MAKASEB EMIRATES EQUITY FUND
PROSPECTUS

Investment Manager & Sponsor: Mashreqbank psc, Al Ghurair City, 3rd Floor, P.O. Box 1250, Dubai, U.A.E. Tel: +9714 2078461
Registered Office: 14th Floor, City Gardens, P.O. Box 140, Manama, Bahrain. Tel: +97317 535455

This Prospectus was approved by the BMA on 11th of November 2004. The Bahrain Monetary Agency, the Bahrain Stock Exchange and the Ministry of Commerce of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Prospectus or for the performance of this 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.

MAKASEB EMIRATES EQUITY FUND
MAKASEB FUNDS COMPANY
MASHREQBANK

The date of this Prospectus is 2nd of January 2005.
Potential investors are strongly advised to take professional advice in relation to the contents of this Prospectus.

This Prospectus does not constitute an offer or solicitation of Units in any jurisdiction in which such offer or solicitation is not authorized. Accordingly, this Prospectus 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.

Recipients of this Prospectus should inform themselves about and observe any applicable legal requirements.

NOTICE TO INVESTORS

This Prospectus is the lawful property of the Funds 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 Funds Company or the Investment Manager.

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

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 Funds Company or the Fund incurring any tax liability which the Funds Company or the Fund would not otherwise have incurred or suffered;

c) require the Funds Company or the Fund to be registered under any statute, law or regulation, whether as an investment company or trust scheme; or

d) cause the Funds 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.

Under Bahrain Law, an application must be made to the BMA to obtain its consent to offer to investors in Bahrain participation in a new or in an existing collective investment scheme. The offering of the Units and this Prospectus was approved by the BMA on 11th of November, 2004, and the UAE central bank on 12th of January, 2005.

Under Bahrain Law, the Fund is subject to periodic financial reporting requirements pursuant to which the Fund's un-audited semi-annual statements and audited annual statements must be filed with the BMA. The Fund's financial statements will be made available to investors upon request.

Investing in the Fund involves risk. The Fund is an open-ended collective investment scheme designed for Investors seeking long-term capital appreciation primarily through investing in the equity markets of the United Arab Emirates. 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 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 Funds Company. Any attempt by an Investor to transfer Units constitutes a tender to the Directors for the redemption of such Units.

The Funds Company, in its sole discretion, may reject any subscription for Units in whole or in part at any time prior to acceptance thereof. Furthermore, the Funds Company may at any time and at its discretion redeem the Units and distribute to investors their respective share of the proceeds thereof.

Application for Units are subject to acceptance by the Funds Company.

This Prospectus 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 Prospectus.

The contents of this Prospectus 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 Prospectus is given as of the date hereof, unless expressly otherwise specified herein.

1.0 EXECUTIVE SUMMARY

The following summary is qualified in its entirety by reference to more detailed information appearing elsewhere in this Prospectus. Certain capitalized terms used in this Prospectus are defined in Section 2.0.

The Funds Company: Makaseb Funds Company BSC, a Bahraini funds company approved by the Bahraini Monetary Agency and incorporated as a Bahraini Joint Stock Investment Company with Commercial Registration Number 55378 whose registered address is

P.O. Box 140,
14th Floor, City Gardens,
Manama,
Kingdom of Bahrain.

The Fund Company has been established to act as an umbrella vehicle for funds including the Fund.

The Fund: Makaseb Emirates Equity Fund, an open-ended investment fund issued by the Fund Company through the instrument dated 3rd of January 2005.

Investment Objective: The Fund seeks long term capital appreciation through investments primarily in equities listed on the UAE stock exchanges.

Currency: The funds are denominated in US Dollars.

Investment Manager: Mashreqbank PSC, Dubai, United Arab Emirates.

Custodian: Gulf Investment Corporation GSC, Kuwait.

Administrator: Gulf Investment Corporation GSC, Kuwait.

Registrar and Transfer Agent: Ernst and Young, Bahrain.

Representative: Ernst and Young, Bahrain

Auditor: Deloitte, Bahrain.

Legal Counsel: Afridi and Angell, UAE.

Subscription: Units may be subscribed on any Dealing Day, subject to the condition that the Funds Company should have received a duly authorized subscription request in writing at least seven (7) Business Days prior to the Dealing Day. The Units will be offered at the Initial Subscription Price during the initial offering period and thereafter, at their respective Net Asset Value (NAV) on the preceding Valuation Day, plus in each case the Subscription Fee.

Redemption: Units may be redeemed on any Dealing Day, subject to the condition that the Funds Company should have received a duly authorized redemption request in writing at least seven (7) Business Days prior to the Dealing Day. The Units will be redeemed at their respective Net Asset Value (NAV) on the preceding Valuation Day. A Redemption Fee may be charged if applicable.

