Fund.

Currency Risk

There may be risks relating to the Fund arising from investing in local currency denominated debt by GCC countries as although the currencies are peg a spread exists and usually widens in times of stress which can result in currency losses to the fund.

The foregoing is not a comprehensive list of investment risk factors, and potential Investors are urged to consult with their professional advisors as to the legal, regulatory, tax and business risks involved in this Fund.

5. SUBSCRIPTIONS AND REPURCHASES

Initial Offer Period

Unit will be offered at US\$ 100 per Unit during the Initial Offering Period and subject to a minimum initial investment of US\$ 100,000 per investor for Class A; and US\$ 1,000,000 per investor for Class B, and US\$ 10,000 per investor for Class C.

Applications for the purchase of Units during the Initial Offering Period should be made by submitting the duly signed Subscription Agreement received no later than 9am (Bahrain Time) on the Closing Date. The signed Subscription Agreement should be sent to the Placement Agent (and/or its delegates) by facsimile with its original followed by post. Failure to provide the original Subscription Agreement may result in cancellation of the subscription request of the Units, none of the Fund, the Fund Company, the Director, the Investment Manager and/or the Placement Agent (and/or its delegates) should be responsible for any losses being incurred as a result of such cancellation. Applications for subscription once given cannot be revoked without the consent of the Directors.

The subscription monies in cleared funds must be received at the designated account of the Fund no later than 9am (Bahrain Time) on the Closing Date. Payment of subscription made in currencies other than U.S. Dollars will only be permitted at the absolute discretion of the Directors and, if so permitted, such subscription amount will be converted into the Base Currency of the Fund at the exchange rate as obtained by the Fund. The exchange rate used to convert such currency may be subject to change if fluctuations in the exchange rate should take place between the date on which payment for the Units is received and the day on which the payment is converted into the Base Currency of the Fund. Any such exchange rate fluctuation risk is the responsibility of the Investor; none of the Fund, the Fund Company, the Directors, the Investment Manager, the Registrar and/or the Placement Agent (and/or its delegates) shall be liable for any losses being incurred as a result of the exchange rate fluctuation. No payment made from the third party will be accepted.

The Directors may exercise their discretion to accept late applications, otherwise, the Subscription Agreement and/or the cleared funds received after the deadline will be treated as a request for subscription on the next Dealing Day for subscription.

Further Subscription

Subsequent to the Initial Offer Period, Units will be offered at the Subscription Price as at each Dealing Day subject to a minimum initial investment of US\$ 100,000 per investor for Class A; US\$ 1,000,000 per investor for Class B; and US\$ 10,000 per investor for Class C.

Application for the further subscription should be made by submitting the Subscription Agreement no later than 9am (Bahrain time) at least two Business Days prior to the relevant Dealing Day (or such other day as may be determined by the Directors at their sole discretion). The signed Subscription Agreement (by specifying the amount to be subscribed for the relevant Dealing Day) should be sent to the Placement Agent (and/or its delegates) by facsimile with its original followed by post. Failure to provide the original Subscription Agreement may result in cancellation of the subscription request of the Units; none of the Fund, the Fund Company, the Directors, the Investment Manager and/or the Placement Agent (and/or its delegates) should be responsible for any losses being incurred as a result of such cancellation.

Applications for subscription once given cannot be revoked without the consent of the Directors (except during a period of suspension).

The subscription monies in cleared funds must be received at the designated account of the Fund no later than 9am (Bahrain Time) on the Business Day immediately preceding the relevant Dealing Day. Payment of subscription made in currencies other than U.S. Dollars will only be permitted at the absolute discretion of the Directors and, if so permitted, such subscription amount will be converted into the Base Currency of the Fund at the exchange rate as obtained by the Fund. The exchange rate used to convert such currency may be subject to change if fluctuations in the exchange rate should take place between the date on which payment for the Units is received and the day on which the payment is converted into the Base Currency of the Fund. Any such exchange rate fluctuation risk is the responsibility of the Investor; none of the Fund, the Fund Company, the Directors, the Investment Manager and/or the Placement Agent (and/or its delegates) shall be liable for any losses being incurred as a result of the exchange rate fluctuation. No payment made from the third party will be accepted.

The Directors may exercise their discretion to accept late applications, otherwise, the Subscription Agreement and/or the cleared funds received after the deadline will be treated as a request for subscription on the next Dealing Day for subscription.

Issue of Units

Units will be issued in registered form only and no physical Certificates will be issued. The Registrar will maintain the Register of Unitholders.

The Registrar shall calculate the number of Units to be issued for each subscription application. Number of Units shall be calculated by using the amount received in the subscription account divided by the Subscription Price, the resultant number shall be rounded to the second decimal places. The subscription proceeds shall be the resultant of the Subscription Price multiplied by the number of Units being allotted, rounded to the nearest cent. The profit or loss as a result of such rounding shall be born at the account of the Fund.

Confirmations will be sent by the Registrar to each applicant upon approval of their application soon after the relevant Dealing Day, provided, the Subscription Price and the number of Unit to be subscribed are being calculated by the Administrator.

In case of over-subscription, whereby the Directors decide not to accept all subscriptions, allocation of Units will be at the discretion of the Directors. The process followed for allocation may, but is not limited to, the size, objectives and nature of the Investors. The result of the allotment will be notified by the Registrar to the relevant Investors within three Business Days from the relevant Dealing Day.

Combating Money Laundering

The Fund will comply with Bahrain's Legislative Decree No. (4) of the year 2001 with respect to Prohibition and of Combating Money Laundering and the various Ministerial Orders issued there under including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institutions' Obligations Concerning the

Prohibition of and Combating Money Laundering and any other regulations (AML and Terrorist Financing) issued by the CBB from time to time.

The Fund, the Fund Company and their duly appointed agents including the Placement Agent, its delegates and an authorized placement agent who introduce the Investors to the Fund are responsible for 'Know Your Client' (KYC) exercise on the Investors, and commit to undertaking the due diligence exercise and complying with applicable anti-money laundering rules and regulations in the relevant jurisdictions of operation. The Placement Agent is the main entity responsible for AML, Terrorist Financing, and KYC.

As a result of the applicable AML regulations, identification documentation is required along with the subscription request for Units. The Fund, the Fund Company and their duly appointed agents including the Placement Agent, its delegates and an authorized placement agent reserve the absolute right to require further verification of the identity of each potential Investor or that of the person or entity on whose behalf the potential Investor is applying for the purchase of the Units and/or the source of funds. This will be used to comply with these regulations and to verify the identity of the Investors and will remain confidential. Each potential Investor will be required to provide satisfactory evidence of identity and if so required the source of funds within a reasonable time period determined by the Fund. Pending the provision of such evidence, application for Units will be postponed. If a potential Investor fails to provide satisfactory evidence within the time specified, or if the a potential Investor provides evidence but the receiver of such evidence is not satisfied therewith, the application may be rejected immediately in which event the money received on application, if any, will be returned without interest payment.

Pooled funds or financial intermediaries will also be required to provide money-laundering regulations compliance declaration. The ultimate beneficial owners of the investment will be required to provide documentation, notwithstanding that the investment in the Fund may be made by another entity on their behalf. The Fund reserves the right to share relevant information of the Investors, for the purposes of satisfying internal compliance and AML procedures, with the Fund's associates including its Custodian and Administrator.

Repurchase

Units can be repurchased at the Repurchase Price on a weekly basis on each Dealing Day. For the purposes of this Information Memorandum the term "repurchase" shall be equivalent to the term "redemption" as used in Volume 7 of the Rulebook issued and maintained by the Central Bank of Bahrain as the Units repurchased shall be immediately cancelled.

Application for the repurchase should be made by submitting the Repurchase Request Form received two Business days prior to the relevant Dealing Day (or such other day as may be determined by the Directors at their sole discretion). The signed Repurchase Request Form (by specifying the number of units and/or an amount to be repurchased for the relevant Dealing Day) should be sent to the Placement Agent (and/or its delegates) by facsimile with its original followed by post. Failure to provide the original Repurchase Request Form may result in cancellation of the repurchase request; none of the Fund, the Fund Company, the Directors, the Investment Manager and/or the Placement Agent (and/or its delegates) should be responsible for any losses being incurred as a result of such cancellation. A request for repurchase once given cannot be revoked without the consent of the Directors (except during a period of suspension).

