



# PROSPECTUS

**AL HILAL MENA FUND**  
Sharia compliant open-ended fund

alhilal  
الهلال  
للخدمات المصرفية الإسلامية  
truth & transparency in Banking



البنك الاهلي  
ahlibank







## FUND MANAGER



## ISSUE OPENING DATE

22 May 2013

## ISSUE CLOSING DATE

20 June 2013

## SUBSCRIPTION BANKS

AHLI BANK S.A.O.G   NATIONAL BANK OF OMAN S.A.O.G   OMAN ARAB BANK S.A.O.C

## AUDITOR



## CUSTODIAN



## LEGAL ADVISOR



This Prospectus contains material information regarding Al Hilal MENA Fund (Under Formation) ("the Fund") to be established and constituted as per the Capital Market Law. The Capital Market Authority (CMA) assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor shall it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person. This Prospectus has been prepared in accordance with the requirements as prescribed by the CMA. This is an unofficial English translation of the original Prospectus prepared in Arabic and approved by the CMA in accordance with the Administrative Decision no. [26/2013] dated [24 March 2013].

Neither the Sponsor nor the Issue Manager can be held responsible for any information interpreted differently from the approved Arabic Prospectus.

## IMPORTANT NOTICE

All investors are requested to read the following notice carefully. The aim of this Prospectus is to provide material information that may assist investors to make an appropriate decision whether or not to invest in the Units offered. With respect to this offer of Units, no one has any authority to give any information or make any representation other than those contained in this Prospectus and if any information is given or representation is made, it should not be relied upon as having been authorised by the Fund Manager or the Fund.

This prospectus is believed to include all relevant material information and data that is deemed to be important, and does not include any misleading information or omit any material information, the provision of which or the omission of which may materially influence the investors' decision pertaining to the investment in Units through this Prospectus.

The Fund Manager and the Fund Management Board (the "Board") are severally and jointly responsible for the provision of this material information and confirm that no material information has been omitted, the omission of which would render this Prospectus misleading.

Please note that investments in investment funds are not guaranteed, the value of the Unit changes frequently and past performances may or may not be repeated. All investors should examine and carefully review this Prospectus especially the Risk factors illustrated in (Chapter VI, Page no. 17) in order to decide whether it would be appropriate to invest in the Units offered or not.



No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the offering and sale of Units and, if given or made, such information and/or representations not contained herein must not be relied upon as having been authorised by or on behalf of the Fund Manager (as defined herein).

The Fund shall be governed by the terms of this Prospectus, and the Regulations of Capital Market Authority, Oman (CMA). Wherein the terms of this Prospectus contradicts the Regulations of CMA, the Regulations of CMA shall prevail.

## FORWARD LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import.

Similarly, statements that describe the Fund’s strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. The Sponsor has done the required due diligence to the best of their knowledge and belief such that the Prospectus reflects the executable future plan of the Fund.

**Important factors that could cause actual results to differ materially from the Fund’s expectations include, among others:**

- Global and local economic and business conditions;
- Inability to estimate future performance;
- Inability to find suitable investment instruments;
- Investee companies’ inability to sustain performance as anticipated; and
- Changes in laws and regulations that apply to the Fund

For a further discussion of factors that could cause actual results to differ, peruse Chapter VI, Page no. 17 (Risk Factors) of this Prospectus.

## PRESENTATION OF MARKET DATA

Unless stated otherwise, market data used throughout this Prospectus has been obtained from relevant publications/websites. The publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although it is believed that the market data used in this Prospectus is reliable, it has not been independently verified. The extent to which the market data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

### Currency of Presentation

All references to “Rials”, “OMR” or “RO” are to the official currency of the Sultanate of Oman. All references to “USD” or United States Dollars are to the official currency of the United States of America.

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## PREFACE

A prospective investor should not treat the content of this Prospectus as investment, tax or legal advice. All prospective investors must make their own investigation and evaluate the opportunity to invest in the Al Hilal MENA Fund (Sharia Compliant) and should consult with their own advisors concerning the evaluation of the risks of the investment and its suitability based on their financial and tax circumstances and risk preferences.

The fund has been authorised and approved by the CMA as an investment scheme. In giving these authorisations, the CMA does not vouch for the financial soundness of the scheme or for the correctness of any of the statements made or opinions expressed with regard to them.

Furthermore, neither the CMA nor the Ministry of Commerce & Industry (MOCI) of the Sultanate of Oman will bear any responsibility to any Unit holders for any loss resulting from reliance on any information contained in this Prospectus. The Units in the Fund are not listed on the MSM and no application has been made for the Units in the Fund to be listed on the MSM.

This Prospectus is issued by the Fund Manager of the Fund. The Fund Manager is responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Fund Manager (whom have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus does not include any misleading information or omit any material information, the provision of which or the omission of which may materially influence the investor's decision pertaining to the investment in the Units through this Prospectus.

The distribution of this Prospectus and the offering of the Units described herein may be restricted in certain jurisdictions and accordingly, persons into whose possession this Prospectus may come must inform themselves about and observe any such restrictions. This prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation by any person in any jurisdiction:

- I. In which such offer or solicitation is not authorised; or
- II. In which the person making such offer or solicitation is not qualified to do so; or
- III. To any person to whom it is unlawful to make such offer or solicitation.

This Prospectus will be the Prospectus of the Al Hilal MENA Fund (Sharia Compliant) throughout the life of the same.

This Prospectus is based on the law and practice currently in force in Oman and is subject to the changes therein. Persons interested in acquiring Units should inform themselves as to:

1. The legal requirement within the countries of their nationality, residence, ordinary residence or domicile for such acquisition;
2. Any foreign exchange restrictions or exchange control requirements which they might encounter on acquisitions or disposal of Units; and
3. The income tax and other taxation consequences which might be relevant to the acquiring, holding or disposal of Units.



## ABBREVIATIONS & DEFINITION

<b>AAOIFI</b>	Accounting and Auditing Organisation for Islamic Financial Institutions.
<b>Articles of Association</b>	The Articles of Association of the Fund, which shall prescribe the functions and powers of the Unit-holders, the Fund Management Board and other rules for the operations of the Fund.
<b>Business Day</b>	A day on which all markets in which the Fund invests, are open for business.
<b>Capital Market Authority Law</b>	The law promulgated by Royal Decree 80/98 and its amendments by Royal Decree 18/2002.
<b>Closing Date</b>	The closing date of the Initial subscription.
<b>CMA</b>	Capital Market Authority, Oman.
<b>Commencement Date</b>	The date on which the Fund shall commence investment activities in terms of this Prospectus.
<b>Custodian</b>	Company responsible for safekeeping the assets of the Fund in accordance with the contract for a fee.
<b>Fatwa</b>	A legal opinion provided by Islamic Scholars
<b>Fiqh</b>	Islamic Jurisprudence or Islamic law
<b>Fund</b>	Al Hilal MENA Fund (AHMF).
<b>GCC</b>	The Gulf Co-operation Council, as constituted from time to time.
<b>Governing law</b>	Laws of Sultanate of Oman.
<b>Halal</b>	Anything acceptable by Sharia (lawful)
<b>Haram</b>	Anything prohibited by Sharia (Unlawful)
<b>IFRS</b>	International Financial Reporting Standards.
<b>Initial Issue Offering Period</b>	The period commencing on 22 May 2013 and ending on the closing date 20 June 2013
<b>Initial Subscription Period</b>	The period during which Units of the Fund will be available for Subscription at the Initial Subscription Price
<b>Fund Manager</b>	Company responsible for managing the Fund's portfolio in accordance with the contract for a fee.
<b>Fund Management Board</b>	The committee, initially comprising the persons whose details appear in Chapter VII, Page no. 20 of this Prospectus, which will have overall responsibility for the affairs of the Fund.
<b>Investment Management Agreement</b>	The agreement between the Fund Management Board and the Fund Manager concerning the management of the Fund.
<b>Market</b>	Financial Markets of the Gulf Co-operation Council countries (GCC) and Middle East and North Africa (MENA).
<b>MENA</b>	Middle East and North Africa.
<b>MSM</b>	Muscat Securities Market.
<b>Mudaraba</b>	A form of partnership where one party provides the funds while the other provides expertise and management. Any profits accrued are shared between the two parties on a pre-agreed basis, while loss is borne by the providers of the capital.



<b>Mudarib</b>	Fund Manager
<b>Net Asset Value (NAV)</b>	The value of the Units calculated according to International Financial Reporting Standards, and stated as NAV in the audited financial statements of the Fund.
<b>Net Asset Value per Unit</b>	The Net Asset Value divided by the number of Units in issue.
<b>Opening Date</b>	The opening date of the issue.
<b>USD</b>	United States Dollar.
<b>OMR</b>	Omani Rial, the lawful currency of Oman. One Omani Rial comprises 1,000 baizas. OMR is pegged to USD
<b>Redemption day</b>	The Business day on which Units are redeemed from the Fund, upon a valid redemption request
<b>Redemption Fees</b>	Charges paid by Unit-holders at the time of redemption of their Units in the Fund.
<b>Rules</b>	The rules governing the operations and membership of the Fund Management Board.
<b>Service Provider</b>	Service Provider is a juristic person who provides services to the Fund or its investors or Unit-holders, by virtue of a contract with the Fund. The term service provider includes the Fund Manager, Custodian, Administrator, External Auditor, Distributors, sub-custodians, and brokers who execute orders for the Fund.
<b>Sharia</b>	Sharia (for the purpose of this Prospectus) refers to the generally accepted guidelines prescribed under Islamic Jurisprudence related to investments, financials and commercial operations.
<b>Sharia Supervisory Board</b>	Means a collective body of Sharia Advisors appointed by the Fund Management Board to supervise and monitor the activities of the Scheme and to ensure that all its activities comply with Sharia
<b>Subscription day</b>	The Business day on which new Units are allotted to investors, upon a valid subscription request.
<b>Subscription Fees</b>	Sales charges paid by investors at the time of purchase of Units issued by the Fund and calculated as a percentage of NAV. This is used to pay the cost of administration, sales, marketing and distribution.
<b>Sukuk</b>	Certificates of equal value representing undivided shares in ownership of certain underlying assets
<b>Subscription Banks</b>	ahlibank SAOG, National Bank of Oman SAOG & Oman Arab Bank SAOG
<b>Unit holders</b>	Holders of Units in the Fund.
<b>Units</b>	Units, each representing one proportionate indivisible share in the Fund.
<b>Zakat</b>	The religious obligation on income and property levied in accordance with Sharia



# CHAPTER I

## ISSUE SUMMARY

The following information is derived from the full text of this Prospectus and should be read in conjunction therewith.

Al Hilal MENA Fund (*Sharia Compliant*) is an open-ended investment fund, established under the laws of the Sultanate of Oman and constituted as a joint investment account as per the regulations of the Capital Market Authority of Oman.

<b>NAME OF THE FUND</b>	Al Hilal MENA Fund
<b>ADDRESS</b>	Post Box 545, Postal Code 116, Mina Al Fahal, Sultanate of Oman
<b>FUND STRUCTURE</b>	Open ended fund (based on mudaraba structure) with perpetual life
<b>FUND DENOMINATION</b>	Omani Rial (OMR)
<b>FUND SIZE</b>	Minimum size OMR 2 million (as per CMA guidelines)
<b>PROMOTER'S COMMITMENT</b>	5% of the initial units subscribed.
<b>INITIAL SUBSCRIPTION PRICE</b>	Units will be available for subscription during the Offering period at a price of OMR 1.020 per Unit (including an amount of OMR 0.020 per Unit towards issue expenses).
<b>MINIMUM INVESTMENT</b>	The minimum investment shall be 1000 units and in multiples of 100 thereafter.
<b>MAXIMUM INVESTMENT</b>	As per the current regulations of CMA, there is no maximum limit on the Unit holding by a single investor.
<b>INITIAL SUBSCRIPTION PERIOD</b>	22 May 2013 to 20 June 2013
<b>SUBSEQUENT SUBSCRIPTION</b>	After the publication of first NAV, the Fund would commence issuance of additional Units to eligible investors on a daily basis on the Subscription day as per the terms of subsequent subscription provided under Chapter XV of this Prospectus.
<b>SUBSCRIPTION FEES</b>	The Subscription Fee is 2% and is calculated as a percentage of NAV. The Board at its discretion may waive part of this fee to investors.
<b>COMMENCEMENT DATE</b>	22 May 2013 or such other date as may be determined by the Fund Manager in consultation with CMA.
<b>REDEMPTION OF UNITS</b>	After the publication of first NAV, the Fund will accept requests for redemption of Units of existing investors on each business day as per the terms of redemption provided under Chapter XV, Page No. 38 of this Prospectus.
<b>REDEMPTION FEES</b>	The Fund reserves the right to charge 1% Redemption Fee deductible from the Redemption price and will be retained by the Fund Manager. The Board at its discretion may waive part of this fee to investors.

