

INFORMATION MEMORANDUM

SICO Gulf Equity Fund

(An open-ended collective investment scheme pursuant to the regulations for the operation and marketing of collective investment schemes issued by the CBB as contained in the CBB rulebook, Volume 7, Capital Markets, Collective Investment Undertaking Module registered under the laws of the Kingdom of Bahrain and created by SICO Funds Company III BSC (c))

Offering of up to 200,000 Class A Units and 400,000 Class B Units

SICO Gulf Equity Fund qualifies as an expert fund under the Collective Investments Undertakings Regulations issued by the Central Bank of Bahrain as contained in the CBB rulebook, Volume 7, Capital Markets, Collective Investment Undertaking Module.

Being an expert fund, investment in SICO Gulf Equity 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 Gulf Equity Fund.

Fund Company

SICO FUNDS COMPANY III BSC (c)

Investment Manager

SECURITIES & INVESTMENT COMPANY BSC (c)

The date of this Information Memorandum is December 21, 2015

This Information Memorandum does not constitute an offer or solicitation of Units in any jurisdiction in which such offer or solicitation is not authorised. 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 authorised or to any person to whom it is unlawful to make such offer or solicitation.

Important: If you are in any doubt about the contents of this prospectus, 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.

NOTICE TO INVESTORS

The Central Bank of Bahrain, the Bahrain Stock Exchange and the Ministry of Industry and Commerce 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 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.

This Information Memorandum is being furnished to Expert Investors as defined in the section headed 'Definitions' primarily in GCC Countries on a confidential basis so that they may consider the opportunity to purchase the Units. This Information Memorandum is the lawful property of 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 the Investment Manager.

No person has been authorized to issue any advertisements or to give any information, or to make any representations in connection with the offering, subscription or sale of the Units, other than those contained in this Information Memorandum and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorized by the Fund Company, its Directors or the Investment Manager.

Neither the delivery of this Information Memorandum nor the placing, allotment or issue of any Units shall under any circumstances create any implication or constitute any representation that the information given in this Information Memorandum is correct as of any time subsequent to the date hereof.

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

The distribution of this Information Memorandum and the offering of Units in certain jurisdictions may be restricted by law. Persons who are in possession of this Information Memorandum and any persons wishing to apply for Units pursuant to this Information Memorandum are required by the Fund Company to inform themselves about and to observe any such restrictions. 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 or trust scheme; 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.

The Fund is an expert fund under the Collective Investments Undertakings Regulations issued by the Central Bank of Bahrain as contained in the CBB rulebook, Volume 7, Capital Markets, Collective Investment Undertaking Module. Being an expert fund, investment in SICO Gulf Equity 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 Gulf Equity Fund.

The Units may not be purchased by persons under the age of 21.

The Fund Company will be required to pay registration fees to the Ministry in the amount of BD20 payable on registration of the Fund Company. The Fund Company is capitalised at BD 1,000.

The Fund Company, the Investment Manager, the Registrar and the Custodian 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, within a reasonable time period determined by the Fund Company.

The Fund Company, the Fund Manager and the Placement Agent will comply with Bahrain's Legislative Decree No. (4) of 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 Institution's 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.

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 CBB. The Fund's financial statements will be circulated to the Unitholders in accordance with this Information Memorandum.

Investing in the Fund involves risk. The Fund is an open-ended collective investment scheme designed for Expert Investors seeking long-term capital appreciation primarily through investing in the equity markets of the GCC Countries excluding Saudi Arabia. The Fund will actively purchase and sell equity, equity related, hybrid and debt securities listed in the GCC Countries excluding Saudi Arabia. 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.

Prospective investors are referred to page 24 for a summary of certain of the risks involved.

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 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 redemption 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 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 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 Fund Company may at any time and at its discretion redeem the Units and distribute to Investors their respective share of the proceeds thereof.

Legal counsel to the Fund Company and the Investment Manager, in assisting with the preparation of this Information Memorandum, have relied on information supplied by the Fund Company and the Investment Manager, have not independently verified the accuracy or completeness of any information contained herein, make no representation or warranty with respect thereto and assume no liability for the contents of, or any omission from, this Information Memorandum.

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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I. DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:

“Administration Agreement”	means the administration agreement between the Administrator and the Fund Company dated June 04, 2008 in connection with the Fund;
“Administrator”	means HSBC Bank Middle East Limited, Bahrain Branch or its successor when acting as administrator to the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
“Articles of Association”	mean the Articles of Association of the Fund Company;
“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;
“BSE”	means Bahrain Stock Exchange;
“Business Day”	means a day on which banks and financial institutions are open for general business in Bahrain;
“CBB”	means the Central Bank of Bahrain;
“Certificates”	means certificates representing Units issued pursuant to the Instrument substantially in the form set out in the section headed “ <i>XVI. Form of Instrument – First Schedule – Form of Unit Certificate</i> ”;
“Class A Units”	Class A Units represent units in the Fund which are acquired by the Investors directly from the Investment Manager;
“Class B Units”	Class B Units represent units in the Fund which are acquired by foreign institutional investors through third party distributors;.

“Closing Date”	with regard to Class A Units, the Closing Date means the last date for receipt of applications for Class A Units pursuant to the Initial Offering for Class A Units, being February 15, 2006; with regard to Class B Units, the Closing Date means the last date for receipt of applications pursuant to the Initial Offering for Class B Units being June 15, 2008 or such later date as the Directors, acting on their sole discretion, may determine;
“Commercial Companies Law”	means Bahrain’s Commercial Companies Law No. (21) of 2001 as amended from time to time;
“Custodian”	means HSBC Bank Middle East Limited, Bahrain Branch or its successor when acting as the custodian of the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
“Custody Agreement”	means the Custody Agreement between HSBC Bank Middle East Limited, Bahrain Branch and the Fund Company dated June 04, 2008 in connection with the Fund;
“Dealing Day”	Every Wednesday and where such Wednesday is not a Business Day, then the previous Business Day will be used for valuation purposes
“Directors”	mean the directors (Board Members) of the Fund Company;
“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 by the CBB;
“Expert Investors”	are: <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.
“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 relevant to Class A Units and expire on December 31, 2006;

“Fund”	means SICO Gulf Equity Fund, an expert open-ended collective investment scheme established by way of an Instrument as a contractual arrangement between the Fund Company and the Investors and registered with and supervised by the CBB;
“Fund Company”	means SICO Funds Company III BSC (c) a joint stock company closed incorporated with limited liability under the laws of Bahrain to create and manage the Fund;
“GCC Countries”	means for the purposes of this Information Memorandum, member countries of the Gulf Cooperation Council including Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates but excluding the Kingdom of Saudi Arabia;
“Information Memorandum”	means this Information Memorandum and all appendices, attachments and supplements thereto including, without limitation and the Redemption Request Form;
“Instrument”	means the instrument issued by SICO Funds Company III BSC (C) dated September 26, 2005 as amended from time to time with the prior approval of the CBB in connection with the creation of Units in the Fund;
“Interested Party”	The Investment Manager, the Administrator, the Custodian, the Placement Agent, the Sub-Placement Agent and any of their directors, officers, members, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed.
“Investment Manager”	means Securities & Investment Company 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;
“Investment Management Agreement”	means the Investment Management Agreement between the Fund Company and Securities & Investment Company BSC(c) dated September 26, 2005 in connection with the Fund;
“Investors”	means expert investors who subscribe to Units in the Fund; the term can be used interchangeably with the term Unitholders;
“Initial Offer Period”	with regard to Class A Units, means period commencing at 12 noon on the Effective Date and concluding on the Closing Date relevant for Class A Units; with regard to Class B Units, means the period commencing at 12 noon on the Effective

	Date and concluding on the Closing Date relevant for Class B Units;
“Initial Offering”	with regard to Class A Units, means the offering of 200,000 units at US\$ 100 per Unit plus a subscription fee of US\$ 2 per Unit; and with regard to Class B Units, means the offering of 100,000 units at the price set out in the definition of Subscription Price below;
“Asset Management Committee”	has the meaning given to it in the section headed “ <i>VIII. Management and Administration – Asset Management Committee</i> ”;
“Investment Objective and Policy”	means the investment objective and policy of the Fund as set out in the section headed “ <i>IV. Investment Policy – Investment Objective and Policy</i> ”;
“Memorandum of Association”	means the Memorandum of Association of the Fund Company;
“Middle Eastern Countries”	means for the purposes of this Information Memorandum, countries including Egypt, Jordan, Lebanon, Morocco, Tunisia and Turkey;
“Money Laundering Regulations”	means regulations, ministerial orders and circulars in force in 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;
“Net Asset Value or NAV”	with regard to a class of Units means the net asset value of that class of Units as determined in accordance with the principles set out in the section headed “ <i>VII. Determination of Net Asset Value</i> ”;
“Placement Agency Agreement”	means the Placement Agency Agreement between the Fund Company and Securities & Investment Company BSC(c) dated September 26, 2005 in connection with the Fund;

“Placement Agent”	means Securities & Investment Company 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;
“Redemption Day”	with respect to a class of Units, means each Valuation Day falling after the Closing Date relevant to that class of Units;
“Redemption Price”	means the price at which each of Class A and Class B Units will be redeemable both in respect of redemptions at the option of the Unitholders and in respect of compulsory redemptions at the option of the Fund Company calculated as described in the section headed “ <i>VI. Subscriptions and Redemptions</i> ”;
“Redemption Request Form”	means the redemption 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 redeeming Units in the Fund;
“Registrar”	means Apex Fund Services Bahrain WLL, Bahrain or its successors when acting as registrar for the Fund or such other entity appointed in such capacity from time to time by the Fund Company;
“Registrar Agreement”	means the Registrar Agreement between the Fund Company and Apex Fund Services Bahrain WLL, Bahrain dated September 22, 2010 in connection with the Fund;
“Settlement Date”	with respect to a class of Units, means the final date for receipt of subscription monies raised during the Initial Offer Period relevant to that class of Units,
“SICO”	means Securities & Investment Company BSC(c);
“Subscription Agreement”	means the Subscription Agreement prepared by the Fund Company in connection with the Fund and entered into with each Investor, the form of which agreement is attached in section headed “ <i>XV. Subscription Agreement</i> ”;
“Sub-Placement Agent”	means an entity appointed by the Placement Agent to act as a sub-placement agent to the Fund;

“Subscription Day”	with respect to a class of Units means each Valuation Day falling after the Closing Date for that class of Units;
“Subscription Price”	means the price at which Units are being offered which is: (i) US\$ 100 per Unit plus a subscription fee of US\$ 2 per Unit in respect of the Initial Offering for Class A Units and the prevailing NAV of Class A Units on the relevant Subscription Day plus a subscription fee of US\$ 2 per Unit in respect of the Initial Offering for Class B Units, and (ii) the price calculated for each Class of Units as described in the section headed “ <i>VII. Determination of NAV</i> ” plus a subscription fee of up to 2% of the subscription amount;
“US\$ or U.S. Dollar(s)”	means the lawful currency of the United States;
“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;
“Units”	means non-voting units of Class A and Class B in the Fund; and
“Valuation Day”	means the last Business Day of each calendar week.