Repurchase proceeds will be paid in U.S. Dollars within three New York and Bahrain business days from the relevant Dealing Day by way of wire transfer at the risk of the Investor to the account (held with a licensed institution) designated by the Investor specified in the Repurchase Request Form. Bank charges including but not limited to the paying bank charge and the correspondence bank charge should be borne by the Investor; the receiving bank charge should be borne by the Investor. No proceeds will be paid until the Registrar is in receipt of the original Repurchase Request Form duly signed by the Investor or its designated authorized signatories. No payments to be made to any third party account will be accepted

The Directors may exercise their discretion to accept short notice, otherwise, the repurchase request received after the deadline for the receipt of the Repurchase Request Form will be treated as a request for repurchase on the next Dealing Day.

The repurchase proceeds shall be calculated by the Registrar as follows:

If the repurchase is requested by the number of Units, the repurchase proceeds shall be the requested number of Units to be repurchased multiplied by the Repurchase Price where the resultant total being rounded to the nearest cent.

If the repurchase is requested by an amount, the requested amount divided by the Repurchase Price, and the calculated repurchased Units shall be rounded to the second decimal places. The repurchase proceeds shall be the number of Units so calculated multiplied by the Repurchase Price where the resultant total rounded to the nearest cent. The profit or loss as a result of such rounding shall be born at the account of the Fund.

Repurchase confirmation will be sent by the Registrar to each applicants on approval of their application soon after the relevant Dealing Day, provided, the Repurchase Price, the number of Units to be repurchased and the Repurchase proceeds are being calculated by the Administrator.

Mandatory Repurchase

In accordance with the Instrument, and by giving an Investor a minimum of seven Business Days notice, the Fund Company may compulsorily repurchase any Units if the Fund Company determines (in its absolute discretion) that those Units are purchased or held by, or for the benefit of, a U.S. Person, or by a person other than an Expert Investor.

In addition to the above, the Fund Company, acting at the recommendation of the Investment Manager, reserves the discretionary right to completely or partially repurchase Units held by any Investor at any time for any reason. The Investor must be notified in writing of such repurchase no later than 14 Business Days of such compulsory repurchase taking place. None of the Fund, the Fund Company, the Investment Manager, the Registrar or the Placement Agent (and/or its delegates) shall be in any way liable to any Investor by reason of such mandatory repurchase.

The Fund may, in its absolute discretion, repurchase all outstanding Units in the event of an exceptional decline in the value of the Fund's assets or a decline in the Fund's assets due to repurchases to a level insufficient to sustain normal trading by the Fund.

Transfer of Units

Every Investor shall be allowed to transfer (subject to the Director's consent to such transfer), in accordance with the provisions of this Information Memorandum, all or any part of the holding of Units registered in his name to one or more Expert Investors PROVIDED THAT the Director shall decline to register a transfer if in consequence thereof:

- (i) the proposed transferee is not an Expert Investor or intends to hold any Units for or as nominee for any person who is not an Expert Investor; or
- (ii) the proposed transfer and/or transferee is in breach of the law or requirements of any country or governmental authority in circumstances which in the opinion of the Director might result in the Fund, the Fund Company, the Directors, the Investment Manager, the Registrar, the Placement Agent (and/or its delegates), being in breach of any law or suffering any liability, cost, hardship, injury or any other issue whatsoever which such entity might not otherwise have incurred or suffered; or
- (iii) the proposed transfer is to any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Director to be relevant) which in the opinion of the Director might result in the Fund, the Fund Company, the Directors, the Investment Manager, the Registrar, the Placement Agent (and/or its delegates), or their respective directors, employees, agents or associates or any other Unitholders incurring any liability to taxation or suffering any other pecuniary, legal or regulatory disadvantage which such entity might not otherwise have incurred or suffered; or
- (iv) the proposed transferee is a person which may result in the Fund being required to comply with any registration or filing requirement in any jurisdiction with which it would not otherwise be required to comply.

Any person who acquires Units by way of transfer shall provide to the Placement Agent (and/or its delegates) such information and documents as the Placement Agent may request: (i) to enable the Placement Agent to determine that above pre-conditions are complied with; and (ii) concerning the establishment or verification of that person's identity or otherwise, to enable the Directors to comply with all applicable laws, including anti-money laundering laws.

The instrument of transfer of any Unit shall be in writing (in the form requested by the Placement Agent and/or its delegates to effect such transfer) and shall be executed by both the transferor and the transferee. The transferor shall be deemed to remain the holder of a Unit until the name of the transferee is entered in the Register.

Any Units transferred in contravention of any such restrictions shall be subject to transfer to a person who would not thereby be in contravention of any such restrictions as aforesaid or compulsory repurchase in the manner described above under the section headed "Mandatory Repurchase".

Suspension of Subscription and Repurchase of Units

Subject to the approval of the CBB, the Fund may (but is not required to) temporarily suspend the determination of the NAV and subscription and repurchase prices in respect of any Dealing Day upon the occurrence of one or more of the following events:

- (a) when the market or markets in which a substantial portion of the Fund's assets are invested or traded is or are closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended in a way that affects the valuation of the Fund's assets or where trading is restricted or suspended in respect of securities forming a material part of the Fund's assets;
- (b) the existence of any state of affairs as a result of political, economic, military or monetary events or circumstances outside the control of the Fund Company, including but not limited to delay in settlements, and where disposal of assets is not reasonably assured without materially affecting the value and interests of continuing Unitholders and calculation of a fair price;
- (c) any breakdown in the means of communication or computation or otherwise normally employed in determining the price or value of any of the investments made by the Fund for calculating the NAV of Units or valuing a significant portion of the investment of the Fund, or if the value of any asset or assets which is material to the calculation of NAV of Units may not be determined as accurately or rapidly as required;
- (d) imposition of foreign exchange restrictions or other restrictions affecting the transfer of funds and transactions on behalf of the Fund and potentially having a material impact on normal activities of the Fund including but not limited to purchase and sale transactions and flow of funds from one country to the other; or
- (e) if an order by a Bahraini court or Bahraini regulatory body, including the CBB, is issued requiring such suspension.

During the suspension period in relation to the calculation of the NAV, the Fund will not issue or repurchase Units and the Investors will not transfer Units. Any suspension of more than fifteen Business Days will be notified to the Unitholders. Any application received for subscription or repurchase during the suspension period shall be carried forward to the Dealing Day immediately after the expiration of the suspension.

All possible steps will be taken to bring the period of suspension to an end. However, the resumption of issuance of Units will be subject to CBB's approval.

Listing

The Fund is an open-ended scheme. The Investment Manager does not intend at the time of initial offering of Units to make a secondary market in the Units. The Fund Company may seek to list the Fund on the stock exchanges of any of the GCC Countries. As of July 22, 2013, the Fund is listed on Bahrain Bourse.



Voting and Ownership Rights

All Units carry no voting rights with respect to the Fund. Units represent an ownership right, based on contract of the Investors in connection with the Fund but not in the Fund Company or any other collective investment undertakings launched by the Fund Company other than the Fund.

Ownership Restrictions

Investors may subscribe provided legislation or regulations in Bahrain and in their country of citizenship, residence, domicile or incorporation permits them to do so. U.S. Persons or U.S. residents as defined in Regulation S under the U.S. Securities Act of 1933 are not allowed to subscribe. Persons under age twenty-one are not allowed to subscribe unless he/she has the written authorization of his/her lawful guardian. Investors who do not meet the definition of "Expert Investors" are not permitted to subscribe.

6. DETERMINATION OF NET ASSET VALUE

The Investment Manager, Operator, and/or Directors cannot determine the Net Asset Value of the Fund. The Administrator will determine the Net Asset Value for each Class of share in the fund. The Net Asset Value calculations will be verified by the Auditor on a semi-annual basis in accordance with the terms of the Auditor's terms of engagement. The Net Asset Value will be calculated on the close of business on each Valuation Day and shall be notified to the Unitholder within two Business Days unless otherwise instructed by the Directors. The Net Asset Value will be sent to existing clients on a weekly basis and the fund factsheets will be posted on the operator's website on a monthly basis.

