

This fund has been established in accordance with the Investment Fund Regulations issued by the Board of the Capital Markets Authority pursuant to the letter number 166 dated 25/2/1429H corresponding to 3/3/2008G issued by the Capital Markets Authority.

The fund manager is EFG-Hermes KSA, a closed joint stock company established under the laws of the Kingdom of Saudi Arabia with Commercial Registration Number 1010226534 dated 03/12/1427H issued in Riyadh, and licensed by the Capital Markets Authority under licence number 06016-37dated 17/4/1427H.



## **The EFG-Hermes Saudi Arabia Equity Fund**

An open ended collective investment scheme incorporated by an agreement between EFG-Hermes KSA and each investor.

### **Information Memorandum**

Potential investors should read the entirety of this Information Memorandum and seek appropriate legal, tax, financial and other advice before making any investment decision.

The date of this Information Memorandum is 25/2/1429H corresponding to 3/3/2008G.

- **Important Notice**

- Potential investors should read the entirety of this Information Memorandum and seek appropriate legal, tax, financial and other advice before making any investment decision.
- There is a high level of risk attached to the Fund. Certain risks relating to the Fund can be found at section 2.10 of this Information Memorandum commencing on page 13.
- The Fund is an open ended collective investment scheme incorporated by an agreement between EFG-Hermes KSA and each investor and has been constituted in accordance with the Investment Fund Regulations issued by the Board of the CMA.
- This Information Memorandum contains full, true and plain disclosure of all material facts relevant to the Fund.
- Investors should not consider the opinions and views of the Fund Manager as a recommendation to invest in the Fund.
- The Fund's objective is to offer medium to long term capital appreciation through investment principally in Saudi companies.

No broker, dealer or other person has been authorised by the EFG-Hermes Saudi Arabia Equity Fund (the "**Fund**"), its directors or the Fund Manager to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of units in the Fund other than those contained in this document and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Fund, its directors or the Fund Manager.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for, or otherwise acquire, any units in the Fund by any person in any jurisdiction:

- (a) in which such offer or invitation is not authorised;
- (b) in which the person making such offer or invitation is not qualified to do so; or
- (c) to any person to whom it is unlawful to make such offer or invitation.

In particular:

- (i) the Fund is an unregulated collective investment scheme for the purpose of the Financial Services and Markets Act 2000, as amended (the "**Act**"), the promotion of which in the United Kingdom is restricted by section 238 of the Act. No units in the Fund may be offered or sold in the United Kingdom by an authorised person by means of this document other than in accordance with the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (SI 2001/1060), or the conduct of business rules of the United Kingdom Financial Services Authority (and in particular section 3.11 and Annex 5 thereof). Except as described above, no communication, including this document, made or issued in connection with units in the Fund may be passed on to any person in the United Kingdom except in accordance with the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (SI 2005/1529); and
- (ii) the units in the Fund have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"). The Fund is not a registered investment company under the U.S. Investment Company Act of 1940, as amended (the "**1940 Act**"). The Fund is therefore not subject to the provisions of the 1940 Act designed to protect investment company

shareholders. Accordingly, except as described below, the units in the Fund are not and will not be offered, sold or delivered, directly or indirectly, in the United States of America (including any state and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (collectively, the "United States"), or to or for the account of U.S. persons (as defined in Rule 902 under the 1933 Act) and are subject to restrictions on transfer. Notwithstanding the foregoing, the units in the Fund may be placed with a limited number of sophisticated investors in the United States under circumstances that do not require registration of the placement of the units in the Fund under the 1933 Act (or any state law) or cause the Company to become subject to registration under the 1940 Act.

**Investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Investors should inform themselves as to:**

- (i) the legal requirements within their own countries for the purchase, holding, redemption or other disposal of units in the Fund;**
- (ii) any foreign exchange restrictions which they might encounter; and**
- (iii) the income and other tax consequences which may apply in their own countries relevant to the purchase, holding, redemption or other disposal of units in the Fund.**

**Investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax and related matters concerning the Fund and an investment therein.**

**Investors should be aware that investment in the Fund carries risk. The Fund is only suitable for investment by Investors who are aware of and understand the risks involved and are able to withstand the loss of their invested capital in part or in whole. Investors are referred to section 2.10 below for a summary of certain of the risks involved.**

**The information in this document is, to the best of the Fund's directors' knowledge, accurate as at the date hereof, and neither the Fund, its directors nor the Fund Manager assume any responsibility for updating any of the information contained herein to reflect matters arising after the date hereof.**

## Fund Directory

Fund name: The EFG-Hermes Saudi Arabia Equity Fund.