Initial Closing: The Fund is targeting February 08, 2005 to start investing, provided that the Fund has received subscriptions of at least USD 2 million by such date.

Minimum Subscription: USD 10,000 and in multiples of USD 1,000 thereafter.

Initial Subscription Price: USD 10.00

Minimum Holding: 1,000 units or USD 10,000

Listing: The Fund will be listed on at least the Bahrain Stock Exchange but intends to seek listing on other exchanges as appropriate.

Investment Management Fee: A maximum of 2.0% per annum of the Net Asset Value (NAV) of the Fund paid to the Investment Manager quarterly in arrears. The fee is accrued at least weekly.

Performance Fee: Up to 10% of the appreciation in the Net Asset Value (NAV) of the Fund which exceeds 10% p.a. during a calendar year paid to the Investment Manager annually in arrears.

Redemption Fee: Up to 2% of the Net Asset Value (NAV) if units are redeemed by the investor within six months of their purchase.

Subscription Fee: Up to 5% of the Net Asset Value (NAV) or the Initial Subscription Price.

2.0 DEFINITIONS

Administration Agreement: The administration agreement between the Gulf Investment Corporation and the Makaseb Funds Company BSC.

Agency: Bahrain Monetary Agency.

Articles of Association: The Articles of Incorporation of the Fund Company (which are available for inspection at the company's registered office).

Auditor: Deloitte and Touche.

Base Currency: United States Dollars.

Business Day: A day on which the Bahrain Stock Exchange is open for business.

Custodian Agreement: The Custodian Agreement between the Gulf Investment Corporation, Kuwait, and the Fund Company.

Dealing Day: Monday and Thursday of each week, subject to the day being a Business Day.

Directors: The Directors of the Fund Company.

Equity Securities: Traded company shares (preferred, common, or otherwise), whether on an official exchange, over the counter, or other organized market maker.

Fixed Income Securities: Any type of security and / or instrument providing a fixed return, including but not restricted to bonds, notes, commercial paper, certificates of deposit, Islamic instruments, etc. The securities may or may not be listed.

Investment Management Agreement: The fund management agreement between Mashreqbank PSC and the Funds Company.

Investors: Unit holders in the investment schemes of the Funds Company.

Ministry: Bahrain Ministry of Commerce.

Net Asset Value: As determined in accordance Section 6.0.

Prospectus: This prospectus as may be amended from time to time by the Directors and approved by the Bahrain Monetary Agency.

Redemption Notice: The redemption notice to be completed and signed by a unit holder.

Registrar and Transfer Agency Agreement: The Registrar and Transfer Agency Agreement between Ernst and Young, Bahrain and the Fund Company.

Subscription Forms: The subscription form attached to this prospectus.

Unit holders: The Unit Holders of the funds.

Units: Individual units in the fund representing an investor's investment participation in the Fund.

US Dollar: The legal currency of the United States of America, which is used as the valuation currency for the funds.

Valuation Day: Sunday and Wednesday of each week, subject to the day being a Business Day.

3.0 THE FUND COMPANY / THE FUND

The Makaseb Funds Company BSC (the Fund Company) has been established in accordance with the provisions of the Bahrain Commercial Companies Law Decree Number 21, 2001. The purpose of this company is to create Investment Funds / Collective Investment Schemes and to enter into instruments for the creation and issue of participating investment units. The issued capital is BD 1,000 (USD 2,652) and has been fully subscribed by the promoter – Mashreqbank psc.

The **Makaseb Emirates Equity Fund** (the Fund) is an open-ended investment fund established by the Fund Company. The Fund is a collective investment scheme established pursuant to the Bahrain Monetary Agency regulations for the operation and marketing of collective investment schemes issued by the Agency, Circular Number OG/356/92 of November 8, 1992 and subsequent supplementary circulars. The Fund has been registered at the Ministry of Commerce and is authorized and approved by the Agency and established for a period of 25 years by the Funds Company. The life of the Fund can be extended by the Funds Company at the end of 25 years.

The base currency of the Fund is US Dollars. Units are equal to one ordinary class share and have a price of US Dollars 10 (ten only) each. The minimum initial subscription is US Dollars 10,000 (Ten thousand only). The Fund, being an open-end fund, will offer Units in a continuous basis by the Placement Agents and through distributors authorized by the Placement Agent (see 'Subscription,' 'Redemption,' and 'Transfer of Units'). The Fund intends to seek listing on one or more Stock Exchanges within the GCC where its Units may be traded.