Net Asset Value

In general, the NAV shall be determined by the Administrator on the accrual basis of accounting using International Financial Reporting Standards (the "IFRS") and reported in U.S. Dollars. However, valuation of the assets of the Fund may be adjusted reasonably and in good faith by the Administrator after consultation with the Directors. In the event that IFRS is amended and/or reinterpreted and/or the valuation of the assets of the Fund becomes inconsistent with current IFRS standards and/or otherwise inappropriate for the Fund, then the Administrator after consultation with the Directors shall calculate the NAV with the fair values and/or the reserves provided by the Directors in good faith. The official NAV calculated by the Administrator may therefore be different from the audited annual accounts which are prepared in accordance with IFRS.

1. Non financial assets such as accounts receivable, prepaid expenses and other accrued assets shall be valued on a historical cost basis. Where it is probable that the full amount will not be collectable, the asset shall be valued at an amount which the Directors deems to be recoverable.
3. Assets held for trading shall include cash, securities and derivatives held to generate profits from short term fluctuations in their market price. These assets will be valued at fair value as determined by the Administrator after consultation with the Directors.
4. Assets held to maturity shall include debt instruments with a finite maturity which the Directors intend the Fund to hold and which the Fund is able to hold to their final maturity. Such assets shall be valued at amortized cost (i.e., at original cost less any premium written off or with any discount recognized during the term of the asset added to the value of the asset).
5. Loans and receivables originated by the Fund and not held for trading shall be valued at amortized cost less any provision for impairment as determined by the Administrator after consultation with the Directors. When considering the amount of any impairment, the expected net future cash flows shall be used in valuing any such asset, discounted at the original effective interest rate for the asset.
6. Financial assets whose value cannot be reliably measured shall be valued at cost less any provision for impairment as determined by the Administrator after consultation with the Directors. When considering the amount of any impairment, the expected net future cash flows

shall be used in valuing any such asset, discounted at the original effective interest rate for the asset.

7. Assets which are available for sale shall be those which do not readily fit into any of the categories above. These assets shall be valued at fair value, as determined by the Administrator after consultation with the Directors.
8. Where an asset is held as a hedge (both a fair value hedge and a cash flow hedge), the asset and the underlying hedged asset or liability shall be valued at fair value, as determined by the Administrator after consultation with the Directors. The effectiveness of a hedge shall be determined by the Directors. Changes in the fair value of fair value hedges are taken to the profit and loss account for the year and changes in the fair value of cash flow hedges are taken to reserves (to the extent that the cash flow hedge is effective in the view of the Directors; otherwise, the changes are taken to profit and loss).
9. The fair value of a financial asset shall be determined by any generally accepted methods, and, without limitation,
 - (a) where there is an active market, the fair value of the relevant asset shall be the official close price published by an organized exchange or quoted by a market maker (for these purposes, the term "official close price " means the price reported on the exchange for the day, commonly referred to in the market as the "settlement" or "exchange price", and represents a price at which members of the exchange settle their outstanding positions,
 - (b) and where an asset is not actively traded, then the last available "official close price" will represent the "exchange or settlement price" price as calculated and published by that exchange in accordance with its local rules and customs or quoted market prices shall otherwise be adjusted to reflect the lack of liquidity,
 - (c) where quoted prices are not readily available, the fair value of these financial assets shall generally be valued at cost, or at the last traded price, or in a manner consistent with that of other externally priced securities or market indicators, based on all the future cash payments and receipts that are expected to occur in respect of such assets, and may be further adjusted when necessary to reflect fair values more accurately,
 - (d) for options, the relevant option pricing model as determined by the Administrator (after consultation with the Directors) may be used to calculate the fair value, and
 - (e) the value of each interest in a Collective Investment Undertaking which is valued as at a Valuation Day shall be the fair value per unit, share or other interest in such Collective Investment Undertaking. The fair value will be determined by the Administrator after consultation with the Directors, and will normally be calculated with reference to the net asset value per unit, share or other interest in such Collective Investment Undertaking calculated as at that Valuation Day or if the Administrator after consultation with the Directors so determines or if the Collective Investment Undertaking is not valued as at that Valuation Day, at the discretion of the Administrator after consultation with the Directors either (1) the last published net

asset value per unit, share or other interest in such Collective Investment Undertaking (where available) or (if the same is not available) the last published repurchase or bid price for such unit, share or other interest or (2) the latest available estimate of the net asset value per unit, share or other interest in such Collective Investment Undertaking provided by the manager or the administrator of such Collective Investment Undertaking. If the net asset value of such Collective Investment Undertaking is calculated as at the end of each month with different business day convention from that of the Fund, the fair value as at a Valuation Day may be determined with reference to the last published price available whichever is closest to the Valuation Day of the Fund.

10. The liabilities of the Fund shall be all liabilities of whatsoever nature attributable to the Fund and shall include (without limitation):
 - (a) an amount in respect of the Management Fee, Performance Fee, the fees of the Administrator/Custodian/Registrar, and other service provider fees accrued to the date as at which the valuation is made but remaining unpaid whilst noting that each share class has its own set of fees which are detailed in the fees section;
 - (b) an amount of tax (if any) accrued up to the end of the last Financial Year end remaining unpaid;
 - (c) the price to be paid for Units which are to be repurchased shall be deemed to be a liability of the Fund from the Repurchase Day until the price is paid;
 - (d) any other fees, costs or expenses payable by the Fund but not paid on the relevant Valuation Day;
 - (d) an appropriate allowance for any contingent liabilities; and
 - (e) the aggregate amount for the time being outstanding of any borrowing effected by the Manager on behalf of the Fund and the amount of any interest and expenses accrued pursuant thereto but not paid.
11. Liabilities shall (where appropriate) be treated as accruing from day to day and financial liabilities held for trading, and derivatives, will be held at fair value and other liabilities will be measured at the original recorded amount less principal repayments and amortization.
12. Subject to IFRS, there shall be taken into account such sum (if any) as in the estimate of the Directors (after consultation with the Auditor) will fall to be paid or reclaimed in respect of all forms of taxation related to transactions down to the Valuation Day as at which the valuation is made.
13. Any value of any asset or liability or an investment in cash of the Fund in any currency may be converted into the equivalent value in U.S. Dollars at the rate (whether official or otherwise) which the Administrator shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

14. Any expense or liability of the Fund may be amortized over such period as the Directors may determine and the unamortized amount shall be deemed to be an asset of the Fund. The price to be paid for Units which have been applied for shall be deemed to be an asset of the Fund and any costs in connection with that issue shall be deemed to be liabilities of the Fund at the beginning of the Business Day following the relevant Dealing Day upon which the application was made.
15. For the purpose of the foregoing provisions, the Directors and the Administrator shall be entitled to use and rely upon electronically transmitted information from such source or sources as they may from time to time think fit with regard to pricing the Fund's investments in any market.
16. Investors should also note that, under IFRS, investments should be valued at fair value and also that, under IFRS, bid/ask pricing is considered to be representative of the fair value of investments. However, under the valuation basis described above, listed investments are expected to be valued at the official closing price instead of bid/ask pricing as required under IFRS which may lead to a different valuation had the valuation been performed in accordance with IFRS. In addition, the Launching Costs will be capitalized and amortized over one year as mentioned under the section headed "Fees and Expenses". The Directors and the Administrator have considered the impact of such noncompliance and do not expect this issue to affect the results and NAV materially. The Fund will prepare its annual reports and accounts in accordance with IFRS and the assets and liabilities of the Fund will be presented in the audited accounts in accordance with IFRS. To the extent that the valuation basis adopted by the Fund deviates from IFRS materially, the Directors and the Administrator may make necessary adjustment in the accounts of the Fund for the accounts to be in compliance with IFRS. The official NAV calculated by the Administrator may therefore be different from that of the audited accounts of the Fund.

Net Asset Value per Unit

The Net Asset Value per Unit ("NAV per Unit") will be calculated by the Administrator, by using the NAV after deducting all fees divided by the total number of outstanding Units of the Fund prior to the relevant Dealing Day, the resultant NAV per Unit will be rounded to the nearest cent. The profit or loss as a result of such rounding shall be at the account of the Fund.