<b>INVESTMENT RATIONALE</b>	<p>The investment objective of the Fund is to operate in accordance to the Sharia principles and to achieve long term capital appreciation, whilst implementing measures to minimise risks adversely impacting and resulting in capital erosion.</p> <p>The Fund will seek to achieve this objective by actively managing investments into Sharia compliant entities and instruments issued within the MENA region.</p>
<b>FUND MANAGER</b>	Ahli Bank SAOG – Asset Management Division (AMD)
<b>CUSTODIAN</b>	Standard Chartered Bank (P.O.Box 2353 Postal Code 112, Ruwi, Sultanate of Oman)
<b>ADMINISTRATOR</b>	Ahli Bank SAOG
<b>LEGAL ADVISORS</b>	Curtis, Mallet-Prevost, Colt & Mosle LLP (P.O.Box 1803 Postal Code 114, Muscat, Sultanate of Oman)
<b>AUDITORS</b>	KPMG (P.O.Box 641 Postal Code 112, Ruwi, Sultanate of Oman)
<b>TAXATION</b>	As per the current taxation laws in Oman, the income of the Fund is exempt from Tax. However, the Fund may be taxable in other jurisdictions in respect to income derived from such Jurisdictions.
<b>ELIGIBLE INVESTORS</b>	The Fund is open for subscription to both Omani and non-Omani investors.
<b>NET ASSET VALUE (NAV)</b>	The NAV of the Fund will be calculated on each business day and uploaded to MSM News board.
<b>FIRST NAV</b>	The first calculated NAV after incorporation of the Fund.
<b>DIVIDENDS</b>	In consultation with the Fund Manager, the Fund Management Board may pay periodic cash/stock dividends, subject to the availability of sufficient distributable profits.
<b>RISK FACTORS</b>	An investment in the Fund involves risks. Investors should note that there is no assurance that the investment objectives of the Fund will be achieved. Please refer to Chapter VI, Page No. 17 for Risk Factors.
<b>MANAGEMENT FEES</b>	The Fund Manager will receive from the Fund, management fee of 1.25% per annum of the Net Asset Value of the Fund accrued on each Business day and payable monthly in arrears.
<b>PERFORMANCE FEES</b>	<p>The Fund Manager shall be entitled to an incentive fee equivalent to 12% per annum on returns earned in excess of the “hurdle rate” of return on an annual basis. The performance fee will be computed at the end of the Financial Year.</p> <p>The “hurdle rate” of return of the fund is 8% per annum. Return computations are based on a Time-weighted return (TWR) computational basis.</p>
<b>OTHER FUND EXPENSES</b>	The Fund shall bear other running expenses explained in Chapter XI, Page no. 31.



## CHAPTER II

### THE FUND

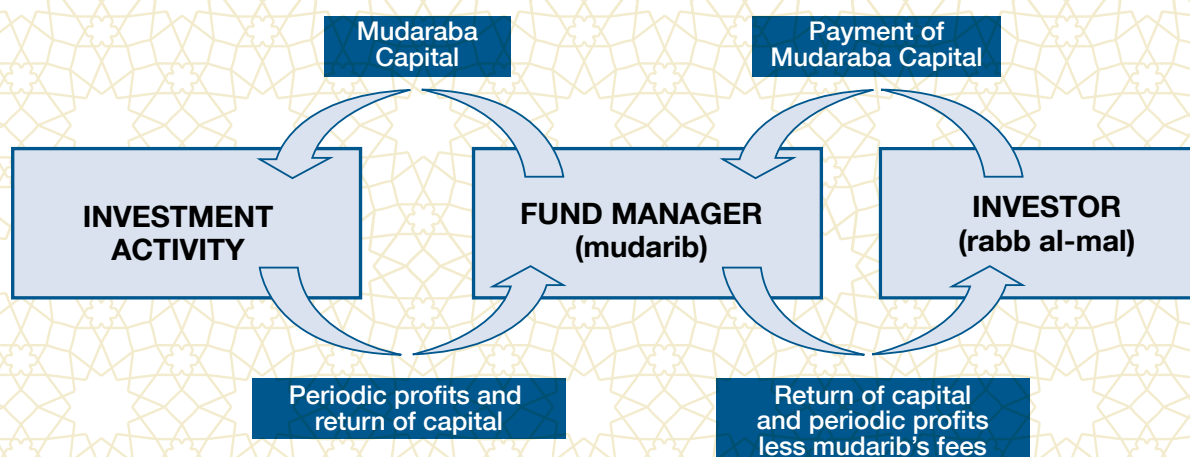
Al Hilal MENA Fund (Sharia Compliant) is an open-ended Sharia compliant investment fund, established under the laws of the Sultanate of Oman and constituted as a joint investment account as per the regulations of the Capital Market Authority (CMA).

Al Hilal MENA Fund (Sharia Compliant) is denominated in Rial Omani.

As an open-ended Sharia compliant investment fund; the fund will issue and redeem units with no restriction on the maximum number of issuable units and would deploy proceeds in Sharia compliant entities and investment instruments in accordance with and subject to the terms of the particular investment instrument.

The investment objective of the Fund is to operate in accordance with the Sharia principles and to achieve long term capital appreciation, whilst implementing all adequate measures to minimise risks adversely impacting capital.

The Fund is a contractual arrangement based on the principals of Mudaraba; between Investors (rabb-al-mal), the Fund Management Board and the Fund Manager (Mudarib), under which investors acquire Units providing a pro-rata entitlement to the net assets of the Fund on a divisible basis based on the terms and conditions described in this document.



The Fund is registered with CMA but is not listed on the MSM. For subscription and redemption process, please refer to Chapter XV, Page No. 38. There is no nominal value for the Units, and the Units are not capital guaranteed.

The affairs of the Fund will accordingly be governed by this Prospectus and the Articles of Association which will serve as the constitution of the Fund. All provisions of the CMA Law, and the CMA Regulations and other directives issued by the CMA shall apply to the Fund at all times.

The fully paid-up capital of the fund at the time of establishment will not be less than OMR 2,000,000 and the share of the Sponsor (Ahli Bank SAOG) will be 5% of the issued Units. The Sponsor's right to sell the Units is restricted for a period of three years from the date of closure of the initial subscription.



## CHAPTER III

### SHARIA COMPLIANT INVESTMENT

Sharia compliant investments are distinguished from conventional investments by some basic principles. The key elements of such principles are as follows:

#### I. Interest-Free (No Riba)

The word “Riba” is an Arabic term which means “increase”. Technically, it refers to the premium that is paid without any consideration. According to jurists, this definition covers the two types of Riba namely Riba al Fadl and Riba al Nasi’ah.

**Riba al Fadhl:** It is a difference, which results from the contractual obligation of a party in the context of a direct exchange of items of the same general kind between two parties.

**Riba al Nasi’ah:** This refers to the ‘premium’ that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or an extension in its maturity.

#### II. Risk & profit sharing (There is no return without risk)

In order for a financial transaction to be Sharia compliant, the concept of risk and profit sharing is must. A few additional conditions make Islamic finance transactions even more equitable in many cases; such as the ruling that silent partners receive profit no more than is proportionate to their investment, while they may receive less; and that working partners may enjoy more pre-agreed profit than is proportionate to their investment. The main purpose is to emphasise on reward for work rather than reward for merely possessing capital.

#### III. Asset Backed

Islam prohibits the treatment of money as a commodity by declaring interest income as unlawful if earned on currencies, irrespective of the time value of money. In order to avoid creation of such pyramid of money (i.e. money on money), transactions are required to be backed by an asset or a service. Asset and service backing ensures that real assets and inventories are created.

#### IV. Contractual Certainty (Avoidance of Gharar)

Contracts that violate gharar principles are impermissible. The term ‘Gharar’ means ‘hazard’ or ‘uncertainty’ and is impermissible from a Sharia point of view.

Contracts play a central role in Islamic finance and as a result of the adherence to Sharia principles; any contract with the element of ambiguity or uncertainty is prohibited.

Conventional insurance, interest, futures and options all contain an element of contractual uncertainty. This is distinct from commercial uncertainty, such as whether a business will be profitable or not, which is acceptable because there is an asset (such as property, plant and equipment) or a service (such as labour) underpinning the risk.

#### V. Ethical Values & Social Justice

Sharia, in its strictest definition, is a divine law, providing legal, moral and spiritual guidance aimed at achieving the goals of Islam.

True spirit of equality and justice and wellbeing of society is also an important element of Islam. Islam emphasises the importance of ethical behaviour in commercial and financial dealings by identifying some guidelines that every Muslim must follow, some of them are as follows:

- Full disclosure of product and services
- Avoid hoarding
- Avoid taking advantage of seller’s helplessness
- Not to be involved in manufacture or distribution of arms
- Forbidden items and activities (Haram) such as gambling, adult entertainment etc.

The above is not an exhaustive list and needs further guidance of the Sharia Supervisory Board. It is important to bear in mind that this prospectus does not advocate any particular sect of Islam and the above elements represent a generally accepted view point.



At present there is no global body governing the Islamic finance market. However, at national level regulatory authorities are taking steps to standardise the rules and regulations governing Sharia principles. Sharia investments are subject to governance by Islamic scholars, thus the Sharia Supervisory Board will be established for the guidance of the Fund Manager.

The Sharia Supervisory Board will have the right to review and monitor the activities of the Fund to ensure that the Fund's holdings are in compliance with Sharia principles.

### Islamic Finance: The Industry

Sharia compliant investments are becoming an undeniable reality in today's world. The market for Sharia compliant asset management has grown significantly over the past years and there are close to seven hundred Sharia compliant funds listed in the major databases. Since its modest inception in early 90's, Islamic finance has become a trillion-dollar industry. The Islamic Finance industry comprises of a wide range of financial services and products:

ISLAMIC FINANCING	USAGE
<b>Murabaha</b>	Asset/ trade financing, Inter-bank financing
<b>Musharaka</b>	Partnership/ equity financing Mortgages
<b>Mudaraba</b>	Business finance, Investment funds/ deposits
<b>Ijara</b>	Lease financing
<b>Sukuk</b>	Asset-backed bonds
<b>Takaful</b>	Insurance
<b>Salam and Istina'</b>	Forward contracts

The growth of Islamic investment will allow the Sharia scholars and investment professionals to introduce new Islamic products.

## INVESTMENT RATIONALE

The underlying merits of the Sharia compliant investments form the bedrock of investment rationale and basis of Al Hilal MENA Fund (*Sharia Compliant*).

The macro-economic overview based on analysis of 59 countries which account for 87% of Global GDP; Real GDP–Forecast (2012-17), Total Investment, GNS, Inflation (expectation), Current Account Balance, Un-employment and Population growth reveals the following:

GLOBAL ECONOMY	2012	2013	2014	2015	2016	2017
<b>GDP (USD/Bn.)</b>	71,576	73,529	75,996	78,774	81,716	84,780
<b>GDP (Δ%)</b>	2.4%	2.7%	3.4%	3.7%	3.7%	3.8%
<b>TI (% of GDP)</b>	23.5%	24.0%	24.5%	24.9%	25.2%	25.6%
<b>GNS (% of GDP)</b>	23.8%	24.3%	24.7%	25.2%	25.6%	25.9%
<b>Inflation</b>	2.8%	2.6%	2.7%	2.6%	2.6%	2.6%
<b>CA<sub>BAL.</sub> (% of GDP)</b>	0.6%	0.6%	0.5%	0.5%	0.6%	0.6%
<b>Un-employment</b>	10.8%	10.8%	10.6%	10.3%	10.0%	9.7%
<b>Population (Mn.)</b>	6,938	7,019	7,101	7,183	7,267	7,353
<b>Population (Δ%)</b>	1.2%					

Source: International Monetary Fund (IMF), World Bank, EIU & Ahli Bank Economic and Investment Research

The Global economy is expected to revive from the slump witnessed post the financial crisis which ensued in the 2007-09 period. This is primarily facilitated by the unprecedented stimulus and policy initiatives undertaken across most major economies.