Fund Manager: The Fund Manager is EFG-Hermes KSA, a closed joint stock company established under the laws of the Kingdom of Saudi Arabia with Commercial Registration Number 1010226534 dated 03/12/1427H issued in Riyadh, and licensed by the CMA under licence number 37-06016 dated 17/4/1427H.

The address of the Fund Manager is SkyTowers, 3rd Floor, NorthTower, Olaya, P.O. Box 300189, Riyadh11372Saudi Arabia.

Custodian, Administrator  
and Registrar

name and address: The custodian, administrator and registrar (the registrar being the service provider tasked with keeping a register of the Fund's Investors) of the Fund is HSBC Saudi Arabia Limited, 7267 Olaya Al Murooj, Riyadh 12283-2255Kingdom of Saudi Arabia

Auditor name and address: Ernst & Young, Saudi Arabia  
6th Floor, Al Faisaliah Office Tower, King Fahad Road,  
PO Box 2732, Riyadh 11461, Saudi Arabia

## Fact Sheet

Fund's Currency	Saudi Riyal (SR).
Risk Level	High risk.
Benchmark	The Fund will benchmark itself against Tadawul All Share Index (TASI) for the purposes of giving investors an indication of performance relative to an existing standard (but will not limit itself to investments that form part of the TASI).
Investment Strategy	<p>The Fund Manager will employ an active investment strategy for investment directly in:</p> <ul style="list-style-type: none"> <li>• equity securities listed on the Tadawul;</li> <li>• unlisted equity securities of companies operating in the Kingdom of Saudi Arabia, limited to 10 % of the Fund's portfolio by value at the time of acquisition of such unlisted equity securities, in anticipation of a listing of such securities within 18 months of the Fund's investment;</li> <li>• debt securities, being government and corporate bonds issued by issuers in the Kingdom of Saudi Arabia; and</li> <li>• cash or short term money market instruments.</li> </ul> <p>The Fund will not operate a strategy that excludes certain industries but will retain the highest possible degree of flexibility, although it will limit its investments to the Kingdom of Saudi Arabia.</p> <p>The Fund will effect its investments through long only strategies on equities, equity-related securities, debt securities, cash and short term money market instruments.</p>
Minimum Initial Subscription	SR50,000.
Minimum Additional Subscription	SR50,000.
Minimum Redemption	SR50,000.
Days of accepting subscription/redemption requests	Subscription/redemption requests will be accepted on all days on which the Tadawul is open. Requests received at or after 12 noon on Sunday and before 12 noon on Tuesday are expected to become effective on the next Wednesday. Requests received at or after 12 noon on Tuesday and before noon on Sunday are expected to become effective on the next Monday.
Cut off time for receiving subscription/redemption	12:00 noon Riyadh time on the Submission Day that immediately precedes the Dealing Day on which the

requests	investor wishes the subscription/redemption to become effective.
Dealing Days	Any Monday and Wednesday on which the Tadawul is open.
When the proceeds of redemption are paid to the investor	Within a maximum of four days of the Dealing Day concerned.
Subscription fee	Up to 2% upfront.
Management fee	2% annually (based on net asset value of the Fund).
Other fees	<p>Audit and review fees of SR65,000 per annum, subject to annual review.</p> <p>Custody and safekeeping fees for listed equities and fixed income investments of not greater than 9.25 bps per annum of the net asset value of the Fund, subject to a minimum annual fee of SR 90,000. Custody and safekeeping fees for investments in unlisted companies - on a per class of security basis at SR 3,750 per month.</p> <p>Administration fees of not greater than 13 bps per annum of the net asset value of the Fund, subject to a minimum annual fee of SR 90,000.</p> <p>Transaction fees for investments in unlisted companies - SR 562.50 per transaction and SR 150 per transaction for listed equities and fixed income investments.</p> <p>Registrar fees of SR 937 per month to cover 50 investors. SR 18.75 per month per investor for each additional investor above the initial 50 investors. 112.50 per subscription, redemption or transfer between investors in the Fund.</p>
Date of inception	7/3/1429H corresponding to 15/3/2008G.
Unit price at inception	SR10.