7. MANAGEMENT AND ADMINISTRATION

The Directors

The Directors of the Fund Company have overall authority over, and responsibility for, the operation and management of the Fund and will exercise supervision and control of the Fund including making decisions on matters of general policy and reviewing the actions of Investment Manager, the Custodian, the Administrator and other service providers. The Fund Company (subject to the approval by the CBB) may appoint new Directors and officers of the Fund or may remove them from time to time.

Pursuant to the Articles of Association, the Fund Company has appointed Directors for a term of three years. As of the date of this Information Memorandum, the members of the Board of Directors of the Fund Company are: Najla Al Shirawi (Chairman), Anantha Narayanan and Shyam Krishnan. The Directors are also employees of SICO BSC (c).

Najla Al Shirawi is the Chief Executive Officer of SICO. Prior to this, Najla was the Chief Operating Officer of SICO. Najla joined SICO in 1997. Najla holds a Bachelor degree in Civil Engineering and a Masters degree in Business Administration. She also worked for a number of institutions owned by the Geneva-based financial group, Dar Al-Maal Al-Islami Trust, where she was responsible for establishing private banking operations for the group in the Gulf region. Najla has extensive experience in asset management, being the founder of the Asset Management Department at SICO, during which time Najla was responsible for launching a fund and discretionary portfolio management services. Najla also oversaw the proprietary investments at SICO for more than 4 years in the capacity of Head of Investments & Treasury Department. Najla has wide experience in structuring and managing capital market transactions having successfully concluded a number of local and regional IPO's and debt issues.

Anantha Narayanan joined SICO in 2008 as Head of Internal Audit and is currently working as Chief Operating Officer for SICO. Anantha has more than 29 years' experience in the areas of audit and risk management, of which more than 24 years in the banking industry. Prior to joining SICO, he worked as Regional Head of Internal control & Operational risk function for Credit Agricole Corporate & Investment Bank and worked as internal auditor for 12 years with various banks in the region (BBK, Commercial Bank of Oman and Bank Muscat); as external auditor for 3 years with Price Waterhouse Coopers (Oman). Anantha is a Chartered Accountant and Cost Accountant (India); a Certified Information Systems Auditor (USA); a Financial Risk Manager (USA); and an Associate Member of the Institute of Financial Studies (UK). He holds a BSc Honours degree from the University of Manchester, UK. B.Sc(Chem) from Loyola college, India.

K. Shyam Krishnan joined SICO in 2015. K. Shyam Krishnan has 28 years of experience in finance, accounting, audit, investments and risk management, with the majority of his career spent in conventional and Sharia-compliant banking. Shyam currently also serves as a Board Member of SICO Financial Brokerage. Prior to joining SICO in 2015, he was Group Head of Finance at Al Salam Bank-Bahrain. Before this, he was Head of Hedge Funds' Operational Risk Management at Investcorp, Bahrain and Audit Supervisor at the Bahrain office of Ernst & Young. He is a Chartered Accountant and Management Accountant from India and a Chartered Financial Analyst, Certified Internal Auditor and also a Certified Information Systems Auditor. He holds a Bachelor of Commerce from Madras University, India.



Investment Manager and Operator

The Fund Company has appointed SICO as the Investment Manager pursuant to an Investment Management Agreement dated November 13, 2012. In performing its duties and obligations under the Investment Management Agreement, SICO will be supervised by the Directors. SICO, acting under the supervision and direction of the Directors, would be responsible for the Fund's investment management. The Investment Manager is, among other things, responsible for the implementation of the Investment Objective and Policy.

SICO is a closed joint stock company and was registered in Bahrain on February 11, 1995 under commercial registration number 33469. The company commenced its operations in July 1995 and obtained an investment-banking license from the Central Bank of Bahrain (formerly known as the Bahrain Monetary Agency) in September 1997. Later on, SICO converted investment banking license to wholesale banking license on 24 February 2013 duly approved by CBB.

SICO offers a wide range of expertise through its asset management, investment banking, market making and brokerage services in the GCC region. In addition, we offer fund custodian and administration services to our clients. We are one of the very few institutions that focus entirely on the regional markets in terms of all our business lines. The company is owned by the Social Insurance Organization and premier regional financial institutions.

The Investment Manager has appointed Asset Management department within SICO to manage the Fund. The Investment Manager may replace the portfolio manager from time to time.

Asset Management Committee

An Asset Management Committee will be formed specifically for the Fund. The Asset Management Committee will be headed by SICO's CEO, and will also include the portfolio manager of the Fund and other key members of SICO's management team. The committee will meet quarterly to review the investment strategy and performance of the Fund.

Custodian

HSBC Bank Middle East Limited, Bahrain Branch has been appointed as the Custodian of the assets of the Fund, which will be held directly by the Custodian or through its agents, sub custodians, or delegates pursuant to the Custodian Agreement dated November 14, 2012.

HSBC Bank Middle East Limited, Bahrain Branch is established as a limited liability company in Jersey and regulated by the Jersey Financial Services Commission, and has branches in several Middle Eastern countries including Bahrain. HSBC Bank Middle East Limited, Bahrain Branch is an indirect wholly-owned subsidiary of HSBC Holdings Plc, a public company incorporated in England and Wales. The HSBC group is one of the largest banking and financial services organizations in the world with well established businesses in Europe, the Asia Pacific region, the Americas, the Middle East and Africa.

The roles and responsibilities of the Custodian are set out in the Custodian Agreement copies of which are available for inspection by prior appointment with the Investment Manager.

The Custodian is entitled to be indemnified against all actions proceedings claims demands costs expenses whatsoever (other than those resulting from the fraud, negligence or willful default of the Custodian) which may be made against or incurred by the Custodian arising out of or in performing its obligations or duties.

In performing its duties, the Custodian may appoint such agents, sub-custodians and delegates as it thinks fit to perform in whole or in part any of its duties and discretions (included in such appointment are powers of sub-delegation), provided always that the Custodian will remain responsible for the proper performance of its duties. The Custodian shall also be responsible for the payment of the fees to any agent and sub-custodian that it appoints.

The Custodian will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control of the US Department of the Treasury.

Notwithstanding anything to the contrary contained in this Information Memorandum, the Custodian's liability to the Fund or the Fund Company for any cause whatsoever and regardless of the form of the action, will at all times be limited to the direct loss suffered by the Fund or the Fund Company.

The appointment of the Custodian may be terminated by not less than three months' prior notice in writing. The Custodian shall be entitled to receive a Fee as detailed in section 'Fees and Expenses'. The Directors of the Fund Company will supervise the Custodian.

Administrator

HSBC Bank Middle East Limited, Bahrain Branch has been appointed as the administrator of the Fund pursuant to the Administration Agreement dated November 14, 2012.

The roles and responsibilities of the Administrator are set out in the Administration Agreement copies of which are available for inspection by prior appointment with the Investment Manager.

The Administrator is responsible for the general administration of the Fund, which includes amongst other things calculating the Net Asset Value of the Fund that is, arranging for calculation of asset valuations and fees, and administration of un-invested cash.

In performing its duties, the Administrator may, appoints such agents, sub-administrator(s) and delegates as it thinks fit to perform in whole or in part any of its duties (included in such appointment are powers of sub-delegation), and the Administrator will at all times remain liable for any acts or omissions of any such person or person howsoever appointed as if such acts and omissions were those of the Administrator. The Administrator shall be responsible for the payment of the fees of any agent or sub-administrator(s) that it appoints.

The Administrator is entitled to be indemnified against all actions proceedings claims demands costs expenses whatsoever (other than those resulting from the fraud, negligence, willful default or bad faith of the Administrator) which may be made against or incurred by the Administrator arising out of or in performing its obligations or duties.



The Administrator will supervise compliance with the investment objectives, policy, investment restrictions or investment management, borrowing restrictions or operating guidelines in relation to the Fund as detailed in the Administration Agreement. The Administrator will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control of the US Department of the Treasury.

Notwithstanding anything to the contrary contained in this Information Memorandum, the Administrator's liability to the Fund or the Fund Company for any cause whatsoever and regardless of the form of the action, will at all times be limited to the direct loss suffered by the Fund or the Fund Company.