The growth albeit at slower pace is expected to range between 2.4% to 3.8% between the years 2013-17 measured in terms of Real GDP growth. The threat of inflationary pressures are expected to be contained as the economic growth rate is perceived to be moderate and demand-pull factors are contained there-of. Global inflation is expected to range between 2.4% - 2.6% during the period 2013-17.

Deviation from historic trend is expected in both Gross National Savings (GNS) and Total Investment (TI) as economies increase both their savings rate and Government initiatives spur investments. Both of the above are deemed to be positive growth accelerators moving forward.

The global unemployment is expected to decrease as growth momentum increases. Nevertheless, it is expected to remain at an uncomfortable rate in excess of 10% of labour force for most part of the 5 year period under review. The expected GDP growth rate is not sufficient to significantly improve the unemployment rate and this is perceived to be a major threat to stability of the global economy.

In times of uncertainty or when economies are facing head-winds, financial markets tend to be highly volatile and subject to 'head-line' risks. This phenomenon increases 'market-risk' and leads investors to seek refuge in investment instruments which are able to withstand the above and sustain returns through turbulent times.



Sharia compliant investments owing to their underlying characteristics such as ‘asset backed’ models tend to perform well during market volatility and otherwise owing to their fundamental basis which ensures transparency in their underlying assets, facilitates ease of estimation of intrinsic value.

In addition to the above as ‘market disruption’ factors are not a consideration in Islamic finance transactions owing to the ‘risk sharing’ basis of all transactions; continuity of businesses is assured even during times of economic uncertainty.

Given the above merits of Sharia compliant investments, investors who wish to avail themselves of the same are facilitated via subscription of Units in Al Hilal MENA Fund (Sharia Compliant).

The Fund’s focus area being the MENA region; economic forecast of the region is detailed below:

MENA	2012	2013	2014	2015	2016	2017
<b>GDP (USD/Bn.)</b>	2,888	2,999	3,119	3,255	3,402	3,557
<b>GDP (Δ%)</b>	4.8%	3.9%	4.0%	4.4%	4.5%	4.5%
<b>TI (% of GDP)</b>	25.1%	25.7%	25.8%	25.8%	25.9%	25.9%
<b>GNS (% of GDP)</b>	38.3%	37.7%	36.4%	35.5%	34.7%	33.9%
<b>Inflation</b>	8.7%	7.5%	6.7%	6.1%	5.8%	5.6%
<b>CA<sub>BAL</sub> (% of GDP)</b>	12.1%	10.7%	9.3%	8.2%	7.2%	6.3%
<b>Un-employment</b>	18-35%					
<b>Population (Mn.)</b>	397	404	412	420	428	436
<b>Population (Δ%)</b>	1.9%					

Source: International Monetary Fund (IMF), World Bank, EIU & Ahli Bank Economic and Investment Research

Macroeconomic indicators suggest that the hydrocarbon wealth generated in the recent years has encouraged governments of the MENA countries to spend heavily on infrastructure, particularly for revamping power, water, natural gas & petrochemicals industries and services, often in collaboration with private investors, including foreign investments.

The above is most pronounced amongst GCC economies; which form the key geographic focus of the funds’ investments within the MENA region.

## CHAPTER IV

### INVESTMENT OBJECTIVE, STRATEGY AND PROCESS

#### INVESTMENT OBJECTIVE

The investment objective of the Fund is to operate in accordance to the Sharia principles and to achieve long term capital appreciation, whilst implementing measures to minimise risks adversely impacting and resulting in capital erosion.

The Fund will seek to achieve this objective by actively managing investments into Sharia compliant entities and financial instruments issued within the MENA region as per the guidelines outlined.

#### INVESTMENT STRATEGY & PROCESS

The Fund's strategy is to invest into Sharia compliant entities and financial instruments issued and tradable within the MENA region.

#### SHARIA COMPLIANT INVESTMENT GUIDELINES

The term Sharia compliant investment guidelines refers to rules and principles and investment guidelines that are in compliance with Sharia (as such guidelines shall be determined by the Sharia Supervisory Board).

Sharia compliance of stocks is an on-going process, done periodically under the guidance of qualified and reputed Sharia experts. For stocks to be "Sharia compliant", it must pass through the following two stages:

#### STOCK SELECTION PROCESS – (TWO STAGE PROCESS)

Notwithstanding the investment objective and investment approach of each Fund, no Fund shall make investments in companies whose activities would be considered contrary to the Sharia investment guidelines. A non-exhaustive list of such contrary activities which companies undertake is detailed below.

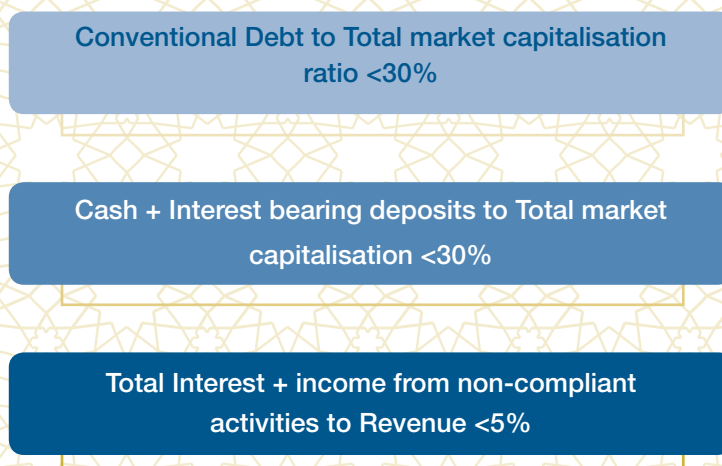
#### STAGE 1 - Business Activity Screening

##### PROHIBITED ACTIVITIES

- Alcohol
- Tobacco
- Pork related products
- Conventional Financial Services (Having Interest Income)
- Defence/Weapons
- Gambling/Casino
- Music and Cinema
- Hotels involved in non-Sharia activities
- Adult Entertainment
- Any other activity declared non permissible by Sharia Supervisory Board



## STAGE 2 - \*Financial Ratios Screening



\* The actual may vary subject to the approval from Sharia Supervisory Board

## PURIFICATION PROCESS:

The Sharia Supervisory Board shall separate the impure earnings from the capital gains and/or dividends and redistribute the rest to investors. Impure earnings from investments are to be purified through a donation to charity fund (purification) on its closing NAV every year (as on the 31<sup>st</sup> of December).

**All investments identified for Sharia compliance will be subject to the following investment selection methodology:**



## CHAPTER V

### INVESTMENT PARAMETERS AND FUND-TAKING RESTRICTIONS

**The Fund Manager must not carry out any of the following operations to the Fund's credit:**

- The Fund Manager may not invest Fund's money in other than Sharia compliant investment instruments and cash instruments, issued in accordance to the policies based on AAOIFI (Accounting and Auditing Organisation for Islamic Finance) standards.
- The Fund Manager and its employees shall not conclude transactions or contracts with the Fund, for their own or for the account of their relatives up to the 2nd removed, unless upon receiving prior approval of the Fund Management Board.
- No Short sale by option right or otherwise
- Offer of guarantees and warranties
- Dealing with merchandise and real estate
- Guarantee of issuances
- Lending or Pledge of Fund's money in any way whatsoever
- Sharia compliant financing instruments may be utilised up to 10% of the Fund's NAV for the purposes of fund taking

**In addition, the Fund shall also abide by the CMA regulations as follow:**

- The Fund shall invest at least 75% of its capital to achieve its main investment objectives. The remainder of the Fund's capital shall remain in cash or deployed into Sharia compliant cash instruments.
- The Fund shall not hold more than 10% of the outstanding securities of any issuer.
- The Fund's investments in any securities issued by any single issuer shall not exceed 10% of the Fund's NAV.
- The Fund shall not borrow more than 10% of its NAV.



## CHAPTER VI

### RISK FACTORS

Prospective investors should carefully consider the risks described below in addition to all other information presented in this Prospectus before deciding to invest in the Fund. Investors in the Fund are warned that there are risks involved with investing in the Fund which may affect the Fund's performance, including, but not limited to, the risks listed here.

Investors may note that the risk factors mentioned below are Sponsors' opinion based on the current knowledge and the information available. The actual risks and the impact of such risks could be materially different from that mentioned herein:

There can be no assurance that any appreciation in the value of the Fund's underlying investments will occur. The value of the Fund's underlying investments and the income derived from them may fall as well as rise and Investors may not recoup the original amount invested in the Fund. There is no assurance that the investment objectives of the Fund will actually be achieved. Past performance is not a guide to future growth or rates of return.

Potential Investors should consider the following risk factors before investing in any Fund. An investment in the Fund is subject to normal market fluctuations as well as other economic, political or financial developments.

### POLITICAL AND MACRO-ECONOMIC RISKS

The value of Units and the income generated by the Fund may be affected by uncertainties such as political or diplomatic developments, changes in government policies, taxation, currency repatriation and other political and economic developments in law and regulations and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.

#### MITIGATION STRATEGY:

Investment selection criteria would include provision to select investment options with minimal exposure to the above risks. Nevertheless, it should be noted both political and economic risks cannot be completely eliminated and are Omni-present.

### MARKET RISK

The Fund's underlying investments are subject to price fluctuations, market volatilities and other relevant risks inherent to all marketable securities. Therefore, the price of Units may reflect similar fluctuations and the value of an investor's investment may be subject to sudden and substantial depreciation or appreciation.

#### MITIGATION STRATEGY:

Portfolio diversification strategies, across geographies and sectors, within available investment options will be the charted course to reduce the adverse impact.

### EXCHANGE RATE RISKS

The Fund expects to invest in securities denominated in currencies other than OMR. Changes in exchange rates will impact investment returns.

#### MITIGATION STRATEGY:

The fund will endeavour to hedge the foreign exchange risk of the currencies other than OMR provided the mechanism is compatible with principles of Sharia.



## CUSTODY AND FOREIGN INVESTOR REGULATIONS

The Fund may be unable to obtain direct exposure to securities in certain of the target countries (other than Oman) or be able to obtain direct exposure only at a cost that the Board considers unreasonable in light of the costs of indirect exposure. In such circumstances the Fund may obtain exposure via indirect means facilitated by financial institutions (which may include the Custodian). The exposure risk will depend on the value of an identified portfolio of securities. In these circumstances the Fund may be at risk in the event of the insolvency of the financial institution.

### MITIGATION STRATEGY:

The Board and the Fund Manager will constantly endeavour to minimise exposure to the above risk at all times. In the event of being compelled to take-on exposure, the related institution(s) providing the service will be monitored for solvency.

## LIQUIDITY RISK

Regional financial markets are relatively less liquid compared with their developed market peers. This hinders efficiency in price discovery and transaction execution.

### MITIGATION STRATEGY:

Investment identification criteria will place greater emphasis on sourcing financial instruments which exhibit characteristics of being able to seamlessly trade during various market phases.

## ACCOUNTING PRACTICE

Accounting standards in the countries where the Fund may invest may not correspond to International Financial Reporting Standards in all material respects. In addition, auditing requirements and standards in those countries may differ from those generally accepted in the international capital markets and consequently information which would be available to investors in developed capital markets is not always obtainable in respect of companies in the relevant jurisdictions.

### MITIGATION STRATEGY:

The Board and the Fund Manager will constantly endeavour to minimise exposure to the above risk at all times. In the event of undertaking exposure, advisors in the respective field of accounting will be sought for guidance of the Board and Fund Manager.

## LEGAL RISK

The rate of legislative change in certain of the countries where the Fund may invest is extremely rapid and the impact of the proposed legislation when eventually adopted into law is difficult or impossible to predict. Such proposed legislation may have an adverse effect on foreign investment. It is similarly difficult to anticipate the impact of legislative reforms on securities in which the Fund will invest.

### MITIGATION STRATEGY:

The Board and the Fund Manager will constantly endeavour to minimise exposure to the above risk at all times. The Board will relay on the services of Legal advisors and experts to gauge the magnitude of risks involved.



## POSSIBLE NON-COMPLIANCE

Prospective Investors should be aware that there may be occasions that investments may become non-Sharia compliant without the prior knowledge of the Fund as for instance when a corporate entity in whose stocks the Fund invests fails to meet the Fund's Sharia investment based criteria through an unforeseen act or omission by such entity. In such an event the Manager will respond with appropriate action as soon as practicable to ensure Sharia compliance of the Fund and to purify the investment.