## CONTENTS

1.	Glossary.....	8
2.	Terms and Conditions .....	10
2.1	<i>Name of the Fund</i> .....	10
2.2	<i>Address of the Fund Manager</i> .....	10
2.3	<i>Date of inception</i> .....	10
2.4	<i>Regulator</i> .....	10
2.5	<i>Date the terms and conditions were issued</i> .....	10
2.6	<i>Subscription</i> .....	10
2.7	<i>Fund's currency</i> .....	10
2.8	<i>Fund's objectives</i> .....	11
2.9	<i>Investment strategies</i> .....	11
2.10	<i>Major risks</i> .....	13
2.11	<i>Fees and expenses</i> .....	15
2.12	<i>Dealing costs</i> .....	16
2.13	<i>Winding up and the appointment of a liquidator</i> .....	16
2.14	<i>Fund Board</i> .....	16
2.15	<i>Fund Manager</i> .....	18
2.16	<i>Custodian, Administrator and Registrars</i> .....	19
2.17	<i>Auditor</i> .....	20
2.18	<i>Annual audited financial statements</i> .....	20
2.19	<i>Characteristics of the units</i> .....	20
2.20	<i>Other information</i> .....	21
2.21	<i>Initial offers</i> .....	21
2.22	<i>Investment by the Fund Manager in the Fund</i> .....	21
2.23	<i>Subscription and redemption procedures</i> .....	21
2.24	<i>Valuation of the assets of the Fund</i> .....	23
2.25	<i>Dilution</i> .....	25
2.26	<i>Termination</i> .....	25
2.27	<i>Reporting to unitholders</i> .....	25
2.28	<i>Conflicts of interest</i> .....	25
2.29	<i>Voting rights policies</i> .....	26
2.30	<i>Changes to the terms and conditions</i> .....	26
2.31	<i>Complaints procedure</i> .....	26
2.32	<i>Governing law</i> .....	26
2.33	<i>Compliance with regulations</i> .....	26
SCHEDULE 1		
	Summary Financial Disclosure.....	27
SCHEDULE 2		
	Subscription Application Form .....	31
SCHEDULE 3		
	Redemption Application Form.....	41
SCHEDULE 4		
	Fund Management Arrangements.....	43

## 1. GLOSSARY

The following definitions apply throughout this Information Memorandum:

"Administration Agreement"	the agreement to be entered into on or about the date of this Information Memorandum between the Fund Manager and HSBC relating to the administration services to be provided by HSBC
"Administrator", "Custodian", "Registrar" or "HSBC"	HSBC Saudi Arabia Limited
"Agreement"	the Terms and Conditions together with the Subscription Application Form executed by an Investor and which together constitute the contractual agreement between the Fund Manager and the respective Investor
"Authorised Persons Regulations"	the regulations of the same name made by the CMA pursuant to the Capital Market Law under Resolution Number 1-83-2005 on 21/05/1426H (as amended or re-enacted from time to time)
"Business Day"	any day on which the Tadawul is open
"CMA"	Capital Market Authority of the Kingdom of Saudi Arabia
"Capital Market Law"	the Saudi Arabian Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H (as amended or re-enacted from time to time)
"Custody Agreement"	the agreement to be entered into on or about the date of this Information Memorandum between the Fund Manager and HSBC relating to the custody services to be provided by HSBC
"Dealing Day"	any Monday and Wednesday on which the Tadawul is open
"Fund"	EFG-Hermes Saudi Arabia Equity Fund
"Fund Board"	Hatem Adnan Akil, Abdulelah Akbar, and Nadim Defouni
"Fund Manager"	EFG-Hermes KSA, a closed joint stock company established under the laws of the Kingdom of Saudi Arabia with Commercial Registration Number 1010226534 dated 03/12/1427H issued in Riyadh, and licensed by the CMA under licence number 37-06016 dated 17/4/1427H
"GCC"	Gulf Co-operation Council
"GDP"	gross domestic product
"Investor"	An investor in the Fund
"TASI"	Tadawul All Share Index.. Whilst the Fund will



	not limit its investments to those securities that form part of the TASI, it will benchmark itself against the TASI for the purposes of giving Investors an indication of performance relative to an existing standard.
"Publication Day"	the Business Day immediately following the Dealing Day
"Registrar Agreement"	the agreement to be entered into on or about the date of this Information Memorandum between the Fund Manager and HSBC relating to the registrar services to be provided by HSBC
"Regulations"	Investment Fund Regulations issued by the Board of the CMA
"SABB"	The Saudi British Bank
"SAMA"	Saudi Arabian Monetary Agency, the Central Bank of the Kingdom of Saudi Arabia
"Settlement Day"	As described in section 2.23
"Subscription Application Form"	the subscription application form set out in Schedule 2
"Submission Day"	Any day on which the Tawadul is open
"SR"	Saudi Riyal
"Tadawul"	the Saudi stock exchange
"Terms and Conditions"	the terms and conditions of the Fund set out in this Information Memorandum

## 2. TERMS AND CONDITIONS

### 2.1 *Name of the Fund*

The name of the Fund is the EFG-Hermes Saudi Arabia Equity Fund.