The Administrator will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control of the US Department of the Treasury.

The appointment of the Administrator may be terminated by not less than three months' prior notice in writing. The Administrator shall be entitled to receive a Fee as detailed in section 'Fees and Expenses'. The Directors of the Fund Company will supervise the Administrator.

Placement Agent

In connection with the Initial Offering and subsequent subscriptions in the Fund, the Fund Company has entered on November 13, 2012, into the Placement Agency Agreement with SICO, which shall act as the Placement Agent to the Fund. In this capacity, SICO will use at all times its best endeavors to promote and extend sales of the Fund to all potential Investors and make available materials relating to the Fund to potential Investors as well as receive the Subscription Agreements together with the subscription amounts which SICO will then forward to the Registrar and to the designated account of the Fund respectively. SICO will have the discretion to appoint Sub-Placement Agent(s) on terms, which are substantially similar to the terms of the Placement Agency Agreement.

The Placement Agent will also receive the Repurchase Request Form from the Investors, so that the Placement Agent should instruct the Registrar to arrange for the repurchase proceeds to be paid to the Investors in accordance with the section headed as 'Payment of Proceeds' of this IM.

Registrar

The Fund Company has appointed HSBC Bank Middle East Limited, Bahrain Branch as Registrar of the Fund pursuant to the Registrar Agreement dated November 14, 2012. The Registrar will, among other things, will be in charge of providing registrar and transfer agency services including maintaining the official register of Unitholders, issuing statements to the Unitholders and arranging for the repurchase proceeds to be paid to Investors in accordance with the instructions of the Placement Agent.

In performing its duties, the Registrar may appoint such agents and delegates as it thinks fit to perform in whole or in part any of its duties and discretions (included in such appointment are powers of sub-delegation), provided always that the Registrar will remain responsible for the proper performance of its duties. The Registrar shall be responsible for the payment of the fees to any agent and delegates that it appoints.

The Registrar is entitled to be indemnified against all actions proceedings claims demands costs expenses whatsoever (other than those resulting from the fraud, negligence, willful default or bad faith of the Registrar) which may be made against or incurred by the Registrar arising out of or in performing its obligations or duties.

The appointment of the Registrar may be terminated by not less than three months' prior notice in writing. The Registrar shall be entitled to receive a Fee as detailed in section 'Fees and Expenses'. The Directors of the Fund Company will supervise the Registrar.

Auditor

The Fund Company has appointed KPMG, Bahrain, as the Fund's independent Auditor. The Auditor will audit and review financial reports being prepared by the Administrator and will submit its report to the Directors and to the Unitholders. Such reports will provide an opinion regarding the Fund's financial statements and an assessment of the accounting principles used. The Auditor will also review the unaudited semi-annual financials for the Fund.

Reporting

The annual audited accounts will be sent from the Investment Manager to the CBB and to the Unitholders within 4 months from the end of the financial years and the semi-annual reviewed accounts will be sent from the Investment Manager to the CBB and to the Unitholders within 2 months from the end of each six month period.

Alternative Service Providers

The services of the Fund's service providers, including the Investment Manager, the Custodian, the Administrator, the Registrar, the Placement Agent and the Auditor will not be terminated or termination will not come into effect until a suitable alternative has been appointed by the Fund Company and approved by the CBB.

8. FEES AND EXPENSES

The Fund bears fees and expenses incidental to its operation. These include:

Management Fees

Under the Investment Management Agreement, the Fund will pay the Investment Manager a fixed percentage fee on the Net Asset Value as of each Dealing Day and accrued on each Dealing Day and payable quarterly in arrears. The fees applicable to Class A Units is 100 bps per annum, while fee applicable to Class B Units is 75 bps per annum and the fee applicable to Class C Units is 150 bps per annum.

Launching Costs

All expenses incurred in launching this Fund including those already spent to date are to be borne by the Fund. These include but are not limited to legal, printing, postage and circulation costs of this Information Memorandum and related documents, registration fees, and Initial Offering expenses associated with the setting-up of the Fund. These costs are capped at US\$ 50,000 (and expenses above this amount will be borne by the Fund Company) and will be capitalized and amortized over a period not exceeding one year.

Inception Fee

Under the Administration Agreement, the Administrator will be entitled to receive a one-time inception fee of US\$ 3,000.

Administration Fee

Under the Administration Agreement, the Administrator will be entitled to receive an annual administration fee not exceeding 8 bps per annum so long as the NAV does not exceed USD 20,000,000 (subject to a minimum of US\$ 1,000 per month) of the NAV accrued as of each Dealing Day and calculated for these purposes prior to the deduction of management fees. For each additional class the fund, the Administrator will be entitled to receive an annual fee not exceeding 2 bps per annum subject to a minimum of US\$ 250 per month. Moreover, the Fund will also pay the Administrator any transaction fees or reimbursement for services rendered and out of pocket expenses borne by the Administrator to perform the services.

Should the fund NAV exceed USD 20,000,000 the fee will reduce to 7 bps per annum and if it exceeds USD 50,000,000 it will reduce to 6 bps per annum and if it exceeds USD 100,000,000 it will reduce to 5 bps per annum.

The Administration fee shall accrue on every Dealing Day and be payable on a monthly basis on the second Business Day of the following month.

Custody Fee

Under the Custody Agreement, the Custodian will be entitled to receive an annual custodian fee of 5 bps per annum (subject to a minimum of US\$ 1,000 per month) of the NAV accrued as of each Dealing Day and calculated for these purposes prior to the deduction of management fees. Moreover, the Fund will also

pay the Custodian any transaction fees or reimbursement for services rendered and out of pocket expenses borne by the Custodian to perform the services. If securities are not cleared by Euroclear then the custodian will be entitled to receive an annual custodian fee of 15 bps per annum for such securities.

The Custodian fee shall accrue on every Dealing Day and be payable on a monthly basis on the second Business Day of the following month.

Registrar Fees

Under the Registrar Agreement, the fee to the Registrar shall be waived for up to one Unitholder. The Registrar will be entitled to receive US\$ 500 per month and a nominal transaction fee as set out in the Registrar Agreement of USD\$ 30 to cover each subscription, redemption or transfer. Moreover, the Fund will reimburse the Registrar for certain services rendered and expenses borne by the Registrar as more fully described in the Registrar Agreement.

Repair & Cancellation Charges

There will be a USD 30 fee per trade or cancellation of trade. These charges will apply in case of correct instruction (buy and/or sell) formats are applied while transmitting the instructions to the Custodian and/or previously transmitted instructions (buy and/or sell) has been cancelled after the same has been processed by the Custodian.

Transaction Fees

There will be a fee of USD 50 per transaction for instructions related to the receipt and delivery of securities to be paid to the Custodian.

Auditors Fees

The Auditor will be entitled to receive a maximum fee of US\$ 15,000 for auditing the fund, that includes preparing an annual audit report and reviewing the semi-annual financials of the Fund exclusive of any out of pocket expenses incurred by the Auditor. The Auditors fee shall accrue on weekly NAV.

Other Operating Costs

The Fund will be charged all other expenses incurred in connection with the normal operation of the Fund including, but not limited to, brokerage fees, banking charges, exchange fees, annual fee to the registration office and the relevant supervisory authorities, legal fees, government charges and duties and the costs for publishing the NAV, Subscription Price and Repurchase Prices. The operating costs shall be approved by the Directors prior to the settlement. Depending on the nature of the expenses, Administrator may expense such operating costs at one time on the Valuation Day immediately following the approval by the Directors.

Value Added Tax

All fees and other payments to or from the Fund are exclusive of any Value Added or other indirect taxes imposed upon such payment and that the payor shall bear the cost of, and be responsible for the payment of any and all tax imposed. In the event of any change in circumstances of any existing applicable laws, or introduction of new laws that could govern the remuneration and/or expenses of the Fund, such



amendments would be applied on top of the existing agreed upon commercial terms and borne by the payor.

Notice Period

Clients will be informed 30 calendar days prior to any adjustment increase in fees made within the prospectus subject to the Client's right to redeem their shares during the notice period as provided for in Section 2(the Fund) of this Information Memorandum.