II. SUMMARY OF TERMS

This summary should be read in conjunction with and is qualified entirely by reference to the information appearing in the full text of this Information Memorandum under the sections appearing below and by reference to the agreements and other documents described in this document.

The Fund

The Fund is an open-ended expert fund under the Collective Investments Undertakings Regulations issued by the Central Bank of Bahrain as contained in the CBB rulebook, Volume 7, Capital Markets, Collective Investment Undertaking Module. Being an expert fund, investment in SICO Gulf Equity 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 Gulf Equity Fund.

The Fund is a contractual arrangement between the Fund Company and the Investor. Such contractual arrangement will be registered with and supervised by the CBB. As such, the Fund does not have a separate legal status for purposes of Bahrain Law. While the Fund is intended to be separate from the Fund Company, investments may have to be made by the Fund Company on behalf of the Fund.

The Fund has been established for an indefinite period by the Fund Company, but the Fund Company reserves the right to terminate the Fund at any time without penalty to any party involved. Under Bahrain law, termination of the Fund requires the prior written consent of the CBB and that reasonable notice be given to Investors. The Directors will endeavour to give Unit Holders three (3) months' notice before terminating the Fund. Neither the death, bankruptcy or incapacity of an Investor in the Fund nor the bankruptcy or resignation of the Investment Manager will terminate the Fund or in any way affect its continuity.

The Fund Company

SICO Funds Company III BSC (c) is a joint stock company closed incorporated with limited liability under the laws of Bahrain with the commercial registration number 59294 to create and manage the Fund. The Fund Company will, by way of the Instrument, create Units in the Fund for which Investors would be invited to subscribe. The monies raised in this offering of Units will be separated for accounting purposes from the Fund Company's other assets.

Investment Objective and Policy

The primary objective of the Fund is to seek long-term capital appreciation. The Fund will aim to achieve this investment objective by investing principally in equity securities listed on the stock markets of the GCC Countries excluding Saudi Arabia. Furthermore, the fund may also invest in GCC excluding Saudi Arabia domiciled companies elsewhere and also upto 10% of the value of the Fund in Middle Eastern Countries.

From time to time the Fund will also invest in equity related, hybrid and debt securities listed in the GCC Countries excluding Saudi Arabia in addition to unlisted debt securities issued by the governments or quasi government institutions of the GCC Countries excluding Saudi Arabia.

Base Currency

The Fund will be denominated in U.S. Dollars.

Units

The Units would be issued in registered form and rank *pari passu* in all respects with each other. The Units carry no voting rights at meetings of the general assembly of the Fund Company. The rights and obligations of all Units are in accordance with the Instrument. To the extent deemed practicable by the Directors and subject to the Instrument, Units will have the same attributes as bonds issued under the Commercial Companies Law.

Initial Offering

During the Initial Offer Period, the Fund Company is offering 200,000 Class A Units and 100,000 Class B Units at the price set out under the heading of “Subscription Price” in the section headed “Definitions”. The maximum number of Units available in the Initial Offering may be increased at the discretion of the Directors in accordance with the section headed “XIII. General Information – Minimum and Maximum Subscription”. The minimum investment by any applicant is US\$ 100,000.

Initial Offer Period

The Initial Offer Period for Class A Units will commence at 12 noon on the Effective Date and close on the Closing Date relevant for Class A Units; with regard to Class B Units, means the period commencing at 12 noon on the Effective Date and concluding on the Closing Date relevant for Class B Units;

Further Subscriptions

Each of Class A and Class B Units can be subscribed for, subsequent to the Initial Offer Period relevant thereto, on a weekly basis on each Subscription Day at a price calculated for that class of Units on the relevant Valuation Day as

described in the section headed “VII. Determination of Net Asset Value” plus a subscription fee of 2%,

Redemptions

Each of Class A and Class B Units can be redeemed on a weekly basis on each Valuation Day falling after the Closing Date relevant to that class of Units at a price calculated for that class of Units on the relevant Valuation Day as described in the section headed “VII. Determination of Net Asset Value”.

Listing

The Fund Company may seek to list the Fund on the stock exchanges of any of the GCC Countries, including the BSE. The Fund Company does not intend at this time to make a secondary market in the Units.

Investment Manager

Pursuant to the Investment Management Agreement, Securities & Investment Co. BSC (c) has been appointed as the Fund’s Investment Manager. The Investment Manager is, among other things, responsible for the implementation of the Investment Objective and Policy.

Custodian

Pursuant to the Custody Agreement, HSBC Bank Middle East Limited, Bahrain Branch has been appointed as the Fund’s custodian. The Custodian is, among other things, responsible for the safe keeping of and custody over the Fund’s cash and securities.

Administrator

Pursuant to the Administration Agreement, HSBC Bank Middle East Limited, Bahrain Branch has been appointed as the Fund’s administrator. The Administrator is, among other things, in charge of the day-to-day administration of the Fund and for the calculation of the Net Asset Value for each of Class A and Class B Units.

Registrar

Pursuant to the Registrar Agreement, APEX Fund Services Bahrain WLL has been appointed as the Fund’s registrar. The Registrar is, among other things, in charge of providing registrar and transfer agency services including keeping copies of the register of Unitholders.

Placement Agent

Pursuant to the Placement Agency Agreement, Securities & Investment Company B.S.C. (c) has been appointed as the Fund’s Placement Agent. 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 accompanying subscription amounts. The Placement Agent will have the

discretion to appoint Sub-Placement Agent(s) subject to the terms of the Placement Agency Agreement.

Dividend Policy

The Fund Company intends to distribute part of the Fund's net investment income on an annual basis. The Fund Company may, acting at the sole discretion of the Directors, and subject to the approval of the CBB declare and pay dividends out of realised and unrealised capital gains achieved by the Fund. For the avoidance of doubt, the Directors reserve the right, at their sole discretion, not to pay dividends at all over the life of the Fund.

Taxation

Under currently prevailing taxation law and practice no tax will be payable by the Fund or the Fund Company in Bahrain.

Management Fees

Under the Investment Management Agreement, the Fund will pay the Investment Manager (a) with respect to Class A Units, a fixed fee of 1.5% per annum and (b) with respect to Class B Units a fixed fee of 1.5% per annum, of weekly NAV with respect to each class of Units (calculated for these purposes prior to the deduction of management fee) accrued on Dealing Day but payable on the second Business Day of each Month.

Performance Fee

The Investment Manager will also be entitled to receive from the Fund a performance fee of (a) with respect to each respective Class A Unitholders, 10% of the performance over and above the hurdle total rate of return of 10% for each Financial Year in accordance with the High Water Mark Principle and (b) with respect to each respective Class B Unitholders 10% of the performance over and above the hurdle total rate of return of 10% for each Financial Year in accordance with the High Water Mark Principle.

The objective is to levy a performance fee at a Unit Holder level only. The calculation for any period shorter than performance period (i.e. Calendar Year) will be adjusted proportionately based on number of days of investment in the fund.

For purposes of calculating the weekly NAV, performance fee will also be calculated based on the weekly change in the NAV of each class of Units after deduction of all fees and expenses except performance fees. However, this calculation shall be ignored for the purposes of performance fee calculation on next Dealing Day and the end of each financial year. Hence revised calculation will be made every dealing day for outstanding units. Actual performance fees will be

accrued in the fund only when performance fees is paid on the units being redeemed or at the end of the financial year.

It should be noted that as the net asset value per unit may differ between Classes, separate performance fee calculations will be carried out for separate Classes within a Fund, which therefore may become subject to different amounts of performance fee.

High Water Mark

The High Water Mark is the initial net asset value per Unit or, if higher, the net asset value per Unit as at the end of any previous performance period in which a performance fee was payable to the Management Company.

Subscription Fees

A subscription fee of 2% of the price of the relevant Units will be charged by the Placement Agent or the Sub-Placement Agent to the Investors as detailed in the section headed “IX. Fees and Expenses – Subscription Fees”. The Placement Agent or the Directors, acting in their sole discretion, may reduce or waive the subscription fees payable by the Investors.

Redemption Fees

A redemption fees of up to 4% of the price of the relevant Units will be charged by the Placement Agent or the Sub-Placement Agent to the Investors as detailed in the section headed “IX. Fees and Expenses – Redemption Fees”. The Placement Agent or the Directors, acting in their sole discretion, may reduce or waive the redemption fees payable by the Investors.

Other Fees

The Fund will pay other fees to the Administrator, Custodian and Registrar as well as to other providers of professional services as more fully described in the section headed “IX. Fees and Expenses.”

Mandatory Redemption

In accordance with the Instrument, and by giving an Investor a minimum of seven days notice, the Fund Company may compulsorily redeem 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.

In addition to the above, the Fund Company, acting at the recommendation of the Investment Manager, reserves the discretionary right to completely or partially redeem Units held by any Investor at any time for any reason. The Investor will be notified in writing of such redemption. Neither the Fund, the Fund Company, the Investment Manager, or the

Placement Agent will be in any way liable to any Investor by reason of such mandatory redemption.

The Fund may, in its absolute discretion, redeem 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 redemptions to a level insufficient to sustain normal trading by the Fund.

Performance Review

On a monthly basis after the Initial Offer Period relevant to each class of Units, the Investment Manager shall provide a statement to the Fund Company detailing the number of Units issued by the Fund, investments made by the Fund and the amount of cash distributions, if any. Furthermore, the performance of the Fund would be formally reviewed on a quarterly basis by the Fund Company based upon a quarterly statement provided by the Investment Manager.

Reporting

The Investment Manager will publish:

- (a) on a monthly basis, a fact sheet showing the net asset value of each of Class A and Class B Units, asset allocation, the ten largest holdings in the Fund, performances over 1, 3, 6, and 12 months, and yearly returns since inception;
- (b) on a quarterly basis, each of the reports described in (a) above as well as a discussion of market conditions and returns;
- (c) on a semi-annual basis each of the reports described in (a) and (b) above as well as the un-audited financial statements of the Fund; and on an annual basis, each of the reports described in (a) and (b) above as well as the audited financial statements of the Fund.