### **MITIGATION STRATEGY:**

The Board and the Fund Manager will constantly monitor the holdings of the Fund to ensure its compliance at all times. Purification under the guidance of the Sharia Supervisory Board will be the chosen path in the event of identifying investments which become Sharia non-compliant during the tenor of investment.

## TAXATION

Tax law and practice in countries in which the Fund may invest is not as clearly established as that of the developed nations. It is possible therefore that the current interpretation of the law or understanding of practice may change or, indeed, that the law may be changed with retrospective effect. Accordingly, it is possible that the Fund could become subject to taxation in the countries in which the Fund may invest that is not anticipated when investments are made, valued or disposed of.

### **MITIGATION STRATEGY:**

The Board and the Fund Manager will constantly endeavour to minimise exposure to the above risk at all times. The Board will rely on the services of Tax advisors and experts to gauge the magnitude of risks involved.

## CHAPTER VII

### FUND MANAGEMENT BOARD

The management of the assets of the Fund will be the responsibility of the Fund Management Board (the Board), who will delegate day to day investment decisions to the Fund Manager subject to the terms of the Fund Management Agreement. The Board will be responsible for formulating investment strategy and the guidelines to be adopted by the Fund and will review the activities of the Fund Manager on an on-going basis. No other party will have the right to interfere in the management of the Fund in any decision taken in relation thereto so long as the terms of this Prospectus are observed.

The Board shall consist maximum of seven (7) members. The Board will be elected by the general meeting in accordance with the provisions of the Articles of Association, For the first Board, in which two (2) Members have been nominated by the Sponsor and the remaining five (5) Members shall be appointed by the Sponsor prior the date of the Fund's registration in the Funds register with the CMA.

The term of office for the first Board will be one (1) year from the date of the Fund's registration in the Funds register with the CMA. After one year from the date of fund's registration in the Funds register with the CMA, fund shall call for election of new Board in accordance with applicable laws, regulations and the Articles of Association for a further term not exceeding 5 years. However, two (2) members of The Board must be appointees of Sponsor at all times.

Members of the Board are liable before the Unit Holders and the CMA, to supervise and oversee the Fund Manager and shall undertake the following:

- Evaluation of the Fund's investment performance taking into account investment objectives of the Fund.
- Ensure the Fund's compliance with the prospectus, articles of association and statutory requirements.
- Evaluation of the performance of Fund Manager and other service providers.
- Ensure adequacy of the Fund's systems to safeguard its assets and ensuring that adequate accounting controls are in place.
- Ensure the Fund Manager's system and controls are adequate to ensure compliance with the interests of the fund and investors.
- Avoidance of conflicts of interest and ensuring that adequate measures are in place to resolve any conflict of interest in the best interest of the fund and investors.
- Ensure segregation of function when one company is acting as provider of more than one service to the fund.
- Approve the transactions with related parties and disclose the same.
- Approve the annual report, financial statements and other information and disclose to the public and investors to ensure that disclosure is fair, timely, transparent and not misleading.
- Appointment and removal of service providers and determining their fees.
- Take resolutions pertaining to distribution of dividends.



The initial members of the Board are to be as follows:

<p><b>Abdul-Aziz Al Balushi</b></p>	<p>He is the Chief Executive Officer of Ahli Bank SAOG and has been with the bank for the last 6 years during which time he was able to transform the bank from a mortgage bank (erstwhile Alliance Housing Bank) into a more competitive and full fledged commercial bank.</p> <p>Prior to joining Ahli Bank, he worked for ten years with National Bank of Oman as the Deputy CEO where he was also responsible for Investment Banking.</p> <p>His career started with Oman International Bank, where he spent 12 years in various managerial positions.</p> <p>He obtained his Masters of Science in Finance from the University of Strathclyde, Scotland and is a Fellow of The Chartered Institute of Bankers (FCIB) from U.K.</p> <p>Abdul-Aziz Al Balushi had served on the Boards of various companies in the past.</p>
<p><b>CB Ganesh</b></p>	<p>He is currently the Deputy CEO of Ahli Bank SAOG, responsible for Corporate Banking, SME, Treasury, Investment Banking and Financial Institutions.</p> <p>Along with his rich academic background (PGDFM, MBM, M Com, CAIIB, CDCS), Ganesh brings in more than 20 years of banking experience spanning across South Asia, North Asia and Middle East.</p> <p>Ganesh was instrumental in setting up the Commercial Banking and Treasury for ahlibank on its conversion from a mortgage bank.</p> <p>Prior to joining ahlibank, he was working out of HongKong as Head – Wholesale banking- North Asia for an Indian MNC bank.</p>
<p><b>Chandrashekhar Chetty</b></p>	<p>He is currently the Deputy CEO – Support Services for Ahli Bank S.A.O.G. He is a Post Graduate in Management Studies and started his career as a Probationary Officer with the State Bank Group in India.</p> <p>He joined Ahli Bank S.A.O.G in December 2007 and has been a key stakeholder in the launch of its commercial banking activities.</p> <p>Prior to his joining Ahli Bank, he was the Chief Operating Officer for Barclay's Bank in India. Shekhar has 33 years of banking experience and has held senior positions in multi-national banks in India and abroad.</p>

In addition to these members, the Sponsor will appoint further members to the first Board prior to the date of the Fund's registration in the Funds register with the CMA. Accordingly, the first Board shall comprise a maximum of seven (7) Members.

## APPOINTMENT OF FUND MANAGEMENT BOARD MEMBERS

It is mandatory that all appointees to the Board should fulfil the following criteria:

- Having good conduct and sound reputation
- Not convicted in any crime or an offence involving breach of honesty or trust or a crime stipulated in the Capital Market Law, Commercial Companies Law or Oman Commercial Law unless rehabilitated.
- Not declared as bankrupt.



## VACATION OF OFFICE OF FUND MANAGEMENT BOARD MEMBERS

The office of a Board Member shall be vacated if:

- He or she resigns his or her office by written notice,
- He or she has absented himself or herself (such absence not being pre informed absence with leave or by arrangement with the Board) for meetings of the Board for a consecutive period of twelve months and the Board resolves that his or her office shall be vacated,
- He or she becomes of unsound mind or physically incapacitated,
- He or she becomes insolvent, or suspends payment to his creditors,
- He or she is requested to resign by a written notice signed by all the other Board Members,
- An ordinary resolution requesting his resignation is passed at a meeting of Unit holders as described in Chapter XVI, Page No. 44
- The board of directors of the CMA issues a resolution to dismiss the Board Member.

Each Member of the Board shall serve until his or her office is vacated. Where any Board Member's position falls vacant prior to the end of the term, the other Board Members may co-opt a Board Member as replacement until the end of the term but the total number of the Board Members shall not at any time exceed seven (7) Members.

Each Member of the Board, by notice in writing under his/her hand served upon the Board, appoint any other Member of the Board as his/her proxy to attend and vote in his/her place at any meeting of the Board Members at which he/she is not personally present, or to undertake and perform such duties and functions and to exercise such rights as he/she could personally undertake and perform; such appointment may be general or specific for any particular business. Any such appointee will not act on behalf of more than one Board Member in a meeting.

## FUND MANAGEMENT BOARD MEETINGS:

- The number of attending Board Members shall not be less than two thirds of the total strength.
- The Board Members shall not take part in discussions and/or voting on matters if he or his spouse or relatives up to second degree have interest.
- Approval of resolutions shall need support from the majority of the Board Members.
- Objection by a Board Member to any resolution shall be recorded in the minutes of the meeting.
- The Board shall meet at least four times per year with a maximum time gap of four months between any two consecutive meetings.
- The Board may, from time to time, appoint one or more of its Members to be a Chairman or Deputy Chairman and the terms of such appointments shall be determined by the Board.
- The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit.
- All decisions taken by the Board will be recorded and will take the form of resolutions.

## REMUNERATION OF FUND MANAGEMENT BOARD MEMBERS

Each Member of the Board will be entitled to a fee not exceeding OMR 2,500 per annum for each member together with reimbursement of expenses properly and reasonably incurred by them in the execution of their duties. In addition, a sitting fee of RO 500 per member per meeting shall also be payable on attendance. However, the Board Members who are employees of Ahli Bank SAOG shall not be entitled to receive any sitting fee.



## CHAPTER VIII

### SHARIA SUPERVISORY BOARD

All investment activities of the Fund will be Sharia-compliant and will be approved by the Fund's Sharia Supervisory Board. The Sharia Supervisory Board will have the right to review and monitor the activities of the Fund to ensure that the Fund's holdings are in compliance with Sharia principles.

The Sharia Supervisory Board, is compensated for its role by Ahli Bank SAOG (The Sponsor) as per the terms of the agreement entered into for Sharia Supervision of all activities relating to the Sponsor. Sharia Supervisory Board of the Sponsor, which, as of the First Closing Date, consists of the following members:

#### 1. Dr. Ali Mohiyyudin Al-Quradaghi (Chairman and Executive Member of SSB)

Sheikh Ali Mohiyyudin Al Quradaghi holds PhD degree in Sharia and Law from Al Azhar University (1985), masters in Comparative Fiqh from Al Azhar University (1980) and bachelors in Sharia from Baghdad University (1975). Sheikh Ali has authored 30 books and more than 100 research papers, with primary focus being Islamic economics, Islamic Jurisprudence, Jurisprudence of Transactions and Islamic Finance.

In a long professional career spanning over 35 years, he has been a prominent scholar and teacher of universal dimensions. He was Chairman of the Department of Jurisprudence and its Principles at the University of Qatar. Currently he is Secretary General of International Union for Muslim Scholars, active member of the Sharia board of the Accounting and Auditing Organisation for Islamic Financial Institutions, member of the Islamic Fiqh Academy, Organisation of Islamic Conference, in the Kingdom of Saudi Arabia and a member of the European Council for Fatwa and Research.

Sheikh Ali sits on a number of SSBs around the world.

#### 2. Dr. Fareed Mohammed Hadi (Member)

Dr. Fareed Hadi is Assistant Professor at the College of Arts, Department of Arabic & Islamic Studies, in the University of Bahrain. He has a PhD in Ibn Hazm's Methodology of Jahala from the University of Edinburgh, United Kingdom. He is member of Sharia Supervisory Boards of following Islamic financial institutions:

- Executive Member - GFH Investment – Kingdom of Bahrain
- Executive Member - GFH Commercial – Kingdom of Bahrain
- Sharia Advisor – First Leasing Bank – Kingdom of Bahrain
- Member Sharia Board – Ahli United Bank - Group - Al Hilal Islamic Banking Services

#### 3. Prof. Abdul Aziz Al-Qassar (Member)

Prof. Qassar is Professor at the Department of Fiqh and Islamic Studies at the College of Sharia, University of Kuwait. He has a PhD in Law and Sharia from Al Azhar University. He is a member of the Sharia Supervisory Board of a number of Islamic financial institutions such as:

- Member of the Sharia Board for The First Co. for Investment, Kuwait
- Member of the Sharia Board for The First Co. for Finance, Qatar
- Member of the Sharia Board for the Kuwait Real-Estate Bank, Kuwait
- Member of the Sharia Board for the International Co for Lease, Kuwait
- Member of the Sharia Board for the Kuwait Ministry of Awqaf and Islamic Affairs
- Member of the Sharia Board of Ahli United Bank - Group - Al Hilal Islamic Banking Services



#### 4. Sheikh Aflah Ahmed bin Hamad al-Khalili (Member)

Sheikh Aflah holds Masters degree in Islamic Studies from International Islamic University Malaysia. Sheikh Aflah is expert researcher of Sharia relating matters, especially in the field of Islamic contracts. Currently, he is working as Head of Research and Studies at the Ministry of Awqaf. Along with the membership of Sharia Supervisory Board of Al-Hilal Islamic Banking, Ahli Bank, Sheikh Aflah is member of the Sharia Board of Accounting and Auditing Organization for Islamic Financial Institutions

### DUTIES AND RESPONSIBILITIES OF SHARIA SUPERVISORY BOARD

Advising the Fund Manager as to which criteria for selection of Securities are relevant and to be used, and also to ensure all investments undertaken are compliant with the Sharia principles and also the Sharia Supervisory Board's guidelines.

Certifying that all the provisions of the fund and proposed investments to be made on account of Al Hilal MENA Fund (Sharia Compliant) by the Fund Manager are Sharia compliant with the criteria established above.

Evaluating and advising upon all new financial instruments as and when introduced for their Sharia permissibility.

After review and compliance for Sharia Investment guidelines, issuing a certificate at the end each financial quarter; to be included in Al Hilal MENA Fund (Sharia Compliant) financial reports, in respect of Sharia compliance of the preceding quarter's operations.