### 2.2 *Address of the Fund Manager*

The Fund Manager can be contacted at the following address:

EFG-Hermes KSA  
3<sup>rd</sup> Floor  
Sky Towers  
North Tower  
Olaya  
P.O. Box 300189  
Riyadh 11372  
Saudi Arabia

Tel: +966 112938048/9

Fax: +966 112938032 (marked for the attention of Mohamed El-Emam)

Email: [amsales@efg-hermes.com](mailto:amsales@efg-hermes.com)

Further details of both the Fund and the Fund Manager, including the Fund's latest quoted net asset valuation, are available at [www.efg-hermes.com](http://www.efg-hermes.com) and [www.tadawul.com.sa](http://www.tadawul.com.sa), and will also be distributed through Bloomberg and Reuters.

### 2.3 *Date of inception*

The first subscriptions to the Fund were effected on **13/6/1429H** corresponding to 17/6/2008G and the Fund made its first investment during the second quarter of 2008.

### 2.4 *Regulator*

This Information Memorandum, including the Terms and Conditions contained herein, are prepared in accordance with the guidelines provided in the Regulations. The Fund is regulated by the CMA. EFG-Hermes KSA is licensed to operate as an asset management institution by the CMA.

### 2.5 *Date the terms and conditions were issued*

25/2/1429H corresponding to 3/3/2008G and updated following the approval of the CMA on 30/08/1436H corresponding to 17/06/2015G

### 2.6 *Subscription*

The minimum entry level for subscriptions to the Fund is SR50,000 (fifty thousand Saudi Riyals). The minimum additional subscription amount is SR50,000 (fifty thousand Saudi Riyals). After obtaining CMA approval, the Fund Manager reserves the right to change the minimum entry level for subscriptions to the Fund.

### 2.7 *Fund's currency*

The currency of the Fund is the Saudi Riyal (SR).

## 2.8 *Fund's objectives*

The Fund's investment objectives have been structured with a view to providing Investors with medium to long term capital appreciation. It intends to achieve these objectives by investing in:

- equity securities listed on the Tadawul;
- unlisted equity securities of companies operating principally in the Kingdom of Saudi Arabia, limited to 10 % of the Fund's portfolio by value at the time of acquisition of such unlisted equity securities, in anticipation of a listing of such securities within 18 months of the Fund's investment;
- debt securities, being government and corporate bonds issued by issuers in the Kingdom of Saudi Arabia; and
- cash or short term money market instruments.

Debt securities and cash collectively will not exceed 35% of the Fund's net asset value.

Further details on the Fund's principal investment strategies are set out at section 2.9 below.

## 2.9 *Investment strategies*

As noted in section 2.8 above, the Fund intends to provide Investors with medium to long-term capital appreciation. It intends to do this by pursuing the investment strategies set out below. Whilst the Fund will not limit its investments to those securities that form part of the TASI, it will benchmark itself against the TASI for the purposes of giving Investors an indication of performance relative to an existing standard. The fees payable to the Fund Manager will not, however, be determined by reference to performance measured against the TASI or another comparable.

### (a) Types of securities

The Fund Manager will employ an active investment strategy for investment directly in:

- (i) equity securities listed on the Tadawul;
- (ii) unlisted equity securities of companies operating in the Kingdom of Saudi Arabia, limited to 10 % of the Fund's portfolio by value at the time of acquisition of such unlisted equity securities, in anticipation of a listing of such securities within 18 months of the Fund's investment;
- (iii) debt securities, being government and corporate bonds issued by issuers in the Kingdom of Saudi Arabia; and
- (iv) cash or short term money market instruments.

Debt securities and cash collectively will not exceed 35% of the Fund's net asset value.

### (b) Concentration - industry and country

The Fund will not operate a strategy that excludes certain industries but will retain the highest possible degree of flexibility, although it will limit its investments to the Kingdom of Saudi Arabia.

(c) Transactions, techniques and instruments

The Fund will effect its investments through long only strategies on equities, equity-related securities, debt securities, cash and short term money market instruments.