Risk Factors

Investment in Units carries significant risk, and investment in the Fund should be regarded as long term in nature and only suitable for investors who understand the risks involved and who are able to withstand the loss of all or part of their invested capital. The Fund does not have its own legal personality. As such, the assets of the Fund may be held in the name of the Fund Company. The Investment Manager may provide investment management services to managed accounts other than the Fund. Neither the Administrator nor the Investment Managers will be devoting their full business efforts to the activities of the Fund. In the event of an actual conflict arising, the Directors will endeavour that such conflict be resolved fairly. The regulatory supervision, legal

infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of protection or information to Unit Holders as would generally exist in more mature or developed markets. The performance of the Fund will depend on the skill of the Investment Manager, which could depend on key personnel and may be affected by changes in economic and political conditions and 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.

Potential Unit Holders are urged to consult with their professional advisors as to the legal, tax, and business risks involved in this investment.

Prospective investors are referred to the section headed "*V. Risk Factors*".

III. THE FUND AND THE FUND COMPANY

The Fund

The Fund is an open-ended investment fund, created by the Fund Company and established as a collective investment scheme pursuant to the regulations for the operation and marketing of collective investment schemes issued by the CBB as contained in the CBB rulebook, Volume 7, Capital Markets, Collective Investment Undertaking Module.

The Fund is a contractual arrangement between the Fund Company and the Investor. Such contractual arrangement will be registered with and supervised, approved and governed by the CBB. As such, the Fund does not have a separate legal status for purposes of Bahrain Law. While the Fund is intended to be separate from the Fund Company, investments may have to be made by the Fund Company on behalf of the Fund. The Fund has not traded since its incorporation.

The Minimum Subscription amount for each of Class A and Class B Units is US\$ 100,000 and additional units in multiples of 100 Units. The Fund, being open-ended, will offer Units on a continuous basis, on each Subscription Day, through the Placement Agent and through Sub-Placement Agents authorised by the Placement Agent. The Fund Company may seek to list the Fund on the BSE or stock exchanges of other GCC Countries. The Fund Company does not intend at this time to make a secondary market in the Units.

Proposed changes to this Information Memorandum must be made by the Directors and will be subject to the approval of the CBB and reported to Investors of the Fund. However, under the following circumstances Unitholders would be notified at least 14 calendar days before the changes take effect.

- 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. The merger, division or termination of the Fund; and
- e. Any other major issues that may materially affect the Unitholders.

For more information on these and other important matters related to the management and administration of the Fund, see section headed “*VIII. Management and Administration*”.

The Fund Company

SICO Funds Company III BSC (c) is a joint stock company closed incorporated with limited liability under the laws of Bahrain for the creation and management of the Fund. The Fund Company approved by the CBB and incorporated in 2005 as a joint stock company closed with Commercial Registration No. 59294, 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 in the Fund by way of Instrument that is a contractual obligation 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 Bahrain Commercial Companies Law No. 28 for 1975 and Ministerial Order No. 25 for 1977 (as amended), and by the CBB.

The authorized share capital of the Fund Company is BD 1,000 divided into 100 shares of BD 10 each. Except for one share, all shares of the Fund Company are owned by Securities & Investment Company BSC(c). 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.

IV. INVESTMENT POLICY

Investment Objective and Policy

The primary objective of the Fund is to seek long-term capital appreciation. The Fund will aim to achieve this investment objective by investing principally in equity securities listed on the stock markets of Kuwait, Bahrain, Oman, Qatar and the UAE. From time to time, the Fund may also invest in equity related, hybrid and debt securities listed in the GCC Countries excluding Saudi Arabia in addition to unlisted debt securities issued by the governments or quasi government institutions of GCC Countries excluding Saudi Arabia. The fund may also invest in GCC excluding Saudi Arabia domiciled companies listed elsewhere. In addition the Fund may invest upto 10% of the value of the Fund in Middle Eastern Countries.

Investment Strategy

The Investment Manager believes that GCC Countries excluding Saudi Arabia continue to offer attractive investment opportunities for long-term Investors. Despite the rapid increase in market capitalization, trading activity and the number of companies listed in the GCC stock markets excluding Saudi Arabia, they remain at an early stage of development. Additionally, these markets remain relatively inefficient that gives rise to stock picking opportunities for Investors with a research-intensive investment approach.

In light of this view, the Investment Manager intends to utilize a bottom-up approach to identify securities that are expected to generate long-term capital appreciation. The Investment Manager will adopt a stock picking approach to develop a fairly well diversified portfolio of companies that are expected to meet the objective of the Fund. Instead of attempting to outperform a particular index, the Investment Manager will aim to achieve stable capital appreciation over the long-term by investing in a combination of companies at various stages of their life cycle in order to manage the overall risk profile of such portfolio. The Investment Manager will continuously assess market conditions and dynamically adjust asset class as well as country allocations in order to efficiently manage the Fund.

The Investment Manager has committed substantial resources to generate research internally both at a macro and micro level. The investment process would be research based where all investment decisions are made in light of detailed and in-depth equity research and analysis. The Investment Manager will attempt to visit companies across the region in order to gain a better understanding of the business dynamics of the companies that the Fund invests in. The Investment Manager will rely mainly on its proprietary research to make investment decisions; however, research produced by external sources will also be utilised in the process.

Typically, the Investment Manager will not try to actively trade the markets and will attempt to establish positions that will help in achieving the long-term objective of the Fund. The long-term bias in the investment process will enable the Investment Manager to minimize trading costs that can be substantial in emerging markets. This approach will also increase the Investment Manager's focus on the fundamentals of the businesses that it invests in rather than on short-term market volatility.

General 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 shall not invest less than 50% of its NAV in equity securities listed on the stock markets of the GCC Countries excluding Saudi Arabia;
- (b) The Fund shall not invest more than 50% of its NAV in equity securities listed in any one country. However, if the weight of the country in the benchmark i.e. S&P GCC Ex-Saudi Index is higher than 50%, then the fund may invest up to the benchmark weight;
- (c) The Fund shall not invest more than 10% of its NAV in any equity security. However, if the weight of the security in benchmark i.e. S&P GCC Ex-Saudi Index is higher than 10%, then the fund may invest up to the benchmark weight or 20% whichever is lower;
- (d) **The Fund shall not invest more than 10% of its NAV in Middle Eastern Countries;**
- (e) The Fund shall not invest more than 20% of its NAV with a single group of connected parties;
- (f) The Fund shall invest not more than 20% of its assets in cash and cash equivalents with a single party;
- (g) The Fund shall invest a maximum of 50% of its assets in cash and cash equivalents;
- (h) The Fund shall not invest in other collective investment undertakings of the same operator.
- (i) The Fund shall not invest more than 20% of its NAV in equity related and hybrid securities and not more than 40% of its NAV in debt securities provided that the aggregate of equity related, hybrid and debt securities does not exceed 40% of its NAV;
- (j) The Fund shall not invest more than 20% of its NAV in equity or debt securities that are being offered for listing (IPO or pre-IPO placements) on the stock markets of the GCC Countries excluding Saudi Arabia;
- (k) The Fund shall not invest more than 20% of its NAV in third party collective investment schemes (provided that the Fund will not invest more than 10% in one collective investment scheme) that principally invest in equity, equity related or hybrid debt securities in the GCC Countries excluding Saudi Arabia. This is with a primary focus to gain exposure to equities in which the Fund may not be allowed to invest directly;
- (l) The Fund may invest up to 30% of its NAV in a money market fund operated by the investment manager;
- (m) 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;

- (n) The Fund shall not make any investments that would expose it to unlimited liability;
- (o) The Fund shall not deal short or on margin;
- (p) The Fund will not make any loan or give any guarantee;
- (q) The Fund will not take or seek to take legal or management control over the issuers of any of its underlying investments; and
- (r) The Fund will only purchase or sell stock or stock index derivatives for the purposes of hedging portfolio risk. The Fund will not use stock or stock index derivatives for the purposes of speculation provided always that the Fund will not invest more than 20% of its NAV in such instruments.

The Fund's operators shall not engage in any transactions with 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 the CBB's Collective Investments Undertakings Regulations as contained in the CBB rulebook, Volume 7, Capital Markets, Collective Investment Undertaking 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.

V. RISK FACTORS

Investing in the Fund involves certain considerations in addition to the risks normally associated with making investments in securities. The Fund is newly formed. There can be no assurance that the Fund will achieve its investment objectives. The value of Units may go down as well as up and there can be no assurance that on a redemption, or otherwise, Investors will receive the amount originally invested. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are willing and able to withstand the total loss of their investment. 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.

Emerging Market Risk

The prospects for economic growth in GCC Countries is considerable and equity returns have the potential to exceed those in mature markets as growth is achieved. However, generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. In relation to mature markets, some GCC Countries may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. The securities markets of GCC Countries are not as large as the more established securities markets and may at times have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation 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. The GCC Countries have at times exhibited high volatility and sudden decline in prices of equities and therefore cannot be assured to give stable and/or positive returns in the future. Therefore, the Fund's return may be expected to fluctuate in response to changes in the value of the underlying investments.

Currency Risk

The Fund will invest in GCC Countries excluding Saudi Arabia, which operate under a fixed exchange rate regime with their currencies pegged to that of the U.S. Dollar. The price of the Units is denominated in U.S. Dollars and any shift in the fixed exchange rate of any country may potentially expose Investors to adverse fluctuation in returns.

Given that the fund has the flexibility to invest upto 10% in Middle Eastern companies, where the currencies are not pegged to the US Dollar, these investments are exposed to exchange rate fluctuations.

Term of Investment

Equity investments by their very nature are high-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 high-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.

Liquidity

On many stock markets in the GCC countries, liquidity and marketability of quoted securities may be limited due to lack of depth and narrow investor participation. Trading value compared to market capitalization in some of these markets is lower than that exhibited by more developed markets. This among other things may also adversely affect the performance of the Fund especially in times of extreme market conditions or due to substantial redemptions by Investors forcing the Fund to involuntarily liquidate positions.

Operating History

The Fund and the Fund Company are both newly established with no track record and will be relying on the expertise and experience of the Investment Manager and such advisors as the Investment Manager may from time to time appoint to assist in the management of the Fund. No assurance can be given that the Investment Manager will succeed in enabling the Fund to meet the investment objectives of the Fund. The results of the earlier funds managed by the Investment Manager are not indicative of the results that the Fund may achieve. Accordingly, the Fund's results are independent of, and cannot be inferred from, the previous results obtained by collective investment schemes managed by the Investment Manager.

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 intended to be separate from the Fund Company.

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 uphold such distinction between the legal status of the Fund and that of the Fund Company and other collective investment schemes of the Fund Company is unclear and to our best knowledge untested. Additionally, the assets of the Fund will be held in the name of the Fund Company and will at no time become the assets of the Investment Manager. Therefore the Fund should not in any way be affected by the insolvency or bankruptcy of the Investment Manager.