To guide the Fund Manager in purification process and approve principles for determining an appropriate percentage of income and cash flows, included in the income and cash flow of the companies in which Al Hilal MENA Fund (Sharia Compliant) has invested, from activities not in accordance with the principles of the Sharia, and recommending to the Fund Manager the criteria for selecting the Charities to whom such sums shall be donated.

To approve the movement in the charity account, as recommended by the Fund Manager.

**All decisions of the Sharia supervisory board with respect to Sharia compliance are binding on the Fund Manager.**

### Sharia Supervisory Board fee

The Sharia Supervisory Board, is compensated for its role by Ahli Bank SAOG (The Sponsor) as per the terms of the agreement entered into for Sharia Supervision of all activities relating to the Sponsor. Hence, the Fund will not pay any supervisory fees to the Sharia supervisory board.

### Level of Influence of Sharia Supervisory Board

The Fund is obligated to comply with the decisions and fatwas issued by Sharia Advisor. In addition, the Fund also needs to comply with the standards of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).



## CHAPTER IX

### SPONSOR AND FUND MANAGER

#### SPONSOR

ahlibank is founded on the sound principles of Corporate Governance which include the highest levels of ethical standards, professional integrity, regulatory compliance and best international practices to achieve its objectives with the involvement of all stakeholders.

ahlibank S.A.O.G., erstwhile Alliance Housing Bank, formed a strategic partnership with Ahli United Bank (AUB), a leading regional commercial bank and International Finance Corporation (IFC), a member of the World Bank Group. ahlibank S.A.O.G. has since successfully embarked upon the route of establishing itself as a full-fledged Omani commercial bank. This transformation has translated into establishing a promising presence of the bank in Oman, and diversifying its business portfolio.

ahlibank continues to maintain its leading position in providing the most convenient housing mortgage facilities to customers in Oman. Moreover, the bank has made significant progress in building its retail and corporate business, diversifying its portfolio through catering to the demands of the corporate businesses in Oman while carefully differentiating the needs of the premium and private banking segments as well as the SME segment. The Bank has successfully launched new deposit products and loan products which are competing with the best products in the market.

ahlibank has evolved year over year in an effective manner and the same is reflected in its strong performance. ahlibank's business and financial model promotes leveraging established relationships, developing new ones with a sustainable revenue generation capacity and at the same time ensuring very high Credit Quality and Service Standards.

#### CREDIT RATING

##### FITCH RATINGS

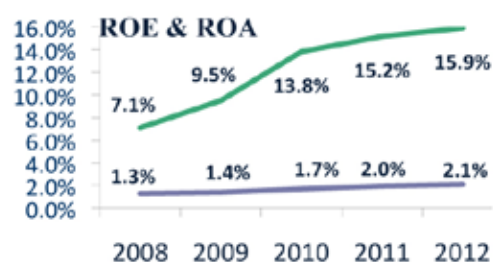
Long-term foreign currency	BBB+
Short-term foreign currency	F2

##### CAPITAL INTELIGENCE

Long-term foreign currency	BBB+
Short-term foreign currency	A2

*All figures in USD*  
31<sup>st</sup> December 2012

ASSETS	2.853 billion
DEPOSITS	1.916 billion
LOANS	2.407 billion
EQUITY	436 million
MCAP	550 million



## EXECUTIVE PROFILES

### **Abdul Aziz Mohammed Al Balushi**

#### CHIEF EXECUTIVE OFFICER

- Former Deputy Chief Executive Officer – National Bank of Oman
- 10 years of banking experience in various positions in National Bank of Oman
- 12 years of banking experience in various positions in Oman International Bank
- Former Board member and Chairman of Audit Committee in Oman National Investment Corporation (ONIC) Holding SAOG
- Former Board member and Chairman of Audit Committee in Al Ahlia Insurance Co. SAOC
- Former Board member and Chairman of Audit Committee in National Life & General Insurance Co. SAOC
- Former Director – Oman Investment and Finance Co. SAOG (OIFC)
- Former Director – Gulf Hotels (Oman) Co. SAOG
- Former Advisory Member in College of Agricultural and Marine Sciences at Sultan Qaboos University
- Advisory Board Member “The British Scholarships of Oman” a local organisation that sponsors outstanding Omanis for post-graduate studies in UK

### **CB Ganesh**

#### Deputy CEO – Commercial Banking & Treasury

- Former Dy. Chief Executive & Head of Wholesale Banking (North Asia) - ICICI Bank Ltd
- Former Regional Head, Corporate Banking (South India) – ICICI Ltd
- Former DGM & Head of Trade Finance – ICICI Bank Ltd (India)

### **Ashish Sood**

#### Deputy CEO – Retail & Private Banking

- Former Head of Consumer Banking – Standard Chartered Bank (Jordan)
- 14 years of Banking experience in various positions and geographies within Standard Chartered Bank, including:
  - General Manager – Lending (Northern Gulf and Levant) - Bahrain
  - General Manager – Credit Cards & Personal Loans – Bahrain
  - Head of Sales – Credit Cards – UAE

### **Chandrashekhar Chetty**

#### Deputy CEO – Support Services

- Former COO – Global Retail & Commercial Bank, Barclays Bank PLC – India
- Former COO – Calyon Bank – India
- Former COO – Dresdner Bank Group - India

## FUND MANAGER

The Asset Management Division, part of the Investment Banking Unit of Ahli bank (Oman) SAOG is the designated Fund Manager of Al Hilal MENA Fund (*Sharia Compliant*).



## FUND MANAGER PROFILE

- Asset management expertise spanning five (5) years.
- Assets under management (**AUM**) at present exceeds **OMR 117 million** (15<sup>th</sup> December 2012).
- Returns generated over the period averages **8%** on annual basis with no '**DOWN**' years. Alpha generated averages **6%** on an annual basis.
- Professional expertise includes portfolio management experience and capabilities such as:
  - Bank Proprietary Portfolio
  - Pension & Social Security Funds
  - Sovereign Wealth Fund
  - Insurance Companies
  - Corporate
  - Mutual Funds
  - High Net-worth individuals
  - Charities
- Asset Management expertise includes managing funds as per regulatory requirements and formulating bespoke solutions.
- Expertise spans the following asset classes: (**MENA & GCC**)
  - Sharia compliant Investments
  - Equity Financing Instruments
  - Real estate

## Head of Asset Management

### V.Gowribalan

Gowribalan is a Multi-faceted Investment Professional with a proven track-record, in excess of 10 Years; in portfolio management and research. Expertise and experience acquired to-date encompass all key aspects of portfolio management.

Gowribalan in his previous roles has managed regional and international assets for an Investment Holding in Oman in the capacity of Portfolio Manager, Managed Mutual Funds, and Discretionary Portfolios for a leading Investment Bank in Oman, and management of Proprietary and Pension fund portfolios for a leading Bank in Sri Lanka.

Achievements include; earning returns on average in excess of 16% for the past 5 years and managed the best performing mutual fund for the year 2007 earning returns in excess of 62%.

His Academic and Professional Credentials include a First Class Honours Degree in Applied Accounting (BSc. Hons.), Member of the Chartered Institute of Securities and Investment – U.K. (MCSI), Fellow of the Chartered Institute of Management Accountants – U.K. (FCMA), Certified Practising Accountant - Australia (CPA Aust.), and Chartered Global Management Accountant – U.S.A. (CGMA).

## Fund Manager

### Adeel Sarfraz

Adeel is an ACMA from “Institute of Cost & Management Accountants of Pakistan”, APA with over eight years of experience in investment management. He has worked in various areas of investment management including portfolio management, asset allocation, formulating investment strategy, quantitative modeling, macro-economic research and equity research.

Prior to joining Ahlibank, he was AVP – Fund Management at Vision Investment Services Co. SAOC, where he has been instrumental in all key aspects of managing three (3) mutual funds (investing across GCC).



## CHAPTER X

### SERVICE PROVIDERS

#### CUSTODIAN

The Custodian of the Fund is Standard Chartered Bank.

A copy of Custodian Agreement is available for inspection at the office of the Fund Manager.

Assets of the fund shall be kept with the custodian. They may be kept outside the Sultanate to facilitate transactions abroad. The custodian may appoint sub-custodian/s to keep the assets of the Fund. Appointment of sub-custodian/s shall not exonerate the custodian of any of its obligations.

Written consent of The Board shall be obtained for all the contracts concluded with the sub-custodian and such contracts shall provide adequate protection for the assets on terms and conditions consistent with the contract with the main custodian.

All contracts concluded with the main custodian or sub-custodian shall cover:

- a. Requirements that enable the fund to exercise all the rights pertaining to the assets kept with the sub-custodian.
- b. Requirements pertaining to the location where the fund's assets are kept.
- c. Method of holding the assets.
- d. Review and compliance reports.
- e. Fees, method of payment and timing of payment.

No contract concluded with the main custodian or sub-custodian shall provide for creation of any encumbrance on the assets of the fund, except for claims of payment of fees and charges to the custodian or the sub-custodian for acting in such capacities. The contracts shall not contain any provision that would require the payment of fees or expenses to the custodian or sub-custodian in the form of transfer of ownership of assets belonging to the fund.

Subject to Articles, the assets of the fund shall be registered in the name of the custodian or sub-custodian/s or their respective nominee with an account number or other designation in the records of the custodian or sub-custodian/s or the nominee, to establish that the ownership of the assets is vested with the fund.

The custodian or sub-custodian shall exercise due diligence in keeping the assets of the fund and shall protect the interests of the fund in every act, and they shall be liable for any loss to the fund's assets resulting from any omission or wrongful act by them or their respective employees, directors or managers.

As per the Custodian Agreement, the duties of the Custodian include the following:

- to hold or to arrange for the securities, deposits, and/or other assets of the Fund to be held in safe custody;
- to hold bearer instruments in that form and to register other instruments in the name of the Custodian or any other person appointed by it;
- to hold securities which are not fully paid, subject to such conditions as the Custodian may reasonably specify in accordance with applicable local practice;
- to purchase or subscribe for any type of security or deposits in accordance with the Fund Manager's instructions;
- to sell or otherwise dispose of Fund assets and to deal with the proceeds, in each case in accordance with the Fund Manager's instructions;
- to enter into any agreement or instrument on behalf of the Fund in connection with any security or deposit to be included in the Fund, in each case in accordance with the Fund Manager's instructions;
- to deliver the documents of title and any other instruments relating to the assets of the Fund Manager or in accordance with the Fund Manager's instructions; and where the securities and/or deposits owned by the Fund are registered in the name of the Custodian or any other person appointed by it (but not otherwise), to keep the Fund Manager informed of all actions required in respect of each of the assets.



In fulfilling the above duties, the Custodian shall:

- maintain separate custody accounts in the name of the Fund. For the avoidance of doubt, the cash accounts to which all income and proceeds derived from the assets of the Fund shall be credited, will be maintained on behalf of the Fund by the Custodian;
- maintain records showing the custody accounts held by the Fund Manager for the Fund if any; and
- keep all assets of the Fund segregated from assets held by the Custodian for its own account.

Fees payable to the Custodian are detailed in Chapter XI, Fees and Expenses, (Page No. 31).

## REGISTRAR AND ADMINSTRATOR

Ahli Bank SAOG has been appointed as Administrator of the Fund. A copy of the Administration Agreement is available for inspection at the office of the Fund Manager.

The duties of the Administrator include the following:

- receive subscription requests from investors and redemption requests from Unit-holders and maintain records of the documents;
- maintain a record of all Unit-holders of the Fund;
- notify the Fund Manager, as per agreed schedule, of all subscription and redemption requests received by the Administrator;
- maintain financial accounts of the Fund;
- deliver and/or transmit to the Fund Manager statements of account at the end of each day;
- notify the Fund Manager of all notices, reports and other financial information relating to the Fund property when only received by the Administrator;
- calculate the NAV of the Fund and provide the Fund with its NAV statement on each business day;
- provide the Auditor, upon receiving a written request from the Fund to that effect and within a reasonable time from its receipt of such request but at all times no later than the date reasonably requested by the Fund to provide such information as requested, an audit confirmation with respect to the Fund;
- provide the Fund Manager a confirmation of the year-end position;
- transmit electronically or in any other acceptable form to the Fund, as the Fund will require a list, as at the date of such list, of all outstanding contributions in the Fund;
- maintain accounts for different purposes as may be advised by the Fund Manager and a record of all transactions under such accounts to be presented to the Fund on its request;
- send allotment/refund advices to Unit-holders;
- send subscription/redemption advices to Unit-holders;
- intimate the Fund Manager and Custodian of all subscription amounts to be received by the Fund;
- intimate the Fund Manager and Custodian to remit the redemption proceeds to Unit-holders;
- arrange for the publication of NAV on each business day;
- arrange for the publication of accounts as per the regulations of CMA.