Any change to the Prospectus must be made by the Directors of the Fund and shall be subject to the approval of the Bahrain Monetary Agency and will be reported to Unit Holders of the Fund. For more information on these and other important matters related to the management and administration of the Fund, see section titled 'Management of the Fund.'

3.1 Investment Objective

The Fund's primary objective is to achieve long term capital appreciation by investing mainly in the shares of companies listed in the Stock Exchanges of the United Arab Emirates (UAE). These investments may be made both directly and through sub-funds when deemed appropriate. the Fund may also invest in unlisted securities subject to certain conditions (see 'Investment Policies'). The Fund seeks to achieve competitive returns over a complete market cycles as measured against reference indices.

3.2 Investment Strategy and Process

As the largest private bank in the UAE, the Investment Manager has substantial resources at its disposal to analyze the UAE and regional economies both at a micro and macro level. The Investment Manager is in the midst of developing a substantial proprietary research capability to make individual security recommendations, which will include making frequent company visits and maintaining close dialogues with companies' management.

Security selection will utilize a blended top down and bottom up approach. Stock specific research will be combined with a fundamental analysis of sectoral and economic conditions. Technical analysis and charting techniques will be used to assist in the final investment decision and portfolio construction. The portfolio risk will be managed with reference to an index comprised of the largest capitalized companies which also have a reasonable free float of shares available for investment. The objective is to ensure that the Fund remains a viable vehicle for all investors who wish to gain exposure to the UAE market by remaining significantly invested in UAE listed securities at all time.

3.3 Targeted Markets

The Fund will invest primarily in securities listed on Stock Exchanges established in the UAE. However, it may invest in securities listed on other GCC Stock Exchanges. These investments may be made directly or indirectly through sub-funds and / or with sub-managers as the Investment Manager deems appropriate. The Fund may also invest in securities listed on Stock Exchanges established in the Middle East and North Africa region. These investments may be made directly or indirectly through sub-funds and / or with sub-managers as the Investment Manager deems appropriate.

3.4 Investment Policies

I. Investment Guidelines

In conducting its investment activities, the Investment Manager shall adhere to the following policies:

A. Invest primarily in shares of listed companies with investments in the United Arab Emirates comprising at least 50% of the NAV of the Fund;

B. Investments in shares of unlisted companies is permitted up to a maximum level of 10% of the NAV of the Fund;

C. Investments in securities listed on Stock Exchanges other than those of the United Arab Emirates up to a maximum level of 50% of the NAV of the Fund;

D. The Investment Manager is authorized to employ the services of other investment managers, through collective investment schemes, up to a maximum of 20% of the NAV of the Fund, if it is determined to be in the best interest of investors;

E. The Investment Manager is authorized to employ the services of other investment managers, through segregated accounts, up to a maximum of 10% of the NAV of the Fund, if it is determined to be in the best interest of investors;

F. The Investment Manager may invest cash balances in US Dollars and / or other convertible currencies in fixed return securities including, but not limited to, fixed deposits, treasury notes, certificates of deposit, money market funds, and Islamic securities, which maturities fall within one year or less;

G. The Investment Manager may invest a maximum of 10% of the Fund's total assets in the shares of a single company except as approved by BMA regulations;

H. The Investment Manager may invest in derivative securities, synthetic instruments, and over the counter instruments / securities up to a maximum of 20% of the Fund's assets;

I. The Investment Manager may arrange short term finance for the Fund to manage its liquidity requirement, provided that it does not exceed 25% of the Fund's total Net Asset Value (NAV).

J. The Investment Manager expects to reinvest any dividends received by the Fund, and does not anticipate making any dividend distributions to the Fund's shareholders.

II. Investment Restrictions

The Investment Manager may not conduct any of the following transactions for the account of the Fund:

A. Granting loans;

B. Short selling;

C. Granting collaterals and guarantees;

D. Acting as principle guarantor of issues;

E. Trading in commodities;

F. Trading in real estate;

G. Discounting checks;

4.0 MANAGEMENT OF THE FUND

4.1 The Directors

The Directors of the Fund Company have overall authority and responsibility for the operations of the Fund. The Directors will exercise supervision and control of the Fund, including deciding matters of general policy and reviewing the actions of the Investment Manager, the Custodian, the Administrator, and the Registrar and Transfer Agent. The Funds company may appoint new Directors and Officers or remove them from time to time.

The following individuals have been appointed as Directors:

4.1.1 Mr.Nabeel Waheed, Chairman

Mr.Waheed has over 23 years of experience serving banking and financial services industry in Pakistan, Sub-Continent, and Middle East. Mr.Waheed joined Mashreqbank as Head Division of Treasury, Investments, and Capital Markets in 1996. He is also a member of the investment committee, credit policy committee, ALCO, and Leadership forum of Mashreqbank. Prior to joining Mashreqbank, he was with Bank of America for 15 years where he assumed various senior roles in Relationship Management, Investment Banking, Capital Markets, and Treasury. He also has featured as a speaker at both GCC and national banking and Capital Markets Authority conferences. Mr. Waheed is a Fellow of the Institute of Financial Risk Management (FRM) and obtained his B.Sc in Business Administration from Syracuse University, New York, US.