Reliance on Management

Unit Holders will not be entitled to participate in the management of the Fund. Accordingly, Unit Holders must be prepared to entrust management of the Fund to the Investment Manager. The success of the Fund depends, in part, on the quality, skill, and expertise of the individuals employed by the Investment Manager. The loss of key personnel from the Investment Manager could adversely affect the Fund.

Absence of Transferability of Units

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 redemption in the manner described in this Information Memorandum, constitutes a tender to the Investment Manager for the redemption 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 Investment Manager, in connection with the Fund, will, to the extent described in this Information Memorandum, also act as seed investor in the Fund. Additionally, 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.

Neither the Administrator nor the Investment Manager will 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 Administrator and the Investment Manager intend to devote sufficient time to the Fund's activities to properly manage or provide investment advice to the Fund.

Directors' Interests

None of the Directors or any connected person has any interests, direct or indirect, in the Units of the Fund. Neither the Fund nor the Fund Company has provided any loans or guarantees to its Directors. Save as disclosed herein, none of the Directors is interested in any contract, or transaction, which is or was unusual in its nature or conditions or significant to the Fund, since incorporation of the Fund Company.

Custodial Risk

Risk exists with respect to the operation and services offered by the Custodian.

Regulatory framework

The regulatory supervision, legal infrastructure and accounting, auditing and reporting standards in the GCC Countries may not provide the same degree of protection as would generally exist in more mature or developed markets. This may affect the valuation of the assets in which the Fund invests although every effort will be exerted to comply with international accounting standards.

The GCC Countries may have restrictions against the entry by a foreign Investor, such as the Fund, into transactions involving assets, including securities, which are listed on the financial markets of such countries or which are traded in some form or another in such countries.

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 economies and may result in an overall recession in the region.

The governments of developing countries may exercise substantial influence over various aspects of the private sector and accordingly may impact both the general economic conditions within the country and specific private sector companies. Expropriations, exchange control, confiscation, taxation, nationalisation and political, diplomatic, economic or social stability and high rates of inflation within these developing markets are factors, which may adversely affect the Fund's performance. Greater bureaucratic difficulties relating to investment and divestment in developing countries may give rise to further difficulties and potential adverse effects to the Fund.

Taxation

The Fund Company, with the assistance of the Investment Manager, will take reasonable steps to mitigate the Fund's tax liabilities. 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 Redemption

Compulsory redemption may result in the liquidation of investments under conditions less favourable 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.

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.

VI. SUBSCRIPTIONS AND REDEMPTIONS

Initial Offering

An Initial Offering of 200,000 Class A Units and 100,000 Class B Units at the price set out in the paragraph “Subscription Price” in the section headed “Definitions” Applications should be for a minimum initial investment of US\$ 100,000 and applications for additional units should be in multiples of 100 Units. The Directors of the Fund Company reserve the right to increase or reduce the size of the Initial Offering.

Initial Offer Period

Applications for the purchase of Class A and Class B Units under the Initial Offering should be made by the Closing Date relevant to that class of Units. The subscription monies in cleared funds must be paid by 12 noon on the Settlement Date. If the Subscription Agreement and/or cleared funds are received after the deadline, it will (unless otherwise determined by the Fund Company) be treated as a request for subscription on the next Subscription Day.

Further Subscription

Each of Class A and Class B Units can be subscribed for on each Subscription Day after the Closing Date relevant to that class of Units provided the Fund has received a completed Subscription Agreement at least five Business Days prior to Subscription Day (subject to the discretion of the Directors to waive such notice) and following receipt of cleared subscription monies by 12 noon on the Business Day immediately preceding the relevant Subscription Day.

Subscription Price

Each of Class A and Class B Units will be offered subsequent to the Initial Offer Period relevant to that class of Units on each Subscription Day at the NAV calculated for that class of Unit on the relevant Valuation Day plus a subscription fee of 2%, provided that the minimum initial subscription is US\$100,000. However, the Directors or the Placement Agent, acting in their sole discretion, may increase the minimum subscription amount.

The Fund encourages payment of monies in U.S. Dollars. If the Investor pays for Units in any currency other than the U.S. Dollar, subscription amount will be converted at the exchange rate as obtained by the Fund. The exchange rate used to convert such currency may be subject to change if a fluctuation 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 i.e. U.S. Dollar. Any such exchange rate fluctuation risk is the responsibility of the Investor and neither the Fund, the Fund Company, the Investment Manager, the Placement Agent nor the Administrator will be liable in any way for such risk. No third party payment will be accepted.

Subscription Agreement

Prospective Investors will be required to complete and return the Subscription Agreement (refer to the section under heading “XV. *Subscription Agreement*”). The completed Subscription Agreement should be sent to the Registrar or its delegate, or an authorised placement agent, details of which are provided in the Subscription Agreement, and must be received at least five Business Days prior to the relevant Subscription Day (or such later time as may be agreed by the Directors of the Fund at their sole discretion). The subscription monies in cleared funds must be paid by 12 noon on the Business Day immediately preceding the relevant Subscription Day. If the Subscription Agreement and/or cleared funds are received after the deadline, it will (unless otherwise determined by the Fund Company) be treated as a request for subscription on the directly succeeding Subscription Day unless the Fund Company or the Placement Agent determines otherwise.

The completed Subscription Agreement will (save as determined by the Fund Company) 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 recognised courier. Failure to provide the original Subscription Agreement may at the discretion of the Directors result in cancellation of the allotment of the Units.

Issue of Units

Units will be issued in the form of a Certificate. The Registrar will maintain the official register of Units. Certificates must be returned to the Registrar prior to processing of redemption requests. Units shall be accounted for in fractions up to four decimal places, with the fifth decimal being rounded up if it has a value of five or higher.

Confirmations will be sent to applicants on approval of their application (i) soon after the relevant Subscription Day and (ii) once NAV for that class of Units has been calculated setting out details of the Units they have been allotted.

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.

As a result of the applicable anti-money laundering regulations, documentation may be required along with the subscription request for Units. The Directors, the Placement Agent and the Investment Manager 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 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 payment.

The Investor may not need to provide documentation to the Fund Company if the Investor has an existing investment in the Fund and has already provided documentation or has already provided evidence of identity to the Fund Company. In the event of none of the foregoing applying to an Investor, the Investor may be required to provide proof of identity to the Fund Company as set out in the Subscription Agreement. .

Pooled funds or financial intermediaries will also be required to provide money-laundering regulations compliance declaration.

Records

The Fund will maintain records of each new subscription for the period of the Subscription but in any case for not less than ten (10) years from the Subscription Day.

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 wilful misconduct or gross negligence.

Redemption

Each of Class A and Class B Units can be redeemed on a weekly basis on each Redemption Day, which means each Valuation Day falling after the Closing Date relevant to that class of Units by giving a notice to the Registrar ten Business Days prior to the relevant Redemption Day.

Redemption Price

The redemption price for each class of Units will be equal to the NAV calculated for that class of Units as determined by the Administrator on the relevant Valuation Day (see Section headed “*VII. Determination of Net Asset Value*”).

Redemption Request Form

A request for redemption must be made on the Redemption Request Form and once submitted to the Registrar or the Placement Agent, may not be withdrawn by the Unitholder except on suspension of redemptions, otherwise, the consent of the Fund Company is required for any withdrawal of a redemption request. A redemption request sent by fax or other means of communication will have to be accompanied by the duly filled Redemption Request Form sent by courier as soon as it is practicable.

Payment of Proceeds

Redemption proceeds will be paid in cash. Cash payments will be made in U.S. Dollars and will be remitted by way of cheques or by wire transfer upon request to the account (held with a licensed institution) designated by the Investor in the Redemption Request Form after deduction of all relevant expenses. No proceeds will be paid until the Registrar is in receipt of the relevant Certificates and the original Redemption Request Form duly signed by the Investor or its designated authorized signatories. No third party payment will be made.

Any amount redeemed will be paid within five Business Days from the relevant Redemption Day.

Partial redemption resulting in an Investor to have an interest of less than the minimum initial investment (US\$ 100,000) will be considered as a request for redeeming the Unitholder's entire holding unless the Fund Company otherwise determine in their sole discretion.

Liquidity Constraints on Redemption

If the Fund receives a net redemption request (redemption amount less subscription amount) from an Investor or Investors on a particular Redemption Day exceeding the 10% of the Fund's NAV pertaining to both Class A and Class B Units, the Fund Company will be entitled to redeem the redemption amount up to 10% of the NAV pertaining to both Class A and Class B Units on a pro rata basis, or in such manner as the Fund Company may deem appropriate. Requests for redemption of Units, which cannot be met on any one Redemption Day, will be carried forward to the next Redemption Day, subject to the same provision.

Mandatory Redemption

In accordance with the Instrument, and by giving an Investor a minimum of seven days notice, the Fund Company may compulsorily redeem 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.

In addition to the above, the Fund Company, acting at the recommendation of the Investment Manager, reserves the discretionary right to completely or partially redeem Units held by any Investor at any time for any reason. The Investor will be notified in writing of such redemption. Neither of the Fund, the Fund Company, the Investment Manager, or the Placement Agent will be in any way liable to any Investor by reason of such mandatory redemption.

The Fund may, in its absolute discretion, redeem 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 redemptions to a level insufficient to sustain normal trading by the Fund.

Suspension of Subscription and Redemption of Units

Subject to the approval of the CBB, the Fund may (but is not required to) temporarily suspend the determination of the NAV with respect to both Class A and Class B Units and subscription and redemption prices in respect of any Valuation 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 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 with respect to each of Class A and Class B 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 each of Class A and Class B 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.
- (f) when for any reason the value of a significant portion of the investments owned by the Fund cannot be reasonably, promptly or accurately ascertained; or
- (g) if a resolution calling for the liquidation, dissolution or merger of the Fund has been adopted.

All reasonable steps will be taken to bring any period of suspension to an end as soon as possible (except in respect of the circumstances set out in paragraph (f) above). If the request for redemption is not withdrawn, the redemption will take place as of the Valuation Day following the termination of the suspension. During any period of temporary suspension of the determination of the Net Asset Value of the Units, any Unit Holder shall be entitled to withdraw any request for a redemption of Units in writing, provided such request is received by the Registrar before termination of the period of suspension. No issue or redemption of Units will take place during any period when the calculation of the Net Asset Value of the Units is suspended. The Fund reserves the right to postpone payment to persons whose Units have been redeemed prior to such suspension until after the suspension is lifted. This right will be exercised in circumstances where the Directors believe that to make such payment during the period of suspension would materially and adversely affect the interests of existing Unit Holders. Notice of any suspension will be given without delay to any Unit Holder tendering his Units for redemption or who has tendered Units for redemption and to whom full payment of the proceeds has yet to be remitted. Any payment postponed will be paid on the first Valuation Day following the termination of the suspension.