Fees payable to the Administrator are detailed in Chapter XI, Fees and Expenses, (Page No. 31).

## AUDITORS

KPMG, Oman; a global auditing and accounting firm, has been appointed as the independent auditor of the Fund.

## LEGAL ADVISOR

Curtis, Mallet-Prevost, Colt & Mosle LLP (International Legal Advisors), have been appointed as legal adviser to the Fund.

## BANKERS

Ahli Bank SAOG, will act as principal banker to the Fund. The Fund may also open bank accounts with other major banks in the region, if required for the purpose of financial transactions of the Fund in those markets.

**The Board may, subject to the approval of CMA, terminate the services of any of the above service providers or appoint one or more service providers for the Fund.**



## CHAPTER XI

### FEES AND EXPENSES

#### FUND ESTABLISHMENT AND ISSUE MANAGEMENT EXPENSES

Maximum charge to the fund in relation to establishment and issue management will be limited to 2% of the initial subscription amount. All expenses incurred over and above this threshold will be entirely borne by the Sponsor. The amounts given below are estimates and actual expenses may differ and will be charged to the fund subject to a limit of 2% of the initial subscription amount.

Regulatory fees	0.05% of the nominal value of the Units; subject to maximum of OMR 25,000 and minimum of OMR 2,000.
Legal and other advisory fees	OMR 15,000
Marketing and Advertising expenses	OMR 15,000
Printing and Publishing	OMR 20,000
Distributor's commission (approx)	0.65% of the nominal value of the Units;
Collecting Bank's fees (approx)	0.35% of the nominal value of the Units;
Issue Manager's fees	OMR 45,000

#### FUND MANAGER'S FEES

As per the terms of the Investment Management Agreement between The Board and the Fund Manager, the Fund Manager is entitled to receive from the Fund a Management fee equivalent to 1.25% per annum of the Net Assets of the Fund. The Management fee is accrued for each day the fund is in operation and paid monthly in arrears.

#### INVESTMENT PERFORMANCE FEES

As per the terms of the Investment Management Agreement between The Board and the Fund Manager, the Fund Manager is entitled to receive from the Fund a Performance fee equivalent to 12% per annum on returns earned in excess of the "hurdle rate" of return on an annual basis. The performance fee computed at the end of the Financial Year, if any, will be paid within 30 business days of completion of the audit in respect of that Financial Year.

The "hurdle rate" of return of the fund is 8% per annum. Return computations are based on a Time-weighted return (TWR) computational basis.

#### CUSTODIAN FEES

Cumulative custodian fees incurred (including sub-custodian fees, where applicable) is not expected to exceed 0.30% of Time Weighted NAV per annum.

#### REGISTRAR AND ADMINISTRATIVE FEES

Cumulative registrar and administrative fees incurred is not expected to exceed 0.40% of Time Weighted NAV per annum.

## REGULATORY FEES

The fund will incur fees of 0.05% of the initial Net Asset Value (including the nominal value, issue premium together with nominal value of founder's shares) for CMA's approval of prospectus, subject to maximum of OMR 25,000 and minimum of OMR 2,000 and any other regulatory fees or similar charges

## OTHER EXPENSES

- Brokerage commission payable on purchase and sale of securities and other investments and any other technical, legal or consultancy fees payable relating to the assets of the Fund.
- Distributors fees (payable to all parties involved in the marketing of the fund), it will range from 0.30% to 1.20% payable on investment sourced.
- Taxes payable, if any
- Cost of publishing periodical NAVs and accounts
- Printing and distribution expenses related to annual accounts and Unit holders meetings
- Any losses incurred as a result of dealing in securities held on behalf of the Fund
- Any other expenses directly related to the Fund including but not limited to; legal fees, mailing stamps, other charges incurred on the acquisition and realisation of investments. The Fund also pays expenses incurred in connection with any issue of Units, and costs of the yearly simplified prospectus, fees of the external auditors, advertisements, printing, general meetings and any special meetings cost, currency translations expenses, banking fees.



## CHAPTER XII

### TAXATION

As per the Royal Decree No. 28/2009, The Income Tax Law (Article 117) income accruing to investment funds set up in Oman under the Capital Market Law shall be exempted from tax. Accordingly, the income earned by the Fund is exempt from Omani taxation (but may be subject to local taxation to the extent income is derived from other jurisdictions).

There is no Omani tax on the receipt of dividends from the Fund, or on the proceeds of any disposal of Units. Unit holders may be subject to taxation if they are subject to taxation in any other jurisdictions.

### ZAKAT

The responsibility of Zakat payment lies with the unit holder of the Fund. The Fund shall pay no Zakat.

The Tax and Zakat information given above is based on the Fund Manager's tax advisor's interpretation of the law, which to the best of the Fund Manager's understanding is correct, however prospective Unit Holders should consult their own legal counsel regarding tax laws and regulations on the potential tax consequences of subscribing for, purchasing, holding, transferring or redeeming of Units under the laws of their country of citizenship, domicile, residence or incorporation. The tax and other matters described in this Prospectus do not constitute, and should not be construed as, legal or tax advice to the prospective Unit Holders.

## **CHAPTER XIII**

### **ACCOUNTING POLICIES OF THE FUND**

#### **GENERAL TERMS**

The Fund shall have a financial liability independent from the Fund Manager and the Board.

An independent and separate bank account for the Fund shall be maintained by the Custodian in Oman and also where necessary outside Oman, for the purpose of making withdrawals and deposits on behalf of the Fund.

The Fund shall be treated, in respect of all sales and purchases and other transactions, as an independent entity and shall be credited in the case of sales and debited in the case of purchases. All costs related to the Fund shall be directly paid from the assets of the Funds.

Accounting records for the Fund shall be maintained independently from the records of the Fund Manager and shall be audited by the independent auditors approved or nominated by The Fund Management Board. The Board has the power to remove or change the Auditors of the Fund during the life of the Fund. The appointment of Auditors will be notified to the CMA.

The financial year of the Fund shall be from 1 January to 31 December except for the first financial period which will start on the Closing Date of initial subscription and end on 31 December 2013.

#### **ACCOUNTING POLICY**

The accounts of the Fund shall comply with the International Financial Reporting Standards (IFRS) and as required by Omani law.



## REVENUES AND EXPENDITURE OF THE FUND

### **Revenues of the Fund shall consist of:**

- Profits earned as a result of dealing in securities held on behalf of the Fund.
- Income received from assets of the Fund.
- Any other revenue, directly linked to the Fund and resulting from the investment of the assets of the Fund.

### **Expenditure of the Fund shall consist of:**

- The initial set up costs of the Fund;
- The fees of the Fund Manager;
- Fees paid to Custodian and sub-custodian if any;
- The CMA fees (Regulatory Fees)
- Expenses in respect of accounting records and auditing fees;
- Customary brokerage commission and banking fees paid in connection with the sale and purchase of securities held on behalf of the Fund and any other technical, legal or consultancy fees relating to the acquisition, maintenance and disposal of assets of the Fund.
- All liabilities of the Fund in relation to taxation, whether due on the assets or income of the Fund;
- Any expenditure related to the exercise of rights and duties in respect of the assets of the Fund;
- The cost of preparing, printing, publishing and distributing public notices, annual and interim reports, valuations, accounts and price lists and such other reports or documents as may be allowed or required under the applicable laws or regulations of Oman and any other communications to Unit holders;
- Costs of printing any certificates or proxies;
- Any losses incurred as a result of dealing in securities held on behalf of the Fund;
- The cost of maintaining accounts;
- The cost of preparing and filing all official documents concerning the Fund, including registration statements and offering circulars with all authorities having jurisdiction over the Fund or the offering of Units;
- The cost of holding any meeting of Unit holders;
- Legal fees;
- The fees of the Investors' Committee; and
- Any other expenditure directly related to the Fund.

## REPORTS AND ACCOUNTS

The Fund's financial year will be from 1 January to 31 December in each year. However, the first financial year of the Fund will start from the Closing date of initial subscription and will end on 31 December 2013. The Fund Manager will within 60 days of the closing of each financial year prepare the Balance sheet and Profit and loss accounts and further statements detailing the main items of revenues and expenditures duly audited by an independent auditor. Audited accounts will be sent to Unit holders by mail within 60 days of the closing of each financial year. Quarterly financial statements will be filed with the MSM information centre within 30 days of the end of the relevant quarter.



## CHAPTER XIV

### NET ASSET VALUE (NAV)

The Net Asset Value per Unit is the Net Asset Value divided by the number of Units in issue.

The Net Asset Value is the value of the assets attributable to the Fund (including accrued income) less the attributable liabilities (including accrued charges and expenses and provisions for contingent liabilities as appropriate).

The value of the assets attributable to the Fund and the attributable liabilities are determined by The Board in accordance with the following:

**The assets attributable to the Fund are deemed to include the following:**

- all cash in hand, on debt or on deposit, or on call, including any profit accrued thereon;
- all bills, demand notes, promissory notes and accounts receivable;
- all securities owned or contracted on behalf of the Fund other than Units and rights to Units;
- all profit accrued on any profit-bearing investments owned or held for the Fund;
- all other investments held for the Fund; and
- all other assets of the Fund of every kind and nature, including prepaid expenses as valued and defined from time to time by The Board.

Any expense or liability attributable to the Fund may be capitalised and amortized over such period as The Board may determine (and The Board may from time to time determine to lengthen or shorten any such period) and the unamortised amount thereof at any time will also be deemed to be an asset.

**The assets attributable to the Fund are valued as follows:**

- all listed securities will be valued at Market Value,
- cash, unlisted securities and receivables will be valued at cost
- any assets not valued in accordance with the foregoing will be valued at their attributable fair values in accordance with commonly accepted international valuation standards.

If in any case a particular value is not ascertainable as above provided or if The Board shall consider that some other method of valuation better reflects the fair value of the relevant investment then in such case the method of valuation of the relevant investment shall be such as The Board in good faith in its absolute discretion shall decide.

Not with standing the foregoing, where at the time as of which the assets are being valued, any investment attributable to the Fund has been realised or contracted to be realised, they will be included in the assets on behalf of the Fund in place of such investment the net amount receivable on behalf of the Fund in respect thereof, provided that, if the net amount receivable is not payable until some future time after the time as of which the assets are being valued, The Board may make such allowances as they consider appropriate.

Any valuations made pursuant to this Prospectus will be binding on all persons; and the liabilities attributable to the Fund will be determined to include all its liabilities (including such amount as The Board determines to provide in respect of contingent liabilities) of whatsoever kind and nature except liabilities represented by Units. In determining the amount of such liabilities, The Board may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period. Where applicable, liabilities will be accrued from day-to-day.

In calculating the Net Asset Value the Management Body may rely upon such automatic pricing services as it shall determine or, if so advised by The Board may use information provided by particular pricing services, brokers, market makers or other intermediaries. In such circumstances, The Board shall not, in the absence of gross negligence or wilful default, be liable for any loss suffered by the Fund as a result of The Board basing its judgment on any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary.



Furthermore, in calculating the Net Asset Value, The Board shall instruct the Fund Manager to use reasonable endeavours to verify pricing information provided by the Fund Manager or any connected person but investors should note that in certain circumstances it may not be possible or practicable to verify such information.

In such circumstances, The Board will not be liable for any loss suffered by the Fund by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in such information.

In all cases the standard accounting practice (IFRS) and standards as per Omani law will be applicable on NAV calculation.

## **SUSPENSION OF NAV**

The Board may suspend the determination of the Net Asset Value for the whole or any part of a period during which:

a breakdown occurs in any of the means normally employed by The Board in ascertaining the value of investments attributable to the Fund; for any other reason the value of a substantial part of the investments attributable to the Fund cannot reasonably be ascertained; circumstances exist as a result of which, in the opinion of The Board, it is not reasonably practical to realise or to dispose of investments or fairly to determine the Net Asset Value; the remittance of funds which will or may be involved in the realisation of, or in the payment for, investments or the issue, sale or redemption of Units cannot in the opinion of The Board be carried out without undue delay and at normal rates of exchange; or Subscription and redemption will be suspended for any period during which the determination of the Net Asset Value has been suspended. Any application or subscription received or deemed received during any such suspension will be dealt by reference to the first business Day following termination of all relevant suspension(s) provided that all affected applicants will be notified of the suspension(s) and given an opportunity to withdraw the relevant application(s) prior to such business Day.