9. DIVIDEND POLICY

It is the intention of the Directors to declare dividends on the Units on semi-annual basis. The source of such distributions shall be from income on assets held by the Fund Company on behalf of the Fund. The Fund Company may, at the sole discretion of the Directors and subject to the approval of the CBB pay dividends.

Payment of the dividend shall be made to the account of each Unitholder as indicated in the register of the Fund. In cases when a Unitholder elects to reinvest the dividend in additional Units, a confirmation will be issued to the Unitholder stating the number of additional Units being reinvested and the price at which such reinvestments are made.

There can be no assurance that the Fund's investments will be successful or the investment results for any one Financial Year justify the payment of dividends. Thus, there can be no assurance that annual dividends will be declared. The declaration and payment of dividends will be in accordance with the Instrument and this Information Memorandum and is in the sole discretion of the Directors. It is therefore possible that no dividend payments will be made during the life of the Fund.

10. TAX AND EXCHANGE CONTROL CONSIDERATIONS

As at the date of this document the Fund Company was advised that there are no income, capital gains, withholding, inheritance, or estate taxes in Bahrain applicable to the Fund, nor is there any stamp duty payable in Bahrain on the transfer, sale or purchase of Units. Under current law, the Fund Company and the Fund will not be subject to tax in Bahrain on its profit, income, gains or appreciation arising in Bahrain or elsewhere.

Accordingly, dividends (if any) received by the Fund and gains (if any) realized by the Fund are not currently subject to tax in Bahrain. On the other hand, fees paid for services rendered to the Fund and the Fund Company are subject to Value Added Tax at the rate of 5% in Bahrain starting from January 1, 2019.

A Unitholder will not be subject to Bahrain tax with respect to any dividend received on the Units (including distributions received upon liquidation of the Fund and the Fund Company or with respect to any gains realized upon the sale or repurchase of the Units). Bahrain does not currently impose any withholding taxes. Accordingly, no withholding on account of any Bahrain tax is required by the Fund Company or the Fund with respect to any dividend distributions made to a Unitholder or any gains realized by such Unitholder upon the sale, repurchase or exchange of the Units.

Individual Unitholders, whether resident in Bahrain or not, are not subject to any Bahrain gift, estate, inheritance or similar taxes solely by reason of the ownership of the Units.

There are no currency or exchange control restrictions currently in force under Bahrain law and the free transfer of currency into and out of Bahrain is permitted, subject to any international regulations in force from time to time.

In the event that there is any material amendment or change to Bahrain law in connection with the matters referred to above, the Investment Manager will notify the Unitholders of such amendment or change in the next following report that is circulated to the Investors after such amendment or change has come to the attention of the Investment Manager.

Potential Investors should ascertain from their professional advisors the consequences of acquiring, holding, repurchasing, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including any tax consequences and exchange control requirements.

The Fund Company makes no representation regarding the tax implications accruing to any particular Investor with respect to his, her or its own investment in the Fund. All Investors are urged to obtain independent tax advice prior to subscribing for Units.

11. LIFE AND LIQUIDATION OF THE FUND

The Fund is an open-ended collective investment scheme, but the duration of the Fund is subject to the duration of the Fund Company, which is twenty five calendar years commencing from the date of registration of the Fund Company i.e. December 15, 2009 in the Commercial Registry. This duration may be extended by a resolution of the Fund Company's shareholders to be adopted by an extraordinary meeting of the general assembly, in the manner provided for in the Commercial Companies Law, of the Fund Company with the approval of the MOICT of the Kingdom of Bahrain and the CBB.

In accordance with the Instrument, the Fund may be liquidated earlier if the Directors and shareholders in the Fund Company so resolve as a matter of extraordinary business at any time without penalty to any party involved. The Fund may also be liquidated upon the direction of the CBB.

In the event of an exceptional decline in the value of the Fund's assets or a decline in the Fund's assets due to repurchases to a level insufficient to sustain normal trading by the Fund, the Fund Company may have to liquidate or voluntarily liquidate positions or cease trading and terminate the Fund.

If the Fund should be liquidated, its liquidation will be carried out in accordance with the laws, which specify the steps to be taken to enable Unitholders to participate in any liquidation distributions. Under Bahrain Law, termination of the Fund requires a prior written consent of the CBB and that reasonable notice be given to Investors. Upon liquidation of the Fund, the assets of the Fund will be allocated to Investors after all amounts due to third parties, including those due under the contractual arrangements entered into by the Fund Company on behalf of the Fund and under Bahrain law, are satisfied.

Please refer to section headed "Subscriptions and Repurchases" for details in connection with mandatory repurchase.

12. MATERIAL CONTRACTS

The following is a list and summary of material contracts, which the Fund Company has entered into on behalf of and in connection with the Fund:

An Investment Management Agreement dated November 13, 2012 between the Fund Company and the Investment Manager, pursuant to which the Investment Manager has agreed to provide certain investment management and advisory services to the Fund. In addition, this Agreement contains detailed provisions relating to the investment objectives, and restrictions imposed on the Investment Manager. Details of the fees payable to the Investment Manager are described in the section headed "Fees and Expenses".

A Custodian Agreement dated November 14, 2012 between the Fund Company and the Custodian pursuant to which the latter has been appointed to act as the Fund's custodian. The Custodian will hold or arrange to hold in safe custody such securities, investments, financial instruments or any other items belonging to the Fund. The Custodian will also maintain cash accounts for different purposes as may be advised by the Fund with record of all the transactions under such accounts. Under this Agreement the Custodian has the power to appoint subcustodians, agents or nominees and to delegate certain custodial and other functions where necessary to any such sub-custodians, agents or nominees, provided that the Custodian remains responsible for the performance of custodial duties under the agreement. Details of the fees payable to the Custodian are described in the section headed "Fees and Expenses".

An Administration Agreement dated November 14, 2012 between the Fund Company and the Administrator pursuant to which the latter has agreed to provide administration services to the Fund Company in connection with the Fund. The Administrator will keep the accounts of the Fund and such financial books and records as are required by law or otherwise for the proper conduct of the financial affairs of the Fund. Details of the fees payable to the Administrator are described in the section headed "Fees and Expenses".

A Placement Agency Agreement dated November 13, 2012 between the Fund Company and the Placement Agent pursuant to which the Placement Agent will use at all times its best endeavors to promote and extend sales of the Fund to all potential Investors and make available materials relating to the Fund to potential Investors as well as receive the Subscription Agreements together with the subscription amount. The Placement Agent will have the discretion to appoint SubPlacement Agent(s) on terms which are substantially similar to the terms of the Placement Agency Agreement. The latter will make available materials relating to the Fund to potential Investors upon their request. Details of the fees payable to the Placement Agent are described in the section headed "Fees and Expenses".

A Registrar Agreement dated November 14, 2012 between the Fund Company and the Registrar pursuant to which the latter has agreed to provide registrar services to the Fund Company in connection with the Fund. The Registrar will maintain a register of the holders of the Units of the Fund and will give anyone authorized by the Fund Company, or as required by law, access at all reasonable times to the register and subsidiary documents and records and carry out arranging for the payment of the repurchase proceeds to

Investors in accordance with the instructions of the Placement Agent. Details of the fees payable to the Registrar are described in the section headed “Fees and Expenses”.

Documents for Inspection

Copies of the following documents will be available for inspection (free of charge) at the registered office of the Fund Company during normal business hours:

- a) The Memorandum of Association and Articles of Association of the Fund;
- b) This Information Memorandum and any other offering or placing documents produced from time to time by the Fund;
- c) The material contracts referred to in the section headed "Material Contracts";
- d) The most recent annual report and accounts of the Fund;
- e) A memorandum listing the directorships and partnerships held during the last five years by each of the Directors of the Fund, stating whether such directorships or partnerships are current;
- f) The Bahrain Commercial Companies Law Decree No. 21 of the year 2001;
- g) Regulations for the operation and marketing of collective investment undertakings issued by the CBB as contained in the CBB Rulebook Volume 7, ; and
- h) Any interim or periodic accounts and/or reports in respect of the Fund sent to Unitholders

13. FORM OF INSTRUMENT

The following is the form of Instrument entered into by the Fund Company to create the Units under the laws of Bahrain:

THIS INSTRUMENT is made this January 06, 2010;

By SICO FUNDS COMPANY VI B.S.C.(c), (the "Fund Company") whose registered office is at First Floor, BMB Centre, Manama, Bahrain.