(d) Other restrictions - type of securities/other investment assets

The investment strategy of the Fund will be subject to the following restrictions:

- (i) The Fund will not hold in excess of 5% of the issued securities by value of any issuer.
- (ii) The exposure of the Fund to a single issuer will not exceed 15% of the Fund's net asset value at any time.
- (iii) The Fund will not hold more than 10% of its net asset value at any time in any class of security issued by any single issuer (at the time of acquisition of such securities), with the exception of securities issued by the Government of the Kingdom of Saudi Arabia.
- (iv) The Fund Manager may hold more than 10% of the Fund's net assets in securities issued by any single issuer, provided that the proportion of such an investment of the Fund's total net assets does not exceed the free float weight of the Tadawul represented by that issuer.
- (v) The Fund may not invest more than 10% of its net asset value from time to time in illiquid investments.
- (vi) The Fund may not acquire any asset that involves the assumption of any liability that is unlimited or assume, guarantee, endorse or otherwise become directly or contingently liable for any obligation or indebtedness of any other person (whether natural or legal).
- (vii) The portfolio of the Fund may not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or securities which can be converted into cash within five days from the Fund's portfolio.
- (viii) The Fund may not lend to any person (whether legal or natural), but it may acquire debt instruments in conformity with the investment objectives of the Fund set out in this Information Memorandum.

(e) Borrowing powers

The maximum borrowing of the Fund will not exceed 10% of its net asset value at the time of effecting such borrowing except in the case of borrowing from the Fund Manager or an affiliate of the Fund Manager to meet redemption requests pursuant to the Investment Funds Regulations.

(f) Securities market

The Fund may invest in securities listed on the Tadawul. In addition, the Fund may invest in unlisted securities, debt securities and cash or short term money market instruments, subject always to the investment restrictions set out in this Information Memorandum.

(g) Investment in other funds

The Fund will not acquire units of another investment fund if (i) the total units of all acquired investment funds owned by the Fund would in aggregate exceed 10% of the Fund's net asset value at the time of acquisition or; (ii) the total units of any given acquired investment fund would exceed 10% of the net asset value of that acquired investment fund at the time of such acquisition.

2.10 *Major risks*

Investing in the Fund involves a high degree of risk. Investors should carefully consider the following risks, and all information contained in this Information Memorandum, before investing in the Fund. Additional risks and uncertainties that are not set out below or that are currently believed to be immaterial may also adversely affect the investment returns and net asset value of the Fund. The risks below are not set out in any order of importance.

(a) Principal risks

The following specific risks may have a material negative effect on the value of the Fund's investments. Such depreciation of the value of the underlying investments of the Fund may negatively affect the value of any investment in the Fund:

(i) Applicable laws and regulations

The businesses in which the Fund is seeking to invest may be subject to numerous laws, including those relating to health and safety, licensing, antitrust, financial regulation, and environmental concerns. Such businesses may also be subject to laws that govern their relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and redundancy, pension and employment benefits and work permits. Changes in applicable laws, or interpretations of existing laws or regulations, could require changes to current business practices, or substantially increase the costs and reduce the profitability of the businesses in which the Fund has investments.

(ii) Capital erosion risk

If the Saudi Arabian market were to fall, the Fund's net asset value would likely drop in line with the market decline, although it may be reduced to a greater extent than underlying market falls.

(iii) Conflicts of interest

Due to the widespread operations undertaken by the Fund Manager and the directors of the Fund and their respective affiliates, employees and agents, conflicts of interest may arise. For example, any such party may promote, manage, advise, sponsor or be otherwise involved in other collective investment vehicles and, in particular, conflicts could arise relating to the allocation of investment opportunities between the Fund and such other collective investment schemes or other clients of any such party. In such circumstances the Fund Manager has agreed to allocate such opportunities equitably between such clients and the Fund. The Fund Manager has agreed to use best efforts to resolve any such conflict equitably.

(iv) Economic risks

The Fund's returns will be affected in general by economic and political developments in or affecting the Kingdom of Saudi Arabia (and other countries in which companies in which the Fund may invest carry on their business). Although the Kingdom of Saudi Arabia continues to pursue a policy of divergence to enhance the contribution of non-oil sector to its GDP, oil income will continue to play a pivotal role in its economic planning and development. Consequently, any sustained down-turn in oil prices is likely to have a negative impact on the Kingdom's overall economy, with the potential for adverse ripple effects felt at all micro levels, including on the TASI and the Fund.

(v) Equity risk

Investment funds that invest in listed equities are affected by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices will generally rise, as will the net asset value of investment funds that own these shares. On the other hand, share prices usually decline in times of general economic or industry downturn. Equity securities of certain companies or companies within a particular industry sector may fluctuate differently from the overall stock market because of changes in the outlook for those individual companies or the particular industry.

(vi) Investment in smaller companies

The companies in which the Fund may invest may include small unlisted companies and listed companies which have a low market capitalisation. Investment in the securities of smaller companies can involve greater risks than is customarily associated with larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is frequently less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.