In addition, the Directors have the right to postpone any Valuation Day for up to [one] Business Day without the requirement to give notice to Unit Holders when, in the opinion of the Directors, a significant

proportion of the assets of the Fund cannot be valued on an equitable basis and such difficulty is expected by the Directors to be overcome within that period.

During the suspension period in relation to the calculation of the NAV of the Units, the Fund will not issue or redeem 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 redemption during the above said period shall be carried forward to the next Valuation Day. All possible steps will be taken to bring the period of suspension to an end.

Listing

The Fund is an open-ended scheme. The Fund Company may seek to list the Fund on the stock exchanges of any of the GCC Countries, including BSE. The Investment Manager does not intend at this time to make a secondary market in the Units.

Voting and Ownership Rights

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 schemes 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 21 years of age are not allowed to subscribe unless he/she has the written authorisation of his/her lawful guardian.

VII. DETERMINATION OF NET ASSET VALUE

The Administrator will determine the NAV of the Fund with respect to Class A and Class B units in U.S. Dollars on every wednesday and where such wednesday is not a business day, then the previous Business Day will be used for valuation purposes. In addition, the Unitholders will be sent details of the relevant NAV and a brief report on the Fund's performance on a monthly basis. The Net Asset Value will be published on the Operator's website.

The NAV per Unit for each of Class A and Class B Units will be calculated by the Administrator in accordance with generally accepted international accounting standards using the following formula: (a) the total assets of the Fund less the total liabilities divided by (b) the total number of outstanding Units of the Fund prior to such Valuation Day and after the NAV per unit is accrued of the performance fee (if any), the resultant NAV per Unit will be applied for subscription and redemption. For the avoidance of doubt, the only difference in the valuation of NAV for Class A and Class B Units will be the amount of base management fee and performance fee payable by holders of Class A and Class B Units respectively. For the purposes of the determination of the Fund's NAV with respect to each of Class A and Class B Units, the assets of the Fund are separate from the assets of the Fund Company and from the assets of other collective investment schemes created or marketed by the Fund Company.

The updated NAV per Unit for each of Class A and Class B Units shall be published on the Investment manager's website on a monthly basis.

The Fund Manager / Sponsor cannot determine the value of the Fund's assets. However, the assets of the Fund will be valued based on directions from time to time of the Directors. Listed securities will be based on last traded prices, on the day as of which such valuation is to be made, directly sourced from the exchange or from recognized service providers such as *Reuters*. Normally, the value of a security for which a representative price is not readily available or is not regularly traded, will be based on the estimated realisable value. For other types of assets the Administrator will determine the method of valuation.

Liabilities will include, but are not limited to:

- (a) management and other fees and disbursements of the Investment Manager earned but not yet paid;
- (b) any allowance for the Fund's estimated legal and other fees;
- (c) charges of the Custodian, Administrator, Registrar, Auditor and any brokerage fees;
- (d) investments of the Fund contracted to be sold;
- (e) reserves authorised 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);
- (f) other liabilities of the Fund of whatsoever nature (which will, 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 (if any) being valued in such manner as the Directors may determine from time to time in any particular case);
- (g) all costs relating to any litigation in which the Fund or the Fund Company (acting in relation to the Fund) is involved; and

(h) any amount borrowed for the Fund for reasons as explained in section headed “*IV. Investment Policy – General Restrictions*”.

The NAV with respect to each of Class A and Class B Units will be expressed in U.S. Dollars and any items denominated in other currencies will be translated at prevailing exchange rates as determined by the Administrator.

The Auditors will review the NAV calculations with respect to each of Class A and Class B Units on a semi-annual basis.

VIII. 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 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 four Directors who were appointed 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), Hanan Sater, Amal Al Nasser and Anantha Narayanan.

Najla Al Shirawi is the Chief Executive Officer of SICO. During the course of her work with SICO, Najla has been Chief Operating Officer and incharge of the Investments and Treasury Division of SICO, was part of the team that incorporated SICO Funds Company B.S.C.(c), and structured the SICO Selected Securities Fund. Najla also acted as the Fund Manager for SICO Selected Securities Fund since its inception up to December 2002. Najla holds a Bachelor Degree in Civil Engineering and a Master of Business Administration in Finance.

Hanan Y. Sater, ACCA joined SICO in 1997 and was working as the Financial Controller till she resigned on 30 June 2015. During the course of her career, Hanan's responsibilities included managing accounting and reporting department, human resources department, and operations department. Prior to joining SICO, Hanan had worked mainly with OBUs for sixteen years whereby Hanan's last assignment was as Operations Manager at Chase Manhattan Bank/ex Chemical Bank/ex Manufacturers Hanover Company whereby the Human Resources Department, the Accounting & Reporting Department & the Operations Department were all under the responsibility of the said position .

Amal Al Nasser is working as Head of Operations. She joined SICO in 1997. Amal has more than 25 years' banking experience. She was Head of Operations at SICO for 10 years before being appointed General Manager of SFS, a wholly-owned subsidiary of SICO, on its establishment in 2006. Amal resumed her role as Head of Operations at SICO in 2010. Before joining SICO, she spent 10 years with ALUBAF Arab International Bank in Bahrain, working in the areas of credit, investment and commercial banking operations. Amal holds a BA degree in Economics from Poona University, India.

Anantha Narayanan is working as Chief Operating Officer for SICO. He Joined SICO in 2008 as Head of Internal Audit. Anantha has more than 24 years' experience in the areas of audit and risk management, of which more than 19 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 PriceWaterhouseCoopers (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.

Investment Manager

The Fund Company has appointed SICO as the Investment Manager pursuant to an Investment Management Agreement dated September 26, 2005.

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.

SICO is a Bahrain based investment bank with regional asset management being one of its core businesses. SICO currently has over US\$ 260 million assets under management in the GCC equity markets. SICO has been managing discretionary portfolios for clients since 2001 with funds invested across the GCC Countries.

The Investment Manager has appointed Shakeel Sarwar Butt to manage the Fund (please refer to page 36 for his profile). The Investment Manager may replace the Manager from time to time.

Asset Management Committee

An asset management committee will be formed specifically for the Fund. This asset management committee will be headed by the Investment Manager's CEO, and will also include the manager of the Fund and other key members of the management team. The committee will meet once a month 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.

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 wilful 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, at the expense of the Fund, 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 will not however be responsible for any loss suffered by [the Fund by reason only of the liquidation, bankruptcy or insolvency of any such agent, sub-custodian or delegate.

The Custodian will not be responsible for any cash, securities and/or other assets comprising the assets of the Fund which are not deposited with or held to the Custodian's order. In particular, the Custodian will not be responsible for any cash, securities and/or other assets placed with co-custodians, brokers or any other party outside the Custodian's global custodian network.

The Custodian is under no duty to supervise compliance with the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines in relation to the Fund. 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.

The appointment of the Custodian may be terminated by not less than three months' notice in writing.

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.

The Administrator is responsible for the general administration of the Fund, which includes amongst other things, arranging calculation of asset valuations and fees, and administration of uninvested cash.

The Administrator is entitled to be indemnified against all actions proceedings claims demands costs expenses whatsoever (other than those resulting from the fraud, negligence, wilful 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 is under no duty to supervise compliance with the investment objectives, policy, investment restrictions, borrowing restrictions or operating guidelines in relation to the Fund. 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' 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 September 26, 2005, 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. 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.

Registrar

The Fund Company has appointed APEX Fund Services Bahrain WLL as Registrar of the Fund. The Registrar will, among other things, maintain the official register of Unitholders and carry out the issue of Certificates and redemption of monies to Investors in accordance with the instructions of the Fund Company and/or the Investment Manager.

Apex Fund Services Bahrain WLL is regulated by the Central Bank of Bahrain (“CBB”). The Registrar is part of the Apex Group which includes Apex Fund Services Ltd and 11 other Apex fund administration companies located across the globe. Apex Group provides specialist fund administration, share registrar, corporate secretarial services and directors to funds and collective investment schemes globally. The Registrar uses the software solution, PFS PAXUS, which is a fully integrated fund accounting system combined with web-based reporting to allow clients and investors to access their information 24/7 securely online. The Apex Group commenced operations in June 2003, and caters to equity funds, hedge funds, funds of funds and private equity funds in every sector and market across the globe. As at 30 November 2009, the Apex Group administered 150 funds globally.

Auditor

The Fund Company has appointed KPMG, Bahrain, as the Fund’s independent Auditor. The Auditor will audit and review financial reports and will submit its report to the Fund Company. 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.

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.

IX. FEES AND EXPENSES

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

Subscription Fees

A subscription fee of 2% of the subscription price of the relevant class of units is payable to the Placement Agent or Sub-placement Agent through whom the Units are placed. The Directors or the Placement Agent, acting in their sole discretion, will have the sole right to reduce or waive the subscription fees to be received from Investors.

Management Fees

Base Fees

Under the Investment Management Agreement, the Fund will pay the Investment Manager (a) with respect to Class A Units, a fixed fee of 1.5% per annum and (b) with respect to Class B Units a fixed fee of 1.5% per annum, of weekly NAV with respect to each class of Units (calculated for these purposes prior to the deduction of management fee) accrued on the Dealing Day but payable on the second Business Day of each Month.

Performance Fees

The Investment Manager will also be entitled to receive from the Fund a performance fee of (a) with respect to each respective Class A Unitholders, 10% of the performance over and above the hurdle total rate of return of 10% for each Financial Year and (b) with respect to each respective Class B Unitholders 10% of the performance over and above the hurdle total rate of return of 10% for each Financial Year . The objective is to levy a performance fee at a Unit Holder level only. The calculation for any period shorter than performance period (i.e. Calendar Year) will be adjusted proportionately based on number of days of investment in the fund.

For purposes of calculating the weekly NAV, performance fee will also be calculated based on the weekly change in the NAV of each class of Units after deduction of all fees and expenses except performance fees. However, this calculation shall be ignored for the purposes of performance fee calculation on next Dealing Day and the end of each financial year. Hence revised calculation will be made every dealing day for outstanding units. Actual performance fees will be accrued in the fund only when performance fees is paid on the units being redeemed or at the end of the financial year.

It should be noted that as the net asset value per unit may differ between Classes, separate performance fee calculations will be carried out for separate Classes within a Fund, which therefore may become subject to different amounts of performance fee.