4.1.2 Mr. Ambi Venkateswaran, Director

Mr. Ambi Venkateswaran joined Mashreqbank in August, 2002, as Senior Vice President and Head of Credit Risk Management. He is also a member of the Leadership Forum of the bank; Credit Policy Committee; ALCO; and Investment Committee. Prior to this assignment, Mr.Ambi was with Bank of America for 26 years in positions of increasing responsibility in India, Japan, Hong Kong, San Francisco and Los Angeles. His last position was Managing Director and Head of North Asia Corporate and Investment Banking Group based in Hong Kong. He is an engineering graduate with an MBA from the Indian Institute of Management, Ahmedabad and an AMP from the Harvard Business School.

4.1.3 Mr. Omar Bouhadiba, Director

Mr. Omar joined Mashreqbank in December 2000 as Senior Vice President and Head of Commercial Banking Group. Prior to this assignment, Mr.Omar worked for Bank of America since 1979 acting as Senior Relationship Manager, Country Credit Manager, Head of Division Credit Administration of MENA, Senior Credit Officer for MENA and finally Head of MENA region by 1998. Mr.Omar obtained his BA in economics from University of Tunis in 1975. He earned his Diploma D'Estudes Approfondies from La Sorbonne University in Paris in 1976. In 1978, he completed his postgraduate education having MBA from Wharton School of Finance.

4.1.4 Mr. Ali Raza Khan, Director

Mr. Ali Raza Khan joined Mashreqbank in 1980. During the past 20 years, Mr.Khan has serviced in different positions as Manager of Operations, Controllers, Manager of Central Accounts Division and Head of Human Resources Division Head. He is a member of the Asset Liability Committee of the bank. Mr.Khan has been also a member of the Institute of Chartered Accountants of India since 1978. Mr.Ali obtained his B.Sc in Finance from Kanpur University in 1973.

4.2 Investment Manager

The Fund has appointed Mashreqbank psc as the Investment Manager. Mashreqbank psc is one of the leading banks in the UAE having originally been established as Bank of Oman Ltd. in 1967 in Dubai. As at 31 December 2003, Mashreqbank's total assets were US Dollars 7,225 million, and its shareholders' equity was US Dollars 1,086 million. The Bank has achieved broadly consistent, profitable growth since incorporation and has continued to grow in the face of the difficult economic cycles that accompanied the oil price crisis of 1987 and the 1991 Gulf War. The Bank is the only bank which maintains branches in all seven constituent emirates of the UAE - Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain. Mashreqbank has been developing its range of investment products for several years now, and has recently committed itself to developing a dynamic and disciplined investment research capability to support its discretionary asset management business.

The Fund has appointed Mashreqbank as its Investment Manager pursuant to an Investment Management Agreement dated January 3rd 2005. The Investment Manager, with the guidance of the Directors of the Fund, is responsible for the Fund's management and investment strategy. This includes overseeing the efficient operation of the Fund, ensuring the proper provision of services by the service providers, as well as developing and implementing a viable and robust investment process for the Fund.

4.3 Custodian

The Gulf Investment Corporation (GIC), gsc has been appointed as Custodian of the Fund's assets pursuant to the Custody Agreement dated 2nd of January 2005. GIC will act as the Fund's Custodian in all the markets where the Fund invests. The Custody Agreement provides that the Custodian carries out the usual duties to the custody of securities and cash of the Fund. The Custodian will hold the Fund's assets on behalf of the Unit Holders of the Fund.

GIC is one of the largest regional financial institutions in the Arabian Gulf region. Established under the auspices of the Gulf Corporation Council (GCC) in 1983, GIC is equally owned by the governments of the six GCC member states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates. GIC provides services that focus on the development of the private enterprise and economic growth in the Gulf region. Its services include regional equity participation, financial advisory, gulf equity products, treasury, and marketing selected products for third parties. GIC is headquartered in Kuwait with an authorized capital of US$2.1bn and total shareholders equity of more than UA$1.00bln.

4.4 Administrator

The Fund has appointed the Gulf Investment Corporation as the Fund Administrator in Bahrain, pursuant to an Administration Agreement dated 2nd of January, 2005. The Agreement provides that the Administrator will be responsible for, among other things, maintaining the Fund accounts, calculating the Net Asset Value per unit, ensuring that the Fund's assets are invested in accordance with the Prospectus, filing notices and other matters with regulators, safe keeping of the Fund's documents and other administrative functions.