(vii) Issuer-specific risk

The market value of an individual issuer's securities can be more volatile than the market as a whole. As a result, if a single issuer's securities represent a significant portion of the net asset value of the Fund's assets, changes in the market value of that issuer's securities may cause greater fluctuations in the Fund's net asset value than would normally be the case. A less-diversified fund may also suffer from reduced liquidity if a significant portion of its assets is invested in any one issuer, although this is mitigated by the investment restrictions detailed in section 2.9 (d) above.

(b) Risk and return

Investment in the Fund carries the risk of loss of part or all of an Investor's investment. The degree of this risk varies considerably from one investment fund to the next. Prior to making an investment in the Fund, an Investor should seek professional advice to determine whether an investment in the Fund is appropriate for that Investor.

Money market funds can be the least volatile, but may have the lowest returns. Equity funds can be the most risky. The value of investment funds can change from day to day because the value of the securities in which they invest can be affected by changes in interest rates, the economy, financial markets or company news. When an Investor redeems its investment fund units, they may be worth less than when it bought them.

(c) Not a deposit with a bank

An investment in the Fund is not a deposit with any local bank sponsoring, selling or otherwise affiliated with the Fund but is the acquisition of a unit in the Fund. The assets of the Fund will be owned collectively by the Investors and each Investor will own an undivided interest. The Fund Manager will establish a separate local bank account in the name of the Fund with HSBC into which it will deposit all monies from Investors and from which it will debit payments for investments in investee companies and expenses incurred in the operation and administration of the Fund in accordance with the Terms and Conditions.

Each Investor acknowledges that the Fund Manager has made him or her aware of, and that the Investor understands, the risks inherent in investing in the Fund and the Fund's trading in securities and other investments, resulting in the possible loss of part or all of the Investor's investment.

#### 2.11 *Fees and expenses*

Investors acquiring units in the Fund will be required to pay a management fee accruing twice weekly at the annual rate of 2% of the net asset value of the investment of that Investor in the Fund to the Fund Manager. The management fee is payable to the Fund Manager on a quarterly basis. Investors will be required to pay an upfront subscription fee of not greater than 2% of investments made into the Fund.

The Fund will be liable for the following costs and expenses (which shall be paid out of the Fund's assets):

- Annual audit fees are SR 65,000 per annum, subject to annual review.
- Custody and safekeeping fees, as agreed under the terms of the Custody Agreement, for listed equities and fixed income investments and charged as of each Dealing Day at a rate of not greater than 9.25 per annum of the net asset value of the Fund, subject to a minimum annual fee of SR 90,000.
- Custody and safekeeping fees for investments in unlisted companies on a per class of security basis at SR 3,750 per month.
- Remuneration of the Fund Board is on the basis of an annual fee per independent Director not to exceed SR10,000. Non-independent Directors will not receive an annual fee. In addition, travel and accommodation expenses will be covered.
- Transaction fees (being fees paid to third party advisers in connection with the acquisition of investments by the Fund) for investments in unlisted companies at SR 562.50 per transaction and for listed equities and fixed income investments at SR 150 per transaction.
- Administration fees, as agreed under the terms of the Administration Agreement, charged as of each Dealing Day at a rate of not greater than 13 bps per annum of the net asset value of the Fund, subject to a minimum annual fee of SR 90,000.

- Registrar fees, as agreed under the terms of the Registrar Agreement, SR 937 per month to cover 50 investors. SR 18.75 per month per investor for each additional investor above the initial 50 investors. SR 112.50 per subscription, redemption or transfer between investors in the Fund.

Please also refer to Schedule 1 to this Information Memorandum for the Summary Financial Disclosure required to be provided in annex 1 to the Regulations.

#### 2.12 *Dealing costs*

The Fund will bear any costs of dealing in securities forming part of the assets of the Fund in accordance with the terms of the Custody Agreement.

#### 2.13 *Winding up and the appointment of a liquidator*

##### (a) Termination

The Fund Manager has the right to terminate the Fund on not less than two months' notice to Investors, subject to having obtained the prior written approval of the CMA. Upon serving notice of termination of the Fund, the Fund Manager will seek to liquidate the Fund's assets, discharge its liabilities and distribute any remaining proceeds to Investors in proportion to their respective investments on the date of the liquidation distribution.

##### (b) Replacement

In accordance with the Regulations, the CMA shall have the power to appoint a replacement fund manager or a liquidator or to take any other measure it deems appropriate.

#### 2.14 *Fund Board*

##### (a) Directors

The Fund's board of directors currently has three members. Two directors, Abdulelah Akbar and Nadim Defouni, are independent and the third, Hatem Adnan, is nominated by the Fund Manager. All directors are appointed by the Fund Manager subject to approval by the CMA. Hatem Adnan has been appointed as the Chairman of the Fund's board of directors.