## **PUBLICATION**

The Net Asset Value per Unit will be notified to MSM and to the Unit holders on each business day by publishing on the website of the MSM and will also be available on request to the Fund Manager.



## CHAPTER XV

### SUBSCRIPTION AND REDEMPTION OF UNITS

This Prospectus constitutes an invitation to investors to subscribe to Units in Al Hilal MENA Fund (Sharia Compliant).

#### ELIGIBILITY FOR INVESTMENT IN THE FUND

The Fund is open for subscription to both Omani and non-Omani investors including individuals, companies, institutions, investment funds, investment trusts, pension funds, Government and semi-Government organisations.

#### PROHIBITIONS WITH REGARD TO THE APPLICATIONS FOR SUBSCRIPTION

The subscribers to the Units issued as mentioned hereunder shall not be permitted to participate in the subscription:

- **Trust accounts** - Whereas, the brokerage companies would be required to address their customers for the subscription in their personal names.
- **Applications made under joint names, including the applications made in the name of legal heirs** - Whereas, they or their legal attorney would be required to apply in their personal names.

#### SUBSCRIPTION ON BEHALF OF MINORS

For the purpose of this initial subscription, any person below 18 years of age as on last subscription date will be treated as a minor.

Only father may subscribe on behalf of his minor children.

If the subscription is made on behalf of a minor by any person other than the father he/she shall be required to attach a valid legal Power of Attorney issued by the competent authorities authorising him/her to deal in the Fund of the minor through sale, purchase and investment.

#### APPLICATION FORMS

The Prospectus and Application Forms for initial subscription can be obtained from the branches of the collecting bank(s) or from the office of the Issue Manager

After the closure of the Initial Subscription Period, the Prospectus and Subscription Forms for subsequent subscription will be available at all ahlibank and alhilal branches and at the office of the Fund Administrator.

#### SUBSCRIPTION PRICE

The Initial Subscription Price is Omani Rial 1.000 (One Omani Rial) per Unit

The initial subscription will also entail a charge of Omani Rial 0.020 in lieu of issue expenses.

In case of all subsequent subscriptions, the Units will be available for subscription at NAV per Unit on the Business day on which subscription funds are realised immediately preceding the relevant Subscription day, plus a Subscription Fee of 2%, which may be waived in whole or in part at the discretion of The Board.

#### MINIMUM SUBSCRIPTION

The minimum subscription into the Fund shall be 1000 Units for each subscriber and in multiples of 100 Units thereafter.

#### MAXIMUM SUBSCRIPTION

As per the current regulations of CMA, there is no maximum limit on the Unit-holding by a single investor.



## MINIMUM FUND VALUE AT INCEPTION

The Fund will not be established and all applications received for initial subscription shall be refunded unless valid subscriptions are received for a minimum of 2,000,000 (two million) Units during the Initial Subscription Period. This would translate into a minimum Fund NAV no less than Rial Omani 2,000,000 (two million) at inception.

## SUBSCRIPTION PERIOD

The Initial Subscription Period shall commence on 22 May 2013 at 8:00 am Oman Time (GMT +04:00), and end on 20 June 2013 at the closure of the bank's normal working hours (3:00 pm – Oman Time).

The subsequent subscription shall commence after publication of the first NAV of the Fund. Units will be available for subscription on submission of the Subscription Form to the Investment Administrator along with the payment, before 10:00 a.m. Oman Time (GMT +04:00) on any Business day (except during any period when the calculation of the NAV is temporarily suspended).

## REQUIRED DOCUMENTS FOR INITIAL AND SUBSEQUENT SUBSCRIPTIONS

Omani Nationals : Copy of National Identity card or Passport

Non-Omani Nationals : Copy of Identity card or Resident Card and Passport

Minors : Copy of Birth certificate and Copy of Identity card or Resident Card and Passport of Parent/Guardian

Corporate : Copy of Commercial registration certificate or equivalent there-of

Government Authorities and Pension Funds : Copy of the constitutive decree or decision or equivalent there-of

## SUBSCRIPTION METHOD

The subscribers shall be required, before filling the application form, to peruse the Prospectus and read the conditions and procedures governing the subscription with total care and importance.

The subscribers shall be required to fill in the complete subscription form and furnish all their particulars as required in the form, including the civil status number, date of birth in case of minor children, Commercial Registration number in case of companies and all other relevant supporting documents sought by this prospectus.

The subscribers applying for Units during the Initial Subscription Period shall be required to submit the Subscription Forms for initial subscription to one of the banks receiving the subscriptions (as referred to in the Prospectus) and make payment towards the Units as specified in the Prospectus; ensuring that the documents in support of the information furnished referred to above are enclosed.

All applications for subscription after the initial offer period should reach the Investment Administrator by 10:00 a.m. Oman Time (T day) with clear funds to receive the NAV of the same Business Day. Applications received after 10:00 a.m. Oman Time will be deemed to be received the next Business Day. Any subscription request received after 10:00 a.m. Oman Time on a Business Day will be carried forward to the next Business Day, unless the notice period is waived or the subscription request is revoked, in each case with the consent of The Board. The amount of any subscription request not met in full on a particular business day will be carried forward to the next business day, unless revoked with the consent of The Board.



Subscribers shall be required to furnish the particulars of their bank account (registered in the name of the applicant). The subscriber shall not use the bank account number of any other person except in case of minor children only.

Subscribers shall be required to submit a document in evidence of correctness of the bank account particulars as provided for in the application. This can be done by submitting any document from the bank of the subscriber furnishing therein account number and name of the account holder like the upper portion of the Account Statement issued by the bank containing these particulars only or a letter or any document issued by the said bank containing the relevant information. The subscriber shall ensure that the evidence submitted is clearly readable, contains account number and full name of the account holder.

In case of payment of the value of the subscription by cheque/demand draft, it shall be in favour of "Al Hilal MENA Fund".

The subscribers shall be responsible for furnishing all their particulars, ensuring correctness and validity of the information provided for in the subscription application forms.

### **ACCEPTANCE OF THE APPLICATIONS FOR SUBSCRIPTION**

The banks receiving the initial subscription and the Investment Administrator receiving the subsequent subscriptions shall neither receive nor accept the applications for subscription under the following circumstances:

- if the Subscription Form does not bear the signature of the subscriber;
- in case of failure to pay the full value of the Units subscribed in accordance with the conditions provided for in the Prospectus;
- if the value of the Units subscribed is paid through cheque and if the same is dishonoured for whatever be the reason;
- if the Subscription Forms are submitted under joint names;
- if the subscriber is a Trust Account;
- if the subscriber has subscribed through more than one Subscription Form in the same name;
- if the supporting documents referred to in the Prospectus are not enclosed with the a Subscription Form;
- if the application does not contain all the particulars of the bank account of the subscriber;
- if any particulars of the bank account held by the subscriber as provided for in the Subscription Form are noted to be incorrect;
- if the particulars of the bank account provided for in the application are found to be not relevant to the subscriber, with the exception of the applications submitted in the name of minor children, who are allowed to make use of the particulars of the bank accounts held by their father;
- in case of failure to have the Power of Attorney attached with the application as provided for in this Prospectus in respect of the person who subscribes and signs on behalf of another person (with the exception of a father who subscribes on behalf of his minor children);
- if the application has not complied with the legal and organisational requirements as provided for in the Prospectus.

In case of initial subscription, if the subscription bank observes, after receipt of the application and before expiry of the time schedule prescribed for handing over of the applications in a final manner to the Issue Manager, that the application has not complied with the legal requirements as provided for in the Prospectus, due effort would be taken in contacting the Subscriber so as to correct the mistake detected. In case of failure to have the mistake corrected within the period referred to, the bank receiving the subscription shall be required to return the application for the subscription to the subscriber, together with the subscription value before expiry of the period specified for handing over of the applications to the Issue Manager.



## **COLLECTING BANKS**

The following is the list of 'collecting banks' authorised to receive completed Application forms together with the value of Units subscribed during their official working hours during the initial subscription period:

1. ahlibank S.A.O.G
2. National Bank of Oman S.A.O.G
3. Oman Arab Bank S.A.O.C

The subscribers shall be responsible for submission of their Application Forms to any one of the above collecting banks before closing of the Initial Subscription Period. In this regard, the bank shall have the right not to accept any application for subscription that is received after the official working hours on the closing date of the Initial Subscription Period.

The bank receiving the initial subscription is required to accept the Application Forms after confirmation of compliance with the procedure and subject matter, in line with the requirements as provided for in this Prospectus. Hence, the bank shall instruct the subscribers to comply and fulfil any requirement that may appear in the application submitted.

## **REFUSAL OF SUBSCRIPTION**

In case of initial subscriptions, the Issue Manager may reject the subscription applications under any of the conditions referred to above, after securing the approval of CMA. The Issue Manager will submit a comprehensive report to the CMA, furnishing the details of the subscription applications that are rejected indicating reasons behind such rejections.

If, in case of initial subscriptions, it is observed by the Issue Manager that there are applications that bear the same civil number or the same bank account (with the exception of minor children) all such applications shall be rejected treating them as repeated.

## **REFUND OF THE SUMS PERTAINING TO THE REJECTED APPLICATIONS**

In case of initial subscription, the Issue Manager undertakes to refund the sums covered under the applications for the subscription that are rejected, through the banks receiving the subscription by transferring them to the bank account numbers provided for in the Subscription Forms, within 15 (fifteen) Business days from the Closing date upon the allotment of Units.

In case of subsequent subscription, the Investment Administrator undertakes to refund the sums covered under the applications for the subscription that are rejected, within three (3) Business days from the relevant Subscription day.



## NOTICE REGARDING ALLOTMENT

In case of initial subscriptions, the Issue Manager will issue allotment advice to the investors within 15 (fifteen) days from the Closing date upon the allotment of Units. The Issue Manager shall send notices with regard to the allotment to all the subscribers concerned, by post, as per the addresses specified in the Subscription Form, immediately on receipt of the approval of CMA concerning the allotment.

In case of subsequent subscriptions, the Investment Administrator will issue allotment notification within two (2) Business days from the relevant Subscription day.

Expected time schedule for completion of the initial subscription procedures:

PROCEDURE	DATE
Commencement of subscription	22 May 2013
Closing of subscription	20 June 2013
Due date for the Issue Manager to receive the subscription applications from collecting banks	24 June 2013
Notifying CMA of the outcome of the subscription and proposal with regard to the allotment	25 June 2013
Approval of CMA with regard to the proposal for the allotment	2 July 2013
Completion of the allotment procedures and refund of the money received on applications rejected	3 July 2013
Incorporation of the fund	As per CMA approval
Announcement of First NAV	10 Business days from the CMA approval
Commencement of subsequent subscription of units	30 days from the date of publication of the first NAV of the fund.

## RESPONSIBILITIES AND OBLIGATIONS

The Issue Manager, the banks receiving the initial subscription and the Investment Administrator, shall abide by the responsibilities and functions specified pursuant to the instructions and regulations laid down by CMA. The said bodies shall also abide by any other responsibilities that are provided for in the agreements entered into between them and the body issuing the Securities.

The parties concerned shall be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. The Issue Manager shall be the body responsible before the Surveillance Authorities in taking suitable steps and measures for repairing such damages.

## ENQUIRY AND COMPLAINTS

In case of initial subscription, the subscribers who intend to seek clarification or file complaints with regard to the issues related to the allotment or rejected applications; may contact the branch of the bank where the subscription was made. In case of absence of any response from the branch, the subscriber may contact the person concerned as hereunder:

	ahlibank S.A.O.G	National Bank of Oman S.A.O.G	Oman Arab Bank S.A.O.C
Contact Person	Sulaiman Ali Al Hinai	Koukab Al Hasni	Muhammad K Sabih
e-mail ID	sulaiman.alhinai@ahlibank-oman.com	koukabh@nbo.co.om	muhammad.kashif@oabinvest.com
Contact Number (Phone)	+968 2 457 7081	+968 2 477 8757	+968 2 475 4315
ContactNumber (Fax)	+968 2 456 7841	+968 2 477 8993	+968 2 482 7367



If the bank receiving the initial subscription fails to arrive at a solution or settlement with the person who has subscribed, it shall refer the subject matter to the Issue Manager, and keep the subscriber posted of the progress and development in respect of the subject matter of the dispute. The subscriber shall also keep in touch with the bank receiving the subscription to know the decisions arrived at.