4.5 Registrar and Transfer Agent

The Fund has appointed Ernst and Young, Bahrain as the Fund Registrar and Transfer Agent pursuant to the Registrar and Transfer Agency Agreement dated 20th of November, 2004. The Agreement provides, among other things, that the Registrar and Transfer Agent shall be responsible for maintaining an accurate Unit Holders Register and the processing and recording of issuance, transfer, and redemption of Units.

Through its 670 locations-network in 140 countries, Ernst & Young helps its clients to deal with broad range of business issues. Its 103,000 employees around the globe pursue the highest level of integrity, quality and professionalism to provide its clients with broad array of services relating to accounting, audit, tax planning, business advisory, and risk related services. In the Middle East, Ernst & Young enjoys a strong and old presence in view of the fact that the company has been operating in the region for 80 years. Through its 14 regional offices and its 1800 full time employees, it provides assurance, business advisory, and risk management services for many of the largest regional and international organizations in the region. In Kingdom of Bahrain, Ernst & Young is the oldest and still the most progressive financial professional services firms with 160 full time employees. It leads auditing and business advisory in the major sectors including oil & gas, banking, brokering, investments, and insurance.

4.6 Auditors

The Fund has appointed Deloitte and Touche, Bahrain as its independent auditors. The Auditors shall submit its report to the general annual meeting of the Unit Holders. Such report will provide an opinion regarding the Fund's financial statements for the financial year and assessing the accounting principles used.

Deloitte, Bahrain is one of Deloitte's 12 national practices in the Middle East, and is one of the leading public accounting and consulting firms in the country. Deloitte delivers world class professional services including Audit services, Consulting, Enterprise Risk Services, Financial Advisory, and Tax. As an auditor, Deloitte's audit process is rooted in a close and sound understanding of each client, the business, and the environment. After a through assessment of the business essentials, they carry out audit procedures that are specifically designed to avoid any material misstatement risks.

4.7 Financial Year

The financial year of the Fund shall begin on January 1 and end on December 31 of each year, except for the first financial year which will begin on the end of the initial offer period and end on December 31 of the same year.

5.0 THE FUND PARTICIPATION

5.1 Subscription

Units are available for subscription on each Dealing Day provided the Fund has received a completed Subscription Agreement at least 7 business days prior to such Dealing Day (subject to the discretion of the Board of Directors to waive such notice) following receipt of cleared monies on the business day immediately preceding the relevant Dealing Day.

Units will be offered at the Net Asset Value (NAV) per participating share, subject to the initial minimum subscription of USD 10,000. The initial NAV per unit shall be USD 10.00 and subsequent subscriptions will be accepted at the prevailing NAV of each Unit, and are subject to a minimum subscription of USD 1,000. A Subscription Fee of up to a maximum of 5% may be charged on the initial subscription amount, and thereafter on the NAV of subsequent subscriptions. Such fee may be shared by the Fund with authorized placement agents.

The minimum initial subscription from each investor is USD 10,000. The acceptance of subscriptions as of the commencement of each Dealing Day is subject to confirmation of the prior receipt of cleared funds credited on the business day immediately preceding the relevant Dealing Day to the Fund's subscription account. Details of the account are set out in the Subscription Agreement. The Fund reserves the right to reject or accept subscriptions in its absolute discretion and without assigning any reason thereofProspective investors will be required to complete and return a Subscription Agreement in the form attached. The completed Subscription Agreement should be sent to the Investment Manager or its delegate, or an authorized placement agent, details of which are provided in the Subscription Agreement, and must be received at least 7 business days prior to the relevant Dealing Day (or such time as may be agreed by the Directors of the Fund at their sole discretion). The subscription money in cleared funds must be paid by 12 midday on the business day immediately preceding the relevant Dealing Day. If the Subscription Agreement and / or cleared funds are received after the deadline, it will (unless otherwise determined by the Directors of the Fund) be treated as a request for subscription on the next Dealing Day.

The completed Subscription Agreement will, save as determined by the Directors, be irrevocable and may be sent by facsimile at the risk of the applicant. The originals of any Subscription Agreement sent by facsimile should be sent immediately by post or by internationally recognized courier. Failure to provide the original Subscription Agreement may, at the discretion of the Directors, result in cancellation of the allotment of Units.

Fractions of Units will be issued to the nearest three decimal places where the balances of the subscription monies for Units represent less than the subscription price per unit. Subscription monies representing less than US Dollars 1.00 will not be returned to the applicant but will be used to accrue units in the Fund.