The Fund Board will meet at least twice annually to oversee the Fund's compliance with all regulations, and approval of all material contracts. The Fund Board has a fiduciary responsibility to ensure that the Fund is managed in the best interests of Investors. Fund directors are remunerated for their services; please see Schedule 1 to this Information Memorandum (Summary Financial Disclosure) for the Fund Board's compensation.

Set out below are brief biographical details of each of the directors.

#### **Hatem Adnan Akil**

Mr. Akil joined Hermes Securities Brokerage, a subsidiary of EFG-Hermes Holding SAE in 2005G and is currently a Vice President and Senior Account Manager handling HNWI clients across the GCC region. Prior to joining EFG-Hermes, Mr. Adnan worked in the finance departments of the International Development Programmes in Egypt and Puttmeister AG in Germany. Mr. Adnan graduated from the Modern Science & Arts University in Cairo, Egypt with a Bachelor in Economics and then completed his MBA program at Edinburgh Business School, graduating in 2005G. He also passed Level I of the Chartered Financial Analyst program in 2010G.



## **Abdulelah Akbar**

Mr. Akbar is the Chief Executive Officer of Sadan Real Estate and Development in Jeddah, Kingdom of Saudi Arabia, with a history of 15 years in the banking sector. Prior to joining Sadan Real Estate & Development, Mr. Akbar held the title of Director at EFG- Hermes KSA, Jeddah office. Mr. Akbar also worked as the Head of Retail at National Bank of Kuwait with the objective of expanding retail banking business in the Saudi market. Prior to that, he was the Head of Affluent Banking at National Commercial Bank and a key member of several committees involving the strategic planning of the business. Mr. Akbar was also a key founder and board member at Dari Real Estate & Development Company, where he was a member of the investment committee in addition to being a member of the firm's executive committee.

## **Nadim Defouni**

Nadim Defouni is a Partner in charge of strategy and business development at Cotimag, an Egyptian company that supplies pulp, paper and board to the various industries in Egypt. His responsibilities include the design and implementation of market entry strategies for new products on the Egyptian market.

More recently, Mr. Defouni worked at The Boston Consulting Group (BCG) as a Senior Consultant in their London and Dubai offices. Prior to that, Mr. Defouni worked at ING Barings in London in their mergers and acquisitions department.

Mr. Defouni is a graduate of Boston University's School of Management with a concentration in Finance and holds an MBA from Bocconi University in Milan. He was also awarded the UK's securities and financial derivatives representative certificate in 1998.

### **(b) Fund directors' responsibilities**

The Fund directors' responsibilities include but are not limited to the following:

- The approval of all material contracts, decisions and reports involving the Fund;
- Overseeing and, where appropriate, ratifying any conflict of interests disclosed by the Fund Manager in accordance with the Regulations;
- Meeting at least twice annually with the Fund Manager's compliance officer (compliance committee) and with the Fund Manager's responsible for the disclosure regarding money laundering and terrorism funding, in order to ensure the fund Manager's compliance with all applicable laws and regulations;
- The approval of any recommendations submitted by a liquidator in case of its appointment;
- Ensuring the completeness and compliance of the Fund's terms and conditions with the Regulations;
- Ensuring that the Fund Manager is undertaking its responsibilities in the best interest of the unitholders, in accordance with the Fund's terms and conditions and the Regulations;
- To act with integrity and for the benefit of the Fund and the Fund's unitholders.

### **(c) Capacity of directors with regards to other funds (and names of other funds)**

Please see section 2.14 (a) above.

## 2.15 *Fund Manager*

### (a) Manager

The Fund Manager is EFG-Hermes KSA. Its principal place of business is, and it can be contacted at:

EFG-Hermes KSA  
3rd Floor  
Sky Towers  
North Tower  
Olaya  
P.O. Box 300189  
Riyadh 11372  
Saudi Arabia

Tel: +966 11 2938048/9

Fax: +966 112938032(marked for the attention of Mohamed El-Emam)

Details of the services that the Fund Manager will provide to the Fund are set out in Schedule 4.

### (b) Other business activities

Save as set out below, the Fund Manager has no business activities other than acting as the manager of the Fund. The Fund Manager has been licensed by the CMA to engage in the following activities:

- dealing as principal or agent and underwriting;
- acting as manager for the purpose of establishing and managing investment funds and for the purpose of managing portfolios;
- arranging;
- advising; and
- custody for the purpose of the procedures and administrative arrangements relating to investment funds and managing portfolios and international equity brokerage.