In case of subsequent subscriptions, the subscribers who intend to seek clarification or file complaints with regard to the Units issued/rejected applications or redemption requests or refund of their funds, may contact the person named hereunder, at the office of the Administrator of the Fund:

Name: Mr. Younis Lal Bakhsh Al Balushi  
Designation: Business Development Manager  
Direct-line: +(968) 2 457 7881  
Mobile: +(968) 9 852 9171  
Fax: +(968) 2 479 3700  
E-mail: younis.albalushi@ahlibank-oman.com

### **REDEMPTION OF UNITS**

Every Unit-holder has the right to require the Fund to redeem its Units on any Redemption day (save during any period when the calculation of the NAV is temporarily suspended), at the Net Asset Value of the units of the Fund less redemption fee.

The maximum Redemption, on each business day, is limited to 5% of the Fund (or such lesser amount as the Fund Manager may determine from time to time). If the Fund receives Redemption requests for more than 5% of the Fund for any day, applications will be reduced and satisfied pro-rata amongst those requesting Redemption. Redemption requests not discharged, unless revoked by the Unit-holder with the consent of the Fund, will be carried forward to the next Business day, when they will take priority over later Redemption requests subject always to the overall limit for Redemptions in any day.

Units may be redeemed for cash on each Business day. Redemption requests should be addressed to the Investment Administrator. Redemption requests have to be given in writing or by tele-fax (if the Fund has previously received a completed indemnity with respect to faxed instruction) at the Investment Administrator's registered office.

To be effective, the request must refer to the Fund and contain full registration details, the number of Units to be redeemed and bank details for the payment of the Redemption proceeds.

Redemption requests for any Redemption day must be received by the Administrator, at the latest, by 3:00 pm Oman Time (GMT +04.00), three (3) Business days prior to the relevant Redemption day.

Redemption requests will be revocable only with the consent of the Fund and Units in respect of which Redemption requests have been received will not be transferable. Any requests received less than three (3) Business days before the requested Redemption day will be carried forward and treated as a Redemption request for the third Business day following the receipt of the Redemption request, unless revoked with the Fund's consent.

The Redemption price per Unit will be the NAV per Unit on the Business day preceding the Redemption day less, where applicable, a redemption fee as described below.

For the Units to be redeemed, the Fund reserves the right to charge up to 1% Redemption Fee deductible from the Redemption price and will be retained by the Fund Manager. The level of the fee may be amended by The Board at its discretion.

Units may only be redeemed for cash and there will be no Redemption in exchange for the transfer of interests in the securities and other assets of the Fund.

Settlements will be made by electronic bank transfer or by a cheque. Payment will be effected within five (5) Business days of the relevant Redemption day. Settlement amounts may be subject to bank charges levied by the Unit-holders' own (or a correspondent) bank.

In the event The Sharia Supervisory Board at the end of the Quarterly review for Sharia compliance of all investments of the Fund, determines an investment or a selection of investments to be non-compliant with Sharia principles; The investors who have redeemed their units during this period will be notified of the same and the impact of impure returns as a percentage of the NAV will be clearly stated.



## CHAPTER XVI

### UNIT OWNERSHIP

The Unit holders jointly hold the assets of the Fund, each holding an indivisible proportionate share, the proportion being equal to the proportion of the total number of Units in issue that is represented by the number of Units each holds.

All Unit holders shall have the following rights inherent in the ownership of the Units, namely:

- the right to receive such profits after expenses as may be derived from the investment activities of the Fund and as may be, within discretion of the Fund Management Board, distributed to Unit holders from time to time;
- the right to share in the distribution of the Fund's assets upon liquidation of the Fund;
- the right to inspect the annual balance sheet, profit and loss statement and cash flow statement and the other financial books of accounts and records relating to the Fund;
- the right to receive notice of and the right to participate and vote in any meeting of the Unit holders;
- the right to apply for the annulment of any decision by a meeting of the Unit holders or the Fund Management Board or the Fund Manager which is contrary to the law of the Sultanate of Oman or this Prospectus; and
- the right to institute actions against The Board, the Fund Manager or the Auditors of the Fund on behalf of the Unit holders.
- The right to request quarterly, half yearly and yearly financial accounts of the Fund.

Investors who hold at least 5% of the investment units may request the Fund Management Board to cancel any resolution adopted by the Fund Management Board or in the general meeting as the case may be, if such resolution is detrimental to the fund or investors. The request shall be referred to the same body which has issued the resolution, to decide on it.

### LIMITED LIABILITY

Upon payment of the subscription price in full, a Unit holder has no further financial liability to any party in respect of the Units or the liabilities of the Fund.

### VOTING RIGHTS

Each Unit holder has a right to exercise a vote at any meeting of Unit holders. Each Unit will represent one vote.

### ACCOUNTS AND REPORTS

The Fund Manager shall, within 60 days of the closing of each financial year, prepare the balance sheet and profit and loss accounts and further statement detailing the main items of revenues and expenditures duly audited by the Independent Auditor. These statements of accounts and reports shall be sent by ordinary mail to each Unit holder within 60 days of the close of each financial year. Quarterly and annually financial statements will be filed with the MSM information centre within 30 days of the end of the relevant quarter.

### REGISTER OF UNIT HOLDERS

The Investment Administrator will maintain the Unit holders' Register.

### PROFITS AND DIVIDEND DISTRIBUTIONS

The Unit holders are entitled to the net returns (profits) realised by the Fund after deducting all liabilities, including fees, expenses and tax. However, the Fund Manager has the discretion to distribute the profits as dividend or reinvest such profits without distributing them to the Unit holders.

The Fund Management Board may declare dividends, in respect of any financial period, to be paid to Unit holders out of the following:

- dividends received by the fund;
- realised or unrealised profits derived from the purchase and sale of securities.

Dividend distribution will be within the rules and regulations of CMA.



## **DIVIDEND ANNOUNCEMENTS AND PAYMENT**

Dividend and distribution announcements will be published in two daily newspapers in Oman, one in English and one in Arabic. Holders of Units may elect in writing to receive a dividend or distribution by cheque or payment by electronic bank transfer, net of bank charges. Unless specified otherwise, payment will normally be made in OMR. If requested, payment may be made in any other major currency freely convertible into OMR at the prevailing rate of exchange and subject to any applicable charges.

### **General Meeting**

The general meeting is the supreme authority of the fund and shall comprise of all unit holders.

Every unit holder or his proxy carrying a written authorisation may attend the general meeting and shall have one vote for every investment unit held.

The general meeting shall be held in accordance with the articles of association. The extraordinary general meeting may be held if the fund's interest so requires or in accordance with the law or regulation or on request by an investor or more who hold 10% or more of the fund's capital. However, in case of all of the following issues, the extraordinary general meeting shall be convened to consider:

- Amendment to the articles of association.
- Change of main investment objectives of the fund.
- Change in the frequency of calculation of NAV.
- Reducing the frequency or limits on redemption.
- Change of the funds status such as a merger, spinoff or conversion or other.
- Dissolution and liquidation of the fund.

Where The Board fails to convene the general meeting the Fund Manager shall convene it.

Notice to attend the general meeting shall not be valid unless it also includes the agenda. Notice to attend the general meeting shall be published, after approval by CMA, in at least two daily newspapers for two consecutive days. The notice shall be sent to the investor by ordinary post or delivered by hand or to his representative after recording his signature, at least two weeks prior to the date of the meeting together with authorisation form, agenda, memos and documents to be discussed by the meeting.

The Board will establish the agenda of the general meeting or it may be established by Fund Manager if the meeting is convened by the Fund Manager. The agenda shall also include proposals by any investor who holds at least 5% of the capital, provided the proposal was received at least two weeks prior to the date of sending the notice to the unit-holders to attend the meeting.

The general meeting shall not consider any issues that are not included in the agenda.

Investors and proxies who hold all the units of the fund may hold a general meeting without regard to the rules stipulated for such meeting. The meeting may adopt any resolutions within the authority of the general meeting.

The general meeting shall be valid if attended by investors or proxies representing at least 50% of the investment units in case of an ordinary general meeting and at least 60% for extraordinary general meetings.

Where the required quorum is not present, a second general meeting shall be called within one month from the date of the first meeting. The notice shall be published in the daily newspapers at least one week prior to the date of the meeting. The second extraordinary general meeting shall require attendance by investors holding at least 50% of the investment units.

Resolutions of the ordinary general meeting and extraordinary general meetings shall be adopted by absolute majority unless the articles of association of the funds provides for a higher percentage.

The general meeting shall be chaired by the chairman of The Board or its vice chairman and by the Fund Manager if it has called for the general meeting but the chairman and vice chairman are absent. The meeting shall appoint a secretary to record the minutes including deliberations, resolutions and votes. Every investor shall have the right to access the minutes.

CMA may send an observer to attend all general meetings, supervise its procedures and ensure that resolutions are adopted in accordance with the law. The minutes signed by the secretary and approved by the chairman of the meeting, auditor and the legal advisor, shall be filed with CMA within fifteen days from the date of the meeting.



## CHAPTER XVII

### DISSOLUTION AND LIQUIDATION OF THE FUND

The Fund has been established as an open-ended Fund but the Directors may, at any time, subject to prior approval of the CMA, purpose to dissolve the Fund at an extraordinary general meeting of shareholders of the Fund Company. If such a voluntary dissolution is adopted, the liquidation would be carried out in accordance with the laws and regulations in force in the Sultanate of Oman, which specify the steps to be taken to enable Unit Holders to participate in any liquidation distribution.

Upon liquidation of the Fund, the assets of the Fund will be allocated to Unit Holders after all 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 Oman Law, are satisfied.

Neither the death, bankruptcy, nor incapacity of a Unit Holder in the Fund nor the bankruptcy or resignation of the Fund Manager will terminate the Fund or in any way affect its continuity.

The Management of the Fund may recommend to the Unit-holders at the extraordinary general meeting to dissolve and liquidate the Fund for any reason including:

- Expiration of its term;
- Accomplishment of the objective for which the Fund was established pursuant to the Articles of Association and this Prospectus;
- Reduction of the net asset value (NAV) of the Fund to less than OMR 500,000;
- The Fund stops carrying out its business without legitimate reason;
- Reduction in the net asset value (NAV) to the extent that expenses incurred by the investors are unreasonably high;
- On recommendation by the Fund Manager; and
- On request by the CMA.

The general meeting may issue a resolution to dissolve and liquidate the Fund including the appointment of a liquidator, setting his fees and the liquidation process.

The powers vested upon the Fund Manager and service providers shall end immediately on appointment of the liquidator.

The proceeds of the liquidation shall be used to discharge the due and payable obligations of the Fund, after payment of dissolution and liquidation expenses. The balance shall be distributed to Unit holder on pro rata basis.



## Due Diligence Certificate by the Issue Manager

According to the responsibilities prescribed in Article (3) of Capital Market Law, its Executive Regulation and Instruction issued by CMA, we have examined all relevant documents and other materials in connection with the finalisation of the offer documents pertaining to Al Hilal MENA Fund (Sharia Compliant) whose issue manager is Ahli Bank SAOG. On the basis of such examination and the discussions with the Issuers Company, its directors and other officers, other agencies, independent verification of the of the Prospectus concerning the objects of the Issue, price justification and the contents of the documents mentioned in the Annexure and other papers furnished,

We confirm that:

We have carried out the required due diligence to ensure that the information included in the offer document forwarded to CMA are in conformity with the documents, materials and papers relevant to the issue.

All the legal requirements connected with the Issue under reference have been duly complied with.

The disclosures made in the offer documents (and its unofficial translation in English) are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue. We confirm that all efforts were made to ensure, this Prospectus does not contain any wilful misleading information or any material information, the wilful omission of which may, make the Prospectus misleading.

Ahli Bank S.A.O.G

DATE

11 March 2013



### Certificate of Legal advisor

The legal advisor whose name appears below confirm that all non-financial data and the issue procedures are consistent with the rules and regulations currently in force in the Sultanate of Oman and, insofar as the legal advisor is aware, based on the information supplied to him, confirm that no material information has been omitted, omission of which will render the Prospectus misleading.

Curtis, Mallet-Prevost Colt & Mosle LLP

(International Legal Advisors)

Signature

Stamp

Curtis, Mallet-Prevost, Colt & Mosle LLP