Confirmations will be sent to applicants on approval of their application soon after the relevant Dealing Day and once Net Asset Value has been calculated setting out details if the Units they have been allotted.

Units will be issued only in book-entry form. The Registrar will maintain the official participating share register of the Fund. Certificates representing Units will be issued at the discretion of the Board of Directors without charge only if requested in writing by a Unit Holder. Since certificates must be returned to the Registrar prior to the processing of redemption requests, the Fund discourages participating Unit Holders from requesting certificates.

5.2 Redemption

Units may be redeemed by the holder as of each Dealing Day at the redemption price per participating share as of such Dealing Day provided the holder gives notice to the Administrator 7 business days prior to the relevant Dealing Day, subject to the discretion of the Board of Directors to waive such notice. Redemptions may be made at such other

times with the consent of and upon such terms of payment as may be approved by the Board of Directors in its sole discretion.

A request for redemption must be made on the redemption form attached and once submitted to the Administrator, may not be withdrawn by the holder except on a suspension of redemptions, otherwise, the consent of the Directors is required for any withdrawal of a redemption request.

Redemption proceeds may be paid in cash or in specie. Cash payments will be made in US Dollars or UAE Dirhams and will be remitted by wire transfer to the account designated by the Unit Holders in the redemption form after deduction of all relevant expenses.

Any amount redeemed shall be paid within 7 business days of the applicable Dealing Day.

Partial redemptions will be declined if they are for less than USD 10,000, or if they will cause an investor to have an interest of less than the minimum holding unless the Directors determine otherwise in their sole discretion. The Fund has the right upon 7 business days notice to compulsorily redeem on a Dealing Day any Unit held by a Unit Holder at the redemption price per participating share as at the valuation day immediately prior to such Dealing Day for the following reasons:

a. the Units are held for the benefit (directly or indirectly) of any restricted person, or any other person whose continued holding would subject the Fund, its holders of Units, and / or the Investment Manager to regulation deemed burdensome by the Fund or such other party under the laws of the applicable jurisdiction or would result in any adverse tax consequences for the Fund, its holders of Units, and / or the Investment Manager;
b. the latest value of the Units held by the Unit Holders is less than USD 10,000 equivalent or such other minimum amount as may be determined by the Board of Directors in its sole discretion.
c. any of the representations given by the Unit Holders in its subscription Agreement were not true or have ceased to be true;
d. the Articles of Association of the Fund otherwise require such redemption; or
e. for any reason the Fund deems appropriate.

5.3 Redemption Price

The redemption price for Units will be equal to the Net Asset Value per Unit as determined on the relevant Valuation Day. A Redemption Fee of 2% of the Net Asset Value (NAV) of the units will be charged if the units are redeemed within six months of their purchase.

5.4 Suspension of Subscription and Redemption of Units

The Fund may temporarily suspend the determination of the Net Asset Value per Unit upon the occurrence of one or more of the following events:

1. When any Stock Exchange on which a substantial portion of the Fund's investments are quoted or dealt is 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;
2. The existence of any state of affairs which constitutes, in the opinion of the Directors, an emergency as a result of which disposal or the valuation of the Fund's assets would be impractical;
3. Upon issuing restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchase, sale, deposits and withdrawals of assets of the Fund cannot be affected in the normal course of business;
4. If an order by a Bahraini court or Bahraini regulatory body is issued requiring such suspension.

During the suspension period, the Fund shall not issue, redeem, or transfer Units. Where a suspension occurs as described above, the Administrator shall notify the Agency, as soon as possible and the reasons thereof.

5.5 Listing and Transfer of Units

The Fund may seek listing on any other Stock Exchange, especially other GCC Stock Exchanges. The Investment Manager does not intend at this time to make a secondary market in the Units, but may do so in the future.

The Units are freely transferable during trading on the Bahrain Stock Exhange, except to restricted persons (see Ownership Restriction and Compulsory Redemption). Transferees shall be subject to the same terms and conditions as subscribers including but not limited to the provision of information, documents and minimum subscription amount. No transfer will be effected unless a transfer form is completed and signed by both the seller and purchaser or their respective agents and submitted to the Transfer Agent.

5.6 Ownership Restrictions and Compulsory Redemption

Investors may subscribe provided legislation or regulations in Bahrain and in their country of citizenship, residence, domicile or incorporation permits them to do so.

Persons under 18 years of age are not allowed to subscribe unless s/he has the written authorization of his / her lawful guardian.

US persons or US residents as defined in regulations under the US Securities Act of 1933 are not allowed to subscribe.