Redemption Fees

A redemption fee of up to 4% of the redemption price of the units would be payable to the Placement Agent or Sub-placement Agent through whom the Units are placed as follows:

Redemption on a dealing day that falls within:	Redemption Fees
Three months of the relevant Subscription Day	4% of NAV relevant to that that class of Units
Six months of the relevant Subscription Day	2% of NAV relevant to that that class of Units
Twelve months of the relevant Subscription Day	1% of NAV relevant to that that class of Units

There will be no fees in respect of redemptions of units on a Dealing Day falling after the completion of twelve months from the relevant Subscription Day.

The Directors or the Placement Agent, acting in their sole discretion, will have the sole right to reduce or waive the redemption fees to be received from Investors.

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 capitalised and amortised over a period not exceeding one year.

Administration Fee

Under the Administration Agreement, the Administrator will be entitled to receive a one-time inception fee of US\$ 3,000 and annual fee not exceeding 0.20% of the daily NAV (subject to a monthly minimum and calculated on daily NAV for these purposes prior to the deduction of management fees) accrued on Valuation Day and payable on a monthly basis on the second Business Day of each calendar month.

Custody Fee

Under the Custody Agreement, the Custodian will be entitled to receive an annual custodian fee not exceeding 0.30% of the daily NAV of the assets for the account of the Fund (subject to a monthly minimum and calculated on daily NAV for these purposes prior to the deduction of management fees), as determined from time to time by the Investment Manager. The Custodian Fee shall accrue on Valuation Day and is payable on a monthly basis with the first payment payable by the Fund Company on behalf of the Fund on the second Business Day of each calendar month.

Registrar Fees

Under the Registrar Agreement, the Registrar will be entitled to receive a flat fee of USD 8,500 per annum. 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.

Auditors Fees

The Auditor will be entitled to receive a flat fee of BD 2,000 for preparing an annual audit report and BD 1,000 for reviewing the semi-annual financials of the fund exclusive of any out of pocket expenses incurred by the Auditor.

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, transactional costs including brokerage, banking, exchange fees, auditing, registrar and legal fees, government charges and duties. The Fund will also bear the costs of publishing of the NAV, subscription and redemption prices. The Auditor shall review and verify such operating costs.

The Fund will also pay a one third share of the annual expenses related to the registration and other expenses due to supervisory authorities and are related to the Fund Company. The accounting treatment for such expenses will depend on their nature and will either be posted directly to the NAV, accrued or amortized.

X. DIVIDEND POLICY

It is the intention of the Directors to declare dividends on the Units on an annual basis. The Fund Company intends to distribute part of the Fund's net investment income annually. The source of such distributions shall be from dividend as well as interest 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 out of realised and unrealised capital gains achieved by the Fund.

At the election of each Unitholder the dividend will be paid in cash or reinvested in additional Units of the Fund. This election should initially be made on the Subscription Agreement and may be changed upon written notice to the Fund Company at any time prior to a record date that would be announced by the Fund Company for each Financial Year for a particular dividend or distribution. Such reinvestment of dividends will be made at the NAV per Unit as per the Valuation Day immediately preceding the pay date. No subscription fees will be levied in connection with the reinvestment of dividends.

Payment of the dividend shall be made to the account of each Unitholder as indicated in the register of the Fund. Cheques representing the annual cash dividend payment, if any, will either be sent through registered post to the address of the Unitholder as appearing in the Fund Register, or collected by the Unitholder in person from the Registrar, within fifteen calendar days from the date on which dividend payments are made. In cases when a Unitholder elects to reinvest the dividend in additional Units, a certificate will be issued to the Unitholder representing this reinvestment.

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.

XI. 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. Furthermore, fees received for services rendered by the Fund and the Fund Company are not subject to tax in Bahrain.

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 redemption of the Units). Bahrain does not 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, redemption 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.

Prospective investors should consult their own professional advisors as to the tax implications of making an investment in, trading in, holding or disposing of interests in the Fund. Furthermore, this summary is only applicable to those investors who hold their Units in the Fund for investment purposes and not for trading or other purposes. The Fund may be subject to local withholding taxes in respect of income or gains derived from its investments in certain countries. Prospective investors are reminded that the tax treatment in any relevant jurisdiction may change during the life of the Fund. No assurance can be given that the Courts or other authorities responsible for the administration of tax law and practice in any jurisdiction will agree with the interpretation set out below or that changes in such law or practice will not occur.

XII. LIFE AND LIQUIDATION OF THE FUND

The Fund has been established for an indefinite period by the Fund Company, but the Fund Company reserves the right to terminate the Fund at any time without penalty to any party involved. Under Bahrain law, termination of the Fund requires the prior written consent of the CBB and that reasonable notice be given to Investors. The Directors will endeavour to give Unit Holders three (3) months' notice before terminating the Fund. Neither the death, bankruptcy or incapacity of an Investor in the Fund nor the bankruptcy or resignation of the Investment Manager will terminate the Fund or in any way affect its continuity.

In addition, the Directors may, at any time, subject to prior approval of the CBB, propose to dissolve the Fund at any extraordinary general meeting of shareholders of the Fund Company. In the event of such a voluntary dissolution being adopted, the liquidation would be carried out in accordance with the laws and regulations in force in the Kingdom of Bahrain that 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 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.

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.

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 redemptions 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 "*VI. Subscriptions and Redemptions*" for details in connection with mandatory redemption.

XIII. GENERAL INFORMATION

Incorporation of the Fund Company

SICO Funds Company III BSC (c), a Bahraini joint stock company closed approved by the CBB and incorporated in 2005 with commercial registration number, whose registered address is First Floor, BMB center, P.O. Box 1331, Manama, Bahrain. The Fund Company has the right to issue various kinds of units and create and manage investment funds.

For further information about the Fund Company please refer to the section headed "*III. The Fund and the Fund Company*".

Voting rights

Units issued in the Fund carry no voting rights with respect to the Fund or the Fund Company. Units represent an ownership right, based on contract of the Investors in connection with the Fund but not in the Fund Company.

Reporting

The Fund will prepare annual accounts with the year ending being December 31. Unaudited interim accounts will be prepared in respect of the first six months of each annual accounting period of the Fund. Unitholders will be sent a copy of the Fund Company's annual report and audited financial statements within three months of the end of the period to which they relate. Unaudited interim accounts will be sent to Unitholders within two months of the end of the period to which they relate. Any such financial information will be sent to prospective Investors in the Fund upon request.

An annual report including the year's activities/results and the audited financial statements showing the assets, gross income, liabilities and expenses incurred, net income, the NAV and the NAV per Unit for each of Class A and B Units, will be prepared, by the Administrator of the Fund, within three months of the Fund's financial year-end. These shall be circulated to Investors within three months of the financial year-end. The first audited financial reports shall be prepared for the financial year ending 31 December 2006.

Financial Year

The Financial Year of the Fund will begin on January 1 and will end on December 31 of each year except for the first financial year, which will begin on the Closing Date relevant to Class A Units and come to completion on December 31, 2006.

Unit Certificates

Units will be issued in the form of certificates substantially in the form attached to the instrument. The Registrar will maintain the official register of Units. Certificates must be returned to the Registrar prior to processing of redemption requests. Fractions of Units will not be issued where the balances of the subscription monies for Units represent less than the subscription price per Unit. Remaining funds after

allotting the number of Units to Investor shall be refunded, however, subscription monies representing less than US\$50 will not be returned to the applicant but will accrue to the Fund.

Minimum and maximum subscription

Although the Initial Offering for Class A Units is for 200,000 Units, and for Class B Units 100,000 Units the Directors may increase or decrease the size of the Initial Offering. In case of higher subscriptions, if the Directors are satisfied, in the best interest of the Fund, that the additional sum can be invested within a reasonable time frame in accordance with the Fund's objectives, then on their own absolute discretion, a higher subscription amount may be accepted. In case of lower subscriptions, the Directors acting in their sole discretion may decide to proceed further with the Fund even if the amount subscribed is less than the amount on offer in the Initial Offering. This may be due to, but not limited to the expectation of additional Units being subscribed in the following months. The minimum initial subscription by an Investor will be US\$ 100,000. .

Allocation

In case of over-subscription, whereby the Directors decide not to accept all subscriptions, allocation of Units will be at the discretion of the Fund Company and Investment Manager. The process followed for allocation may, but is not limited to, the size, objectives and nature of the Investors. Allocation of the Units, if required, will be notified to the Investors within three Business Days from the Settlement Date.

Changes to this Information Memorandum

Proposed changes to this Information Memorandum must be made by the Directors and will be subject to the approval of the CBB. Changes once approved will be reported to Investors of the Fund. However, under the following circumstances Unitholders would be notified at least 14 calendar days before the changes take effect.

- 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. The merger, division or termination of the Fund; and
- e. Any other major issues that may materially affect the Unitholders.

Rejected applications

The Units are being offered subject to the right of the Fund Company to reject any subscription in whole or in part, for any reason whatsoever. In particular, applications to subscribe to this Initial Offering for Class B Units will be rejected if:

- (a) the subscription amount for Units applied for is not paid in full before the Closing Date relevant to Class B Units;
- (b) a cheque representing the subscription amount is dishonoured or returned unpaid for any reason;
- (c) the Subscription Agreement is not received prior to the Closing date relevant to Class B Units; or
- (d) the Subscription Agreement is incomplete or inaccurate as to any detail or the required documents are not attached with the Subscription Agreement.

Proxy voting policy

The Investment Manager would exercise voting authority over proxies with respect to securities held by the Fund in an informed and responsible manner. The Investment Manager's obligation would include the paramount duty to vote proxies in the best interest of the Unit holders.

Documents For Inspection

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

- a) the Memorandum and Articles of Association of the Fund;
- b) this Private Placement 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 "*XIV. 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 schemes issued by the CBB as contained in the CBB rulebook, Volume 7, Capital Markets, Collective Investment Undertaking Module; and
- h) any interim or periodic accounts and/or reports in respect of the Fund sent to Unit Holders.

Governing Law

This Information Memorandum and other material contracts listed hereinbelow shall be governed by the laws of the Kingdom of Bahrain.

XIV. 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:

1. An **Investment Management Agreement** dated September 26, 2005 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 “*IX. Fees and Expenses*”.
2. A **Custodian Agreement** dated June 04, 2008 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 non-interest bearing 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 sub-custodians, agents or nominees and to delegate certain custodial and other functions where necessary to any such sub-custodians, agents or nominees. Details of the fees payable to the Custodian are described in the section headed “*IX. Fees and Expenses*”.
3. An **Administration Agreement** dated June 04, 2008 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 “*IX. Fees and Expenses*”.
4. A **Placement Agency Agreement** dated September 26, 2005 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 Sub-Placement 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 “*IX. Fees and Expenses*”.
5. A **Registrar Agreement** dated September 22, 2010 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 authorised 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 the issue of Certificates and redemption of monies to Investors in accordance with the instructions of the Fund Company. Details of the fees payable to the Registrar are described in the section headed “*IX. Fees and Expenses*”.