WHEREAS the Fund Company has by a resolution of its Board of Directors passed on September 02, 2009 established the SICO Fixed Income Fund (the "Fund") with investment units (Class A Units) having an aggregate nominal amount of US\$ 100,000,000, as unsubordinated obligations of the Fund Company to be constituted as hereinafter provided.

WHEREAS the Fund Company has by a resolution of its Board of Directors passed on September 05, 2012 created a nominal amount of 1,000,000 investment Units ('Class B units' as further defined herein below) in the Fund as unsubordinated obligations of the Fund Company.

WHEREAS the Fund Company has by a resolution of its Board of Directors passed on November 20, 2014 created a nominal amount of 1,000,000 investment Units ('Class C units' as further defined herein below) in the Fund as unsubordinated obligations of the Fund Company

NOW THIS INSTRUMENT WITNESSETH and the Fund Company HEREBY DECLARE as follows:

1. In this Instrument and the Schedules hereto, unless the subject or context otherwise requires, the following expressions shall have the following meanings: -

"Administrator" means HSBC Bank Middle East Limited, Bahrain Branch or its successor when acting as administrator to the Fund or such other entity appointed from time to time by the Fund Company;

"Articles" means the Articles of Association of the Fund Company, as amended from time to time;

Class A Units means investment units which were created in the Fund pursuant to a resolution of the Fund Company's Board of Directors passed on January 06, 2009 and which are acquired by the Investors directly from the Investment Manager;

Class B Units means investment units which were created in the Fund pursuant to a resolution of the Fund Company's Board of Directors passed on September 05, 2012 and which are acquired by the Investors directly from the Investment Manager;

Class C Units means investment units which were created in the Fund pursuant to a resolution of the Fund Company's Board of Directors passed on November 20, 2014 and which are acquired by the Investors directly from the Investment Manager;

"U.S. Dollars" or "US\$" means the lawful currency of United States;

"Conditions" means the conditions set out in the Second Schedule as the same may from time to time be modified in accordance with the terms of this Instrument;

"Directors" means the board of directors for the time being of the Fund Company;

"Information Memorandum" means the information memorandum issued by the Fund Company in relation to the offer of Units in the Fund;

"Investment Manager" means SICO BSC(c) or its successor when acting as investment manager to the Fund or such other entity appointed from time to time by the Fund Company;

"Net Asset Value" and "NAV" shall have the meaning assigned to it in the Information Memorandum;

"Principal Amount" means, the sum of US\$ 100 (one hundred U.S. Dollars);

"Registrar" means HSBC Bank Middle East Limited, Bahrain Branch or its successor when acting as registrar to the Fund or such other entity appointed from time to time by the Fund Company;

"Unitholder" means the holder or holders of all or any of the Units, being the person or entity who is for the time being entered in the register maintained pursuant to the Conditions as the holder of any Unit; and

"Unit" means one investment Unit of US\$ 100 (one hundred U.S. Dollars) as constituted by this Instrument, and accepted under the Information Memorandum.

- a) Words denoting persons shall include corporations, the masculine gender shall include the feminine, and the singular shall include plural and vice versa. Reference to a schedule is to a schedule to this Instrument.
- b) Capitalized, but not defined, terms in this Instrument shall be given the meaning assigned to them in the Information Memorandum.
- c) In the event of contradiction between the terms of this Instrument and the Information Memorandum, the Information Memorandum shall prevail.

- d) The total nominal amount of each Unit is US\$ 100 (one hundred U.S. Dollars). The Units, when issued, shall rank pari passu equally and ratably with each other without discrimination or preference.
- e) The confirmation and/or statement showing the holding of Units shall be in electronic form.
- f) The NAV payable in respect of Units outstanding shall be repaid on the liquidation of the Fund or, if that is not a Business Day, the directly succeeding Business Day. No interest is payable to Investors in this case.
- g) Monies representing the NAV, payable in respect of the Units, shall be payable against submission of the original repurchase form, at the principal place of business of the Registrar in Bahrain, or such other place as may be notified to Unitholders from time to time in accordance with the Conditions.
- h) The Conditions and the provisions of the Second Schedule shall be binding on the Fund and all Unitholders.
- i) The provisions of the Articles shall be binding on all Unitholders.
- j) To the extent deemed practicable by the Directors, Units shall have the same attributes as bonds issued under the Commercial Companies Law and the relevant regulations of the BHB.
- k) The provisions of this Instrument shall be for the benefit of and binding on Unitholders as the same may be registered from time to time.
- l) Dates and periods of time are according to the Gregorian calendar.
- m) This Instrument and the Units shall be governed by and construed in accordance with the laws of the Kingdom of Bahrain and any dispute in connection with the enforceability or interpretation of the Instrument shall be referred to arbitration in accordance with Bahrain's arbitration laws in force at the time of such dispute.

FIRST SCHEDULE

Conditions of the Units

1 Register

1.1 A Register of the Unitholders (the "Register") will be kept by the Registrar as appointed by the Fund Company from time to time, and there shall be entered in such Register:

1.1.1 The names and addresses of the holders for the time being of the Units;

1.1.2 The principal amount of the Units held by each Unitholder;

1.1.3 The date upon which the name of each such Unitholder is entered in the Register in respect of the Units standing in his name; and

1.1.4 The date on which any transfer is registered and the name and address of the transferee.

1.2 Any change of the name or address of any Unitholder shall forthwith be notified to the Registrar and thereupon the Register shall be altered accordingly.

1.3 Any Unitholder shall be at liberty at all reasonable times during the office hours of the Registrar to inspect the Register.

1.4 Except as required by law, the Fund Company will recognize each Unitholder as the absolute owner of the Units in respect of which he/she/it is registered, and shall not be bound to take notice or see to execution of any trust whether express, implied or constructive, to which any Unit may be subject. A receipt duly given in accordance with the provisions of this Instrument, for any monies payable in respect of any Unit shall be a good discharge to the Fund Company notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to, or in such Unit or monies. No notice of any trust, whether express, implied or constructive, shall be entered in the Register in respect of any Unit.

1.5 Every Unitholder will be recognized by the Fund Company as entitled to his, her or its Units free from any equity, set-off or counter-claim on the part of the Fund Company against the original, or any intermediate holder of such Units.

2 Electronic Certificates

2.1 The Units held by any person shall be represented by electronic Certificates. Each Certificate will have a unique number.

3 Absence of Transferability of Units

3.1 It is not anticipated that there will be any public market for the Units. The Units may not be directly or indirectly sold, transferred or assigned, by operation of law or otherwise, in whole or in part, without the prior written consent of the Investment Manager, which may be granted or withheld in its sole discretion. Any attempt to transfer Units, other than by way of repurchase in the manner described in the Information Memorandum, constitutes a tender to the Investment Manager for the repurchase of Units.

4 Repurchase

4.1 The Fund Company shall have power to impose such restrictions and conditions as it considers necessary (including, without limitation, delivery of any documents by any transferor or transferee) for the purpose of ensuring that none of the Units of the Fund are acquired, beneficially owned or held by any person in breach of any law or requirement of any country or governmental authority, including Bahrain and the CBB respectively, by a person who by virtue of any such law is not qualified to hold such Units or by any person whose holding of those Units might in the opinion of the Directors cause or be likely to cause a pecuniary or tax disadvantage to the Fund or any Unitholder.

4.2 The Fund shall be entitled compulsorily to repurchase all of the Units so held in accordance with the provisions and procedures contained in this Instrument and the Articles.

4.3 Units which are compulsorily repurchased shall forthwith be treated as cancelled.

4.4 The Fund is an open-ended fund and the Units may be repurchased on a weekly basis on each Dealing Day.

4.5 If prior to the expiry of the initial period of the Fund the Shareholders of the Fund Company shall desire to liquidate the Fund Company then each of the Units shall be repurchased at the relevant NAV applicable to such Unit upon such date as the liquidator shall determine.