The Fund may compulsorily redeem any Unit, at the prevailing Net Asset Value per Unit, if the Investment Manager, in its absolute discretion, determines that the holding of any Unit by the relevant Unit Holders is in contravention of any applicable laws or regulations or would result in adverse tax consequences to the Fund.

6.0 DETERMINATION OF NET ASSET VALUE

The Net Asset Value will be determined as of each Valuation Day.
The Net Asset Value per Unit will be calculated by the Administrator in conjunction with the Custodian(s) in accordance with Generally Accepted International Accounting Standards using the formula:

- the total assets of the Fund less the total liabilities divided by
- the total number of outstanding Units of the Fund prior to such Valuation Day.

The assets of the Fund are separate from the assets of the Funds Company.

For determination of the Net Asset Value, normally traded securities shall be valued at the last available closing price on the day immediately preceding the Valuation Day at which such security traded, unless such price is not representative. A security for which a representative price is not readily available or is not regularly traded, the value shall be based on estimated realizable value. For other types of assets, the Administrator and Representative shall determine the method of valuation. The value of all assets and liabilities denominated in a currency other than US Dollar shall be converted to US Dollars at the last available closing exchange rate on the day immediately preceding Valuation Day.

There will be deducted from the total value of the Fund's assets all accrued debts and liabilities, including:

a. management and other fees and disbursements of the Investment Manager earned but not yet paid;
b. any allowance for the Fund's estimated annual audit, legal and other fees;
c. fees and charges of the Custodian and Administrator and brokerage fees;
d. fee and charges of the Investment Sub-Advisors;
e. fees and charges of the Directors;
f. Investments of the Fund contracted to be sold;
g. The gross acquisition consideration of investments or other property contracted to be purchased for the Fund;
h. Reserves authorized or approved by the Directors or the Investment Manager for duties and charges or taxes or contingencies (accrued where appropriate on a day-to-day basis);
i. The aggregate amount of all borrowings and interest, commitment fees and other charges arising in connection therewith (accrued where appropriate on a day to day basis);
j. Other liabilities of the Fund of whatsoever nature (which shall, where appropriate, be deemed to accrue from day to day) including outstanding payments on any Units previously redeemed and, as from the record date in respect thereof, any dividends declared and not paid (contingent liabilities being valued in such manner as the Directors may determine from time to time in any particular case);
k. All costs relating to any litigation in which the Fund is involved.

The Net Asset Value of the Fund and the Units will be expressed in US Dollars and any items denominated in other currencies are translated at prevailing exchange rates as determined by the Administrator.

7.0 THE FUND FEES AND EXPENSES

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

7.1 Launching Cost

These include legal, translation, printing, postage and circulation costs of the Prospectus and related documents, registration and listing fees, advertising, road show and initial organizational and offering expenses associated with the establishment of the Fund. These costs are estimated at US Dollars 275,000 and will be capitalized and amortized over a period not exceeding 5 years.

7.2 Investment Management Fee

Under the Investment Management Agreement, the Fund will pay the Investment Manager a fixed fee of a maximum of 2.0% per annum of Net Asset Value payable quarterly, and an incentive fee of 10% per annum of the appreciation in Net Asset Value which exceeds 10% p.a. payable annually in arrears, subject to a "High Water Mark".

7.3 Sub-Management Fee

In addition to investment management fees, the fund will pay all sub-management and incentive fees where the investment manager utilizes the services of sub-managers and sub-funds.

7.4 Subscription Fee / Redemption Fee

The Fund investors may pay a Subscription Fee and/or Redemption Fee in accordance with Section 5.0.

7.5 Ongoing Operating Costs

a. All transactional costs including brokerage, banking, sales and purchase commissions and exchange fees;
b. All professional service provider fees, including fees and charges of the Auditor, Registrar and Legal Counsel. Fees for the Auditor are expected to be approximately BD 2,000, while fees for the Registrar are expected to be approximately BD 1,500. Legal fees will vary based on the specific ongoing requirements of the Fund.
c. The GIC, as the Administrator and Custodian, will be paid a fee based on the net assets of the Fund. The Administration Fee is expected to commence at a rate of 0.14% p.a. subject to a minimum fee of USD 30,000. The Custody Fee varies from market to market but ranges from 0.15% to 0.30% p.a. The Administration fee and the Custody fee are expected to come down as the assets of the Funds Company increases;
d. All government charges and duties;
e. ongoing offering costs;

8.0 ADDITIONAL INFORMATION

8.1 Money Laundering

The Directors, the Fund and agents reserve the absolute right to require further verification of the identity of the subscriber or that of the person or entity on whose behalf the subscriber is applying for the purchase of the Fund Units and / or the source of funds. The subscriber undertakes to provide satisfactory evidence of identity and if so required, the source of funds within a reasonable as determined by the Fund. Pending the provision of such evidence, application for Units shall be postponed. If the subscriber fails to provide satisfactory evidence within the time specified, or if the subscriber provides evidence but the fund 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.