XV. SUBSCRIPTION AGREEMENT

**SICO GULF EQUITY FUND
Subscription Agreement**

To: *By signing below I/we confirm and acknowledge having received and read a copy of the Information Memorandum (the "Information Memorandum" dated _____ relating to SICO Gulf Equity Fund (the "Fund"), the section "Representations and Warranties of the Subscriber" at the end of the this Subscription Form and that the information set out herein is true and correct. Capitalized terms in this Subscription Agreement will have the same meaning given to them in the*

1. Registration Individual Corporation

First applicant :
Nationality :
Passport/CPR/C.R. No :
Registered Address :
Mailing Address :
Telephone No. :
Fax No. :
E-mail :

Second applicant :
Nationality :
Passport/CPR/C.R. No :

2. Subscription

Investment Amount : Sales Charge (2%):%
Class of Units :

3. Details of payment

Wire transfer to Correspondent Bank Details:
HSBC New York
SWIFT: MRMDUS33
A/C No: 000-03691-9
CHIPS: CH075995

Beneficiary Bank Details
HSBC Bank Middle East Limited, Bahrain

SWIFT Code: BBMEBHBX
For credit to: IFS-SICO Gulf Equity Fund Subscription Account
A/C Number: 001-294842-100 (USD A/c)

Cheque

Drawn on:
Account Number:.....
Cheque Number:

4. Reinvestment Option

Reinvest dividend payments

Distribute dividend payments

5. Money Laundering Protection

The Fund, in order to 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 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, requires additional documentation along with the subscription request for Units.

I/We hereby attach the following certified documents in support of this application for Subscription in Units:

For individual applicants:

- Two government issued forms of identification (e.g., passport or drivers license) provided that one at least is a picture identification.
- Proof of the individual's current address (e.g., current utility bill), if not included in the form of picture identification.

For financial institutions within Bahrain:

- Documentary evidence that the entity is registered with CBB, BSE or Ministry of Commerce as a financial institution.
- Certified copy of commercial registration certificate.
- Names and addresses of all directors or partners and authorized signatories.

For non-financial institutions within Bahrain and all Investors outside Bahrain:

- Certified copy of Incorporation.
- Certified copy of Memorandum and Articles of Association.
- Certified copy of commercial registration certificate.
- Names and addresses of all directors or partners and authorized signatories.
- ID documents of majority owners if the entity is not listed.

6. Being an expert fund, investment in the SICO Gulf Equity Fund is open to only Expert Investors as defined in the section headed 'Definition' of the Private Placement Memorandum. No person who does not qualify as an Expert Investor may subscribe for units in the SICO Gulf Equity Fund. Consequently, investors would be required to provide adequate evidence to the Placement Agent and the Fund Manager that they qualify as an Expert Investor. Such evidence may be provided by way of furnishing a copy of a bank or broker's statement

7. Signatures

*Not applicable in case of individuals

 Signed: _____
 Printed Name: _____
 Title*: _____

 Signed: _____
 Printed Name: _____
 Title*: _____

*Not applicable in case of individuals

For SICO use only				
Account Officer	Class of Units	No. of Units	Net Asset Value	Certificate No.

Representatives and Warranties of the Subscriber

Upon signature on Section 6 titled Signature(s), I/We hereby undertake, represent and warrant to the Fund and the Fund Company:

1. I/We have had the opportunity to review the Information Memorandum (including the section headed "Risk Factor" and "Conflicts of Interests") and to ask questions and receive answers concerning the Fund and the terms and conditions of this information from authorised representatives of the Fund Company and the Placement Agent and agree to be bound by the terms of this Subscription Agreement and the Information Memorandum from time to time. I/We acknowledge that in making a decision to subscribe for Units, I/we have relied solely upon the Information Memorandum and this Subscription Agreement. The Placement Agent made available for our review the Investment Management Agreement, the Administration and Paying Agency Agreement, the Custody Agreement, the Registrar Agreement.

representations and warranties are no longer accurate and complete in all respects, and agree immediately either to sell or to tender to the Fund Company for redemption a sufficient number of Units to allow the undertaking, representation or warranty to be made.
2. I am/we are aware of and understand the risks involved in investing in the Fund. I am/we are aware of the two classes of Units issued by the Fund and the varying percentages of base management fee and performance fee that apply to both.
3. In the case of individual Investors - am/We are 21 years of age or over.
4. I/We have the legal capacity and authority and am/are permitted by applicable law to execute and deliver this Subscription Agreement.
5. I/We have such knowledge and experience in financial and business matters that I am/we are capable of evaluating the merits and risks of my/our acquisition of the Units.
7. All consents required to be obtained and all legal requirements necessary to be complied with or observed in order for this Subscription Agreement or the issuance of the Units to be lawful and valid under the laws of any jurisdiction to which I am/we are subject have been obtained, complied with and observed.
8. I/We understand that my/our Subscription cannot be withdrawn from the Fund except by way of redemption of the Units in accordance with the terms outlined in the Information Memorandum, that a portion of my/our Subscription may be invested in securities that are illiquid.
9. I/We will repeat these undertakings, representations and warranties to the Fund and the Fund Company on such future occasions as the Fund Company may request, and will provide on request such certificates, documents or other evidence as the Fund may reasonably require to substantiate such undertakings, representations and warranties.
10. I/We will notify the Fund immediately if I/we become aware that any of these undertakings, representations and warranties are no longer accurate and complete in all respects, and agree immediately either to sell or to tender to the Fund Company for redemption a sufficient number of Units to allow the undertaking, representation or warranty to be made.
11. I/We understand that if any of the representations, warranties, agreements or certifications given by me/us in this Subscription Agreement are untrue, the Directors in their sole discretion may require a retroactive redemption of all or part of the Units.
12. I/We understand that the Units have no voting rights and, therefore, I/we will not be able to exercise any management or control functions with respect to the Fund's or the Fund Company's operations.
13. I/We will not duplicate or furnish copies of the Information Memorandum, or divulge any of its contents, to any other person other than my/our investment, legal or tax adviser (who may use such documents solely for purposes related to my/our investment in the Fund).
14. The acceptance of my/our application for Subscription in Units together with the appropriate remittance will not breach any applicable money laundering rules and regulations and I/we undertake to provide verification of our identity and source of funds reasonably satisfactory (on a confidential basis), to the Fund Company, the Placement Agent or the Administrator and Registrar promptly on request and I/we agree to the release of any information provided by me/us to the Bahraini authorities by the Fund Company, the Placement Agent, the Administrator the Registrar or its delegate.
15. The person signing this Subscription Agreement on my/our behalf has full power and authority to do so.
16. I/We understand that the Units will be issued in the form of Certificates and maintained in book form in the register held at the offices of the Registrar, and such register will be and will remain the sole and conclusive proof of ownership of the Units.
17. I/We acknowledge(s) that due to money laundering requirements operating within their respective jurisdictions, the Fund, the Fund Company, the Placement Agent, the Investment Manager, the Custodian, the Registrar and/or the Administrator may require further identification of the applicant(s) and source of funds before applications for Subscription in Units can be processed.
18. I/We have been advised of, and hereby consent to, the compensation arrangements payable to any placement agent including the Placement Agent, in respect of my subscription for Units. Without prejudice to the section titled Nominees below, if I

am/we are executing this Subscription Agreement as a nominee I/we further represent that I/we have advised my/our client and/or underlying beneficial owner of, and have obtained its/their consent to, such compensation arrangements.

Indemnity

I/We agree to indemnify and hold harmless the Fund, the Fund Company, the Directors, the Placement Agent, the Investment Manager, the Custodian, the Administrator and the Registrar, their affiliates and each other person, if any, who controls or is controlled by any thereof, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses and costs (including attorneys' fees) reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based on:

- (a) any false representation or warranty or breach or failure by me/us to comply with any covenant or agreement made by the undersigned herein or in any other document furnished by the undersigned to any of the foregoing in connection with the transaction; or
- (b) any actions for securities or money laundering laws violations instituted by or against me/us which is resolved by judgment against the undersigned; or
- (c) my/our failure to provide source of funds information.

Additional Know Your Customer and Combat of Money Laundering Considerations

I/We represent and warrant and agree that the following representations and warranties are deemed to be continuous for this investment and for any subsequent purchase of Units:

- (i) I/We are purchasing the Units with lawfully acquired funds for investment.
- (ii) To the extent that I/we offer interests in the Units to my/our clients, or holds such Units for the benefit of such clients, I/we represent and warrants with respect to the Units subscribed for hereby and all other Units subsequently acquired by me/us:
 - (a) that each such client could make the representations in (i) and (ii) above;
 - (b) that due to the application of money laundering, tax or similar requirements, or otherwise, upon request from time to time by or on behalf of the Fund, the Fund Company, the Investment Manager, the Registrar, the Placement Agent, the Administrator or the Custodian, I/we will, with respect to such clients, provide such certifications, documents or other evidence as may be reasonably required to substantiate the representations made herein; and
 - (c) that I/we satisfied myself/ourselves that all legal requirements in the country in which each relevant client is a resident have been fully observed in connection with the

purchase of Units, including obtaining any governmental or other consents which may be required and that it has otherwise complied with all necessary formalities.

Authorisation

The Administrator, the Registrar, the Placement Agent, the Fund Company and the Fund are each hereby authorised and instructed to accept and execute any instructions in respect of the Units to which this Subscription Agreement relates. If the instructions are given by me/us by facsimile, I/we undertake to confirm them in writing by mail. I/we hereby agree to indemnify each of the Administrator, the Registrar, the Placement Agent, the Fund Company and the Fund and agree to keep each of them indemnified against any loss of any nature whatsoever arising to any of them as a result of any of them acting upon facsimile instructions.

Registration of Units

I/We request that the Units issued pursuant to this Subscription Agreement are registered in the name and address set out above.

In respect of joint Subscriptions, we direct that on the death of one of us the Units for which we hereby apply be held in the name of and to the order of the survivor or survivors of us or the executor or Administrator and Registrar of each survivor or survivors.

Confidentiality

Information provided in this Subscription Agreement will be treated confidentially by the Fund, the Fund Company, the Directors, the Placement Agent, the Investment Manager, the Registrar, the Administrator, and the Custodian provided that they may present this Subscription Agreement and the information provided herein to such parties as deemed advisable if:

- (a) called upon to establish that the offer and sale of the Units is exempt from registration under applicable law;
- (b) the information is requested by any regulatory agency with jurisdiction over the Fund, the Fund Company, the Directors, the Placement Agent, the Investment Manager, the Registrar, the Administrator and Registrar and the Custodian; or
- (c) the information is relevant to an issue in any action, suit or proceeding to which the Fund, the Fund Company, the Directors, the Placement Agent, the Investment Manager, the Registrar, the Administrator and Registrar or the Custodian or any of their affiliates is a party or by which they are or may be bound.
- (d) **Nominees (to be filled out in the case of nominees)**

I hereby make the following declarations:

- I am/We are investing as a nominee for, or otherwise for or on behalf of, anyone other than myself/ourselves a certificate of due formation and organisation and continued authorisation to conduct business in the jurisdiction of its organisation.