5 Payments

- 5.1 Any monies payable on or in respect of any Units shall be paid only by wire transfer in U.S. Dollars. Every wire transfer shall be made payable to the order of the person to whom it is sent or to such person or persons as the Unitholder may in writing direct and payment

of the wire transfer shall be in satisfaction of the monies represented thereby. For the avoidance of doubt, all bank charges including but not limited to the paying bank charge and the correspondence bank charge should be born by the Fund. Only the receiving bank charge should be borne by the Investor.

- 5.2 All payments will be made by the Fund Company after the deduction or withholding of any amounts which the Fund Company is required to deduct or withhold for, or on account of, any present or future tax.
- 5.3 If any Unitholder fails or refuses to accept payment of the monies repayable in respect of Units held by him, her or it, the Fund Company shall be at liberty to deposit in the Unitholder's bank account or if not available in the account of the Fund Company acting on behalf of the Fund, the amount due to such Unitholder and, upon such deposit or payment being made, those Units shall be deemed to have been repaid and satisfied in accordance with the provisions hereof. Such account shall not bear interest.

6 Income Distribution

- 6.1 The Fund Company may distribute income in respect of the Unitholders but no distribution shall exceed the amount recommended by the Directors.
- 6.2 The Fund Company intends to distribute part of the Fund's net investment income. The Fund Company may, at the sole discretion of the Directors, pay dividends subject to the approval of the CBB.
- 6.3 The Directors may deduct expense from any distribution or other monies payable to a Unitholder on or in respect of a Unit any sum of money then payable by him, her or it to the Fund.
- 6.4 The Directors may retain any distribution payable to any person entitled to a Unit by transmission until such person has produced such evidence of his, her or its right as the Directors may require.
- 6.5 Any distribution payable in cash in respect of a Unit may be paid by wire transfer only. Such wire transfer shall be a good discharge of the Fund Company. For the avoidance of doubt, all bank charges including but not limited to the paying bank charge and the correspondence bank charge

should be borne by the Fund. Only the receiving bank charge, known as the “lifting charge” should be borne by the Investor.

- 6.6 No income payable in respect of a Unit shall bear interest against the Fund.
- 6.7 Any income not claimed within ten years from the date declared will be forfeited by the Unitholder.
- 6.8 The Directors may, before recommending any income distribution, set aside out of the Fund's profits and carry to reserve such sums as they think proper which shall be applicable for any purpose of the Fund's business or invested on behalf of the Fund in such investments as the Directors deem fit. The Directors may divide the reserve into separate accounts and consolidate wholly or partly any separate accounts into the reserve fund. The Directors may also, without placing the same to reserve, carry forward any profits, which they think it prudent not to divide.
- 6.9 The Fund Company may by Directors’ resolution specify that any distribution, allotment or issue to Unitholders shall be paid or made to the persons registered as the Unitholders at the close of business on a particular date, notwithstanding that it may be a date before or after that on which the resolution is passed, and thereupon the distribution, allotment or issue shall be paid or made to the Unitholders in accordance with their respective holdings registered on that date.

7 Notices

- 7.1 Any notice or document shall be given or sent to any Unitholder by sending the same through the post in a prepaid letter addressed to such Unitholder at his, her or its address appearing in the register. Any notice given by post to the local address shall be deemed to have been served twenty-four hours (five days if sent to the overseas address by airmail) after the time when it is posted and, in proving such service shall be sufficient to prove that the envelope containing the notice was properly addressed and stamped and posted.
- 7.2 Notwithstanding the Condition above, notices regarding the Units will be valid if published in one local Arabic and one local English daily newspaper printed in Bahrain. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

SECOND SCHEDULE

- 1 The Directors may at any time and in their sole discretion, with the approval of the CBB and the MOICT to the extent applicable, convene a meeting of the Unitholders at such place as the Directors shall determine, for the following purposes:
 - 1.1 to sanction any scheme of arrangement or for the reconstruction of the Fund or for the amalgamation of the Fund with any other Fund;
 - 1.2 to sanction the exchange of the Units for or the conversion of the Units into shares, stock, debentures, debenture stock or other obligations or securities of the Fund or any other company formed or to be formed;
 - 1.3 to sanction the release of the Fund from all or any part of the principal monies owing upon the Units;
 - 1.4 to sanction any modification or compromise of the rights of the Unitholders against the Fund proposed or agreed to by the Fund, whether such rights arise under this Instrument or otherwise; and/or
 - 1.5 to assent to any modification of the provisions of this Instrument (including this Schedule) proposed or agreed to by the Fund.
- 2 At least fifteen Business Days' prior written notice (exclusive of the day on which the notice is served or deemed to be served and of the day of the meeting for which the notice is given) of every meeting shall be given to the Unitholders. The notice shall specify the place, day or hour of the meeting and the general nature of the business to be transacted. The accidental omission to give notice to or the non-receipt of notice by, any of the Unitholders shall not invalidate the proceedings at any meeting.
- 3 The quorum for a general meeting of Unitholders shall be the attendance in person or by proxy of Unitholders who together hold more than half the issued and unrepurchased Units. A resolution of the general meeting shall only be valid if Unitholders representing more than one half of the issued and unrepurchased Units approve it. If the quorum shall not be obtained the Unitholders may be summoned for another meeting to be held within thirty days following the date of the first meeting. The said second meeting shall be valid irrespective of the number or the issued Unit holding of the Unitholders present. Resolutions of the second meeting shall be passed by a majority of Unitholders present in person or by proxy.

- 4 The person nominated in writing by the Fund Company shall preside at every meeting as Chairman. Any Director and the Secretary, Auditors and Solicitors of the Fund and any other person authorized by the Fund may attend any meeting.
- 5 The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting, except business which might lawfully have been transacted at the meeting from which the adjournment took place.
- 6 At any meeting a resolution put to the vote of the meeting shall be decided on a poll of all those Unitholders present at such a meeting. Each Unitholder will be entitled to one vote per Unit held.
- 7 The instrument appointing a proxy shall be in writing under the hand of the appointor, or of his attorney, duly authorized in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney so authorized.
- 8 A person appointed to act as a proxy need not be a Unitholder.
- 9 An instrument of proxy may be in the usual or common form, or in any other form, which the Directors shall approve. A proxy shall be deemed to include the right to demand or join in the demanding of a poll. A proxy whether in the usual or common form or not, shall, unless the contrary is stated thereon, be valid for any adjournment of the meeting as well as for the meeting, and need not be witnessed and shall be lodged with the Administrator not less than forty eight hours before the meeting, adjourned meeting or poll, as the case may be, and shall be valid only for the meeting, adjourned meeting or poll referred to therein.
- 10 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy, or of the authority under which the proxy was executed, provided that no notice in writing of such death, insanity or revocation shall have been received by the Administrator before the commencement of the meeting or adjourned meeting at which the proxy is used.
- 11 Any company or corporation which is a registered holder of any of the Units may by resolution of its directors, or other governing body, authorize any person to act as its representative at any meeting of the Unitholders and such representative shall be entitled to exercise the same powers on behalf of the company, or corporation which he represents as if he were the registered holder of the Units.
- 12 Resolutions passed at a meeting of the Unitholders, subject to CBB's approval, duly convened and held in accordance with this Instrument, shall be binding upon all the Unitholders whether or not present at the meeting, and each of the Unitholders shall be bound to give effect thereto accordingly.
- 13 Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be provided for that purpose by the Administrator. Any such minutes, if purporting to be signed by

the Chairman of the meeting, shall be conclusive evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceeding of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed.

14. DIRECTORY

Fund Company / CIU Representatives

Custodian, Administrator and Registrar

SICO Funds Company VIB.S.C. (c)

HSBC Bank Middle East Limited, Bahrain Branch

First Floor, BMB Centre,
P.O. Box 1331, Manama, The
Kingdom of Bahrain.

Building No. 2505,
Road No. 2832,
Al Seef 428,
Kingdom of Bahrain

Investment Manager, Placement Agent, and Auditor
Operator

SICO BSC (c)

KPMG

First Floor, BMB Centre,
P.O. Box 1331, Manama, The
Kingdom of Bahrain.

13th Floor, Fakhro Tower
P.O. Box 710, Manama
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