8.2 Alternative Service Provider

The various agreements with the Fund's service providers including custody, administration, auditor, registrar and legal counsel states that in the event of termination of their services, such services may not be terminated until an alternative service provider has been appointed and approved by the Agency.

8.3 Life and Liquidation of the Fund

Liquidation of the Fund, whether voluntary or otherwise, requires the prior approval of the Agency and the Ministry of Commerce of Bahrain. The Fund has been established for a period of 25 years, but the Directors may, at any time, subject to prior approval of the Agency propose to dissolve the Fund at an extraordinary general meeting of Unit Holders. In the event of such a voluntary dissolution, the liquidation would be carried out in accordance with the laws of Bahrain which specify the steps to be taken to enable Unit Holders to participate in any liquidation distribution. Upon liquidation of the Fund, the assets of the Fund will be allocated to Unit Holders after all creditors claims have been satisfied.

8.4 Indemnity

The Fund shall hold the Investment Manager and its directors free and harmless against any claim or liability that they may have incurred while performing their duties, except for their respective willful misconduct or gross negligence.

8.5 Risk Warnings

Investors in the Fund are warned that there are risks involved with investing in the Fund which may affect the Fund's performance, including, but not limited to, the risks listed here:

a. Price movements in the equities market can be highly volatile. It should be noted that the price of Units in the Fund may go down as well as up. Past performance is not necessarily a guide for future performance. An investor may not get back the amount that s/he has invested;
b. The price of the Unit is denominated in US Dollars, and that changes in rates of exchange between currencies might cause the value of the investment to decrease as well as increase;
c. Investment in the Fund should be regarded as long term in nature, and there can be no guarantee that the Fund's objectives will be achieved;
d. The capital return and income of the Fund are based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, the Fund's return may be expected to fluctuate in response to changes in the value of the underlying investments;
e. The information in this document is based on existing legislation, including taxation legislation, which may be subject to change. The value of the Fund's investments may be affected by uncertainties such as political

developments, changes in government policies, taxation, currency repatriation restrictions, and restrictions on foreign investments in some or all of the countries in which the Fund may directly or indirectly invest;

f. The regulatory supervision, legal infrastructure and accounting, auditing, and reporting standards in emerging markets may not provide the same degree of shareholder protection of information to investors as would generally exist in more mature or developed markets. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards. This may affect the valuation of the assets in which the Fund invests;
g. The performance of the Fund may be affected by changes in economic and political conditions, as well as in legal, regulatory, and tax requirements. The Fund will be responsible for paying its own fees and expenses regardless of the level of its profitability.
h. The Fund Company is licensed by the Agency to operate one or more collective investment schemes, such as the Fund. In the event that the Fund Company operates additional collective investment schemes, investors in the Fund will only have recourse to the assets of the Fund.

8.6 Taxation

There is at present no corporate tax, income tax, withholding tax, or stamp duty in Bahrain.

The following comments are based on advice received by the Fund Company regarding the current law and practice in Bahrain and elsewhere, and are intended only to assist potential investors. Investors must be aware that as a result of changing law or practice or unfulfilled expectations as to how the Fund or investors will be regarded by tax authorities in different jurisdictions, the tax consequences for investors may be other than as stated below. Investors should consult their professional advisors on the possible tax consequences of their subscribing for, purchasing, holding, or selling of Units under the laws of their countries of citizenship, residence, ordinary residence, or domicile.

8.7 Bahrain Tax Considerations

As at the date of this document there are no income, withholding, or capital gains taxes payable by the Fund under existing Bahrain laws. There is no currency or exchange control restriction currently in force under the laws of the Kingdom of Bahrain 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 the laws of Bahrain in connection with the matter referred to above, the Fund Company shall notify the Unit Holders of such amendment or change in the next following report that is circulated to the Unit Holders after such amendment or change has come to the attention of the Fund Company.

8.8 Unit Holder Taxation

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

8.9 Reporting

The Fund will issue periodic reports to investors and regulators in line with the requirements of the Bahrain Monetary Agency. All communications with investors will be mailed to their registered address. The NAV of the Fund will be published promptly on each Dealing Day on Bloomberg and the Funds Company website.

8.10 Directors' Meeting

The Directors of the Funds Company will meet at least annually to review the performance and other matters pertaining to the Fund. All investors may be invited to attend an 'Open Session' with the Directors at the discretion of the Directors.

8.11 Inspection of Documents

All investors have the right to examine all material agreements pertaining to the Fund at the Registered Office of the Fund during normal business hours.