If the answer is "yes," the person for whom I am/We are acting:

- is an individual.
- is an entity, but is not an investment company.
- is an investment company (including any family investment vehicle, trust, hedge company, investment club or other entity, group or association by means of which more than one individual makes investments).

Choice of Law and Forum

I/We agree to be bound by the laws in force in the Kingdom of Bahrain and in addition to the non-exclusive jurisdiction of the relevant courts of the Kingdom of Bahrain subject to which laws this Subscription Agreement will be governed and interpreted.

XVI. 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 on September 26, 2005 and amended on May 08, 2008.

By SICO FUNDS COMPANY III BSC (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 26, 2005 created a nominal amount of US\$ 20,000,000 investment Units ('Class A units' as further defined herein below) in the SICO Gulf Equity Fund (the "**Fund**"), 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 February 03, 2008 created a nominal amount of US\$40,000,000 investment Units ('Class B 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 DECLARES 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 units which were created in the Fund pursuant to a resolution of the Fund Company's Board of Directors passed on September 26, 2005 and which units are acquired by the Investors directly from the Investment Manager.

"**Class B Units**" means units which were created in the Fund pursuant to a resolution of the Fund Company's Board of Directors passed on February 03, 2008 and which units are acquired by the Investors directly from the Investment Manager.

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

"**Certificate**" means a certificate substantially in the form set out in the First Schedule to this Instrument;

"**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;

"**Investment Manager**" means Securities & Investment Company 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 this Information Memorandum;

"**Principal Amount**" means, in relation to each class of Unit the sum of US\$ 100 (one hundred U.S. Dollars);

"**Information Memorandum**" means this Information Memorandum to be dated May 08, 2008 in relation to the offer of the Units in the Fund;

"**Registrar**" means APEX Fund SERVICES Bahrain WLL 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 non-voting investment Unit of US\$ 100 (one hundred U.S. Dollars) of either Class A or Class B as constituted by this Instrument, and accepted under this Information Memorandum.

2. 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.
3. Capitalized, but not defined, terms in this Instrument shall be given the meaning assigned to them in this Information Memorandum.
4. In the event of contradiction between the terms of this Instrument and this Information Memorandum, this Information Memorandum shall prevail.
5. The total nominal amount of each Unit belonging to each of Class A and Class B is US\$ 100 (hundred U.S. Dollars). The Units, when issued, shall rank *pari passu* equally and rateably without discrimination or preference.
6. Each Certificate shall be signed by two Directors or by an authorized signatory of the Registrar or by any other person or persons appointed by the Directors to sign, and shall bear a serial number.

7. The NAV payable in respect of each of Class A and Class B 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.
8. Monies representing the NAV, payable in respect of each of Class A and Class B Units, shall be payable against surrender of the relevant Certificate, 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.
9. The provisions of the Articles shall be binding on all Unitholders.
10. 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 BSE.
11. 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.
12. Dates and periods of time are according to the Gregorian calendar.
13. 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.

IN WITNESS whereof this Instrument has been executed the day and the year first above written

Director
SICO FUNDS COMPANY III BSC (C)

Director
SICO FUNDS COMPANY III BSC (C)

FIRST SCHEDULE

Form of Unit Certificate

SICO GULF EQUITY FUND

This Unit Certificate relates to SICO Gulf Equity Fund which is created by an Instrument issued by SICO Funds Company III BSC (c), dated September 26, 2005. SICO Gulf Equity Fund is an open-ended Fund. As per the Information Memorandum and the Instrument, subscription to and redemption of Units of the Fund is permitted on each Redemption Day.

Unitholder No.: _____

Class of Units: _____

THIS IS TO CERTIFY THAT _____ is the holder of _____ Investment Units of Class _____ in the SICO Gulf Equity Fund issued by SICO Funds Company III BSC (c) with a nominal value of US\$ 100 per Unit. Each Unit forms one of an issue of Units of Class _____ issued pursuant to the resolution of the Board of Directors of the Company passed on _____, and subject to the terms and conditions of the Instrument dated September 26, 2005 as amended from time to time.

This Certificate is issued on: _____

.....
Director

The Common Seal of
SICO Funds Company III BSC (c)

.....
Chairman

SECOND 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:

- (a) the names and addresses of the holders for the time being of the Units;
- (b) the Principal amount of the Units and the class of Units held by each Unitholder;
- (c) the date upon which the name of each such Unitholder is entered in the Register in respect of the Units standing in his name;
- (d) the serial number comprised in each Certificate issued; and
- (e) 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 or the payment by cheque or warrant sent by post pursuant to Condition 7.5 herein, 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 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. Certificates

2.1 The Units held by any person shall be represented by Certificates. Each Certificate will carry a serial number.

2.2 If any Certificate is worn out, defaced or mutilated, then upon production thereof to the Registrar, the Registrar may cancel the same and may issue a Certificate in lieu thereof. If any Certificate is lost or

destroyed, then upon proof thereof being given to the satisfaction of Directors and, in the case of a lost Certificate (in default of proof of destruction thereof), on such terms as to evidence, and indemnity and the payment of the out-of-pocket expenses of the Registrar in investigating such evidence as the Fund Company or the Registrar may deem adequate, a new Certificate in lieu thereof may be given to the person entitled to such lost or destroyed Certificate. Any entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register.

- 2.3 If any portion of a holding of Units is to be transferred, then upon presentation and surrender of the Certificate representing such holding together with payment of the expenses incurred in connection therewith, the Fund shall issue new Certificates (the aggregate Principal Amounts of which shall be equal to the Principal Amount of the original Certificate) in such denominations as may be required.

3. Units

Each Unit is in registered form and may be transferred, subject to the provisions of this Instrument and the Articles.

4. Absence of Transferability of Units

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 redemption in the manner described in this Information Memorandum, constitutes a tender to the Investment Manager for the redemption of Units.

5. Redemption

- 5.1 The Fund Company shall have power to impose such restrictions and conditions as it considers necessary (including, without limitation, delivery of any Certificates or other 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.
- 5.2 The Fund shall be entitled compulsorily to redeem all of the Units so held in accordance with the provisions and procedures contained in this Instrument and the Articles of Association and Memorandum of Association.
- 5.3 Units, which are compulsorily redeemed, shall forthwith be treated as cancelled.
- 5.4 The Fund is an open-ended fund and the Units may be redeemed on a weekly basis on each Redemption Day.

5.5 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 Class A and Class B Units shall be redeemed at the relevant NAV applicable to them upon such date as the liquidator shall determine.

6. Payments

6.1 Any monies payable on or in respect of any Units may be paid by cheque, warrant or wire transfer in U.S. Dollars and (a) sent through the post to the address of the Unitholder in the Register or (b) collected by the Unitholder in person from the office of the Registrar where specific written instructions to this effect, from the Unitholder, are received by the Fund at least 5 (five) days before the date of distribution of the said monies. Every such cheque, warrant or 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 cheque, warrant or wire transfer shall be in satisfaction of the monies represented thereby. The Fund will not be liable or responsible for any loss or delay in the post.

6.2 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.

6.3 If any Unitholder fails or refuses to accept payment of the monies repayable in respect of Units held by him, 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.

7. Income Distribution

7.1 The Fund Company may distribute income in respect of the Unitholders but no distribution shall exceed the amount recommended by the Directors.

7.2 The Fund Company intends to distribute part of the Fund's net investment income from dividends as well as interest annually. The Fund Company may, at the sole discretion of the Directors, pay dividends out of realised and unrealised capital gains achieved by the Fund.

7.3 The Directors may deduct income 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 to the Fund.

7.4 The Directors may retain any income payable to any person entitled to a Unit by transmission until such person has produced such evidence of his right as the Directors may require.

7.5 Any income or money payable in cash in respect of a Unit may be paid by cheque or warrant either (a) sent through post directed to the registered address of the holder of the Unit, or to such person and to such address as the holder may in writing direct or (b) sent through post to the address of the Unitholder in the Register or (c) collected by the Unitholder in person from the office of the Registrar where specific written instructions to this effect, from the Unitholder, are received by the Fund Company at least 5 (five) days before the date of distribution of the said monies. The said monies may also be payable by way of a wire transfer upon the written request of the Investor. Every such cheque,

warrant or wire transfer shall be a good discharge of the Fund Company. Every such cheque, warrant or wire transfer shall be sent at the risk of the persons entitled to the money represented thereby.

- 7.6 No income payable in respect of a Unit shall bear interest against the Fund.
- 7.7 If, as a result of cheques or warrants for income or money payable in respect of a Unit sent by the Fund Company to the Unitholder being returned undelivered to the Fund Company or left uncashed on two consecutive occasions, the Fund Company is aware that such cheques or warrants have not been received by that Unitholder, the Fund Company shall no longer be obliged to send by post any income or other money payable in respect of that Unit to that Unitholder until he notifies the Fund Company of another address. In such a case the returned cheques, warrants or money will be entered into a separate account. Any income not claimed within ten years from the date declared will be forfeited by the Unitholder.
- 7.8 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.
- 7.9 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.

8. Notices

- 8.1 Any notice or other 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 address appearing in the register. Any notice given by post shall be deemed to have been served twenty-four hours (five days if 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.
- 8.2 Notwithstanding Condition 8.1 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.

XVII. DIRECTORY

Fund Company

SICO Funds Company III BSC (c)
First Floor, BMB Centre,
P.O. Box 1331, Manama,
The Kingdom of Bahrain.

Investment Manager and Placement Agent

Securities & Investment Company BSC (c)
First Floor, BMB Centre,
P.O. Box 1331, Manama,
The Kingdom of Bahrain.

Custodian and Administrator

HSBC Bank Middle East Limited (Bahrain Branch)
Building Number 2505, Road No. 2832,
Al Seef 428,
The Kingdom of Bahrain.

Registrar

Apex Fund Services Bahrain WLL
Bahrain Tourism Company Building
Diplomatic Area,
Kingdom of Bahrain

Auditor

KPMG
13th Floor, Fakhro Tower
P.O. Box 710, Manama
Kingdom of Bahrain

Legal Advisor

Qays H. Zu'bi, Attorneys and Legal Consultants
Twelfth Floor, Jasrah Tower,
P.O. Box 2397, Manama,
The Kingdom of Bahrain.