### (c) Conflicts of interest

The Fund Manager has agreed, amongst other matters, to the following:

- it will use best efforts to resolve conflicts of interest between the Fund and either (i) other collective investments schemes with which it or (ii) its affiliates are involved or its clients equitably;
- it will allocate investment opportunities between (i) the Fund, (ii) other collective investment schemes with which it or its affiliates are involved and (iii) its clients equitably; and
- the Fund Manager will treat each Investor equally and will not give any preference to any individual Investor.

### (d) Functions delegated to third parties

The Fund Manager has delegated certain function to third parties as set out below:

- Custody services have been delegated to HSBC on the terms of the Custody Agreement.
- The administration of the Fund (including corporate secretarial services) has been delegated to HSBC on the terms of the Administration Agreement.
- Share registrar and transfer agent services have been delegated to HSBC on the terms of the Registrar Agreement.

(e) Authorised person

The Fund Manager has been authorized by the CMA to engage in certain activities, including, amongst others, acting as manager for the purpose of establishing and managing investment funds and for the purpose of managing portfolios. Its licence number is 37-06016.

2.16 *Custodian, Administrator and Registrars*

HSBC has been appointed as the custodian, administrator and registrar of the Fund's assets but will not have any supervisory role or ensure compliance of the Fund with applicable laws. By subscribing for an interest in the Fund, each investor is deemed to have accepted the terms and conditions of the Custody Agreement, Administration Agreement and Registrar Agreement, a copy of each of which is available for inspection by prior appointment with the Fund Manager.

(a) Custodian

The assets of the Fund will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the Custody Agreement.

The Custodian has the benefit of a standard indemnity from the Fund Manager in relation to claims made against it due to actions properly carried out under the Custody Agreement.

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

(b) Administrator

The Administrator will provide administrative services in respect of the Fund pursuant to the Administration Agreement and will be responsible for the general administration of the Fund, which includes amongst other things, arranging calculation of asset valuations and fees, and administration of uninvested cash of the Fund.

The Administrator has the benefit of a standard indemnity from the Fund Manager in relation to claims made against it due to actions properly carried out under the Administration Agreement.

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

(c) Registrar

The Registrar is responsible for keeping the register of unit holders of the Fund and arranging for the issue and redemption of units of the Fund pursuant to the Registrar Agreement.

The Registrar has the benefit of a standard indemnity from the Fund Manager in relation to claims made against it due to actions properly carried out under the Registrar Agreement.

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

2.17 *Auditor*

The Fund Manager has appointed Ernst & Young, Saudi Arabia to act as the Fund's auditor. As part of its audit services, Ernst & Young, Saudi Arabia will conduct an audit on the annual net asset valuation of the Fund as at 31 December as prepared by the Fund Manager and will review an unaudited net asset valuation as at 30 June of each year. Auditor liability is capped at an amount equal to fees paid.

2.18 *Annual audited financial statements*

Investors will be provided with audited annual financial statements, in accordance with generally accepted auditing standards in Saudi Arabia, within 90 calendar days of the 31 December year-end. Interim (half-yearly) reviewed reports will be provided within 45 calendar days of the end of the relevant reporting period. Reports will be provided by email and/or in hard copy, as required.

2.19 *Characteristics of the units*

The Fund Manager may issue an unlimited numbers of units in the Fund, all of a single class. Each unit represents a proportional share in the underlying investments equal with each other unit. Each Investor owns an undivided interest in the assets of the Fund, based on the net asset value of the units held by him.

An Investor obtains no specific rights to the whole or any specific part of the underlying investments in the Fund. The Fund Manager is authorised to exercise all rights attached to the underlying investments held by the Fund including, but not limited to, voting rights and the rights to attend general meetings of the company concerned.

All units are held in uncertificated form. The Registrar maintains a record of all Investors. The Investor will receive a quarterly record of transactions along with the then-current total net asset value and the number and net value of units in the Fund held by that Investor. The Registrar maintains records and accounts with respect to the assets, liabilities, income and expenses pertaining to the Fund and the Fund's assets are clearly segregated from those of the Fund Manager. HSBC remains responsible for the register.

Redemption of units and the payment of Fund liabilities can be effected only from the assets of the Fund, without recourse to the assets of the Fund Manager, or any delegated party.

## 2.20 *Other information*

### (a) *Taxation considerations*

Investors who are in any doubt about their tax position should seek professional advice to ascertain the consequence of acquiring, holding, redeeming or otherwise disposing of units.

### (b) *Anti-money laundering*

Additional documentation beyond the subscription form may be required to comply with Saudi Arabian money laundering regulations and to verify the identity of investors. This information will remain confidential. The Fund Manager and the Administrator reserve the right to request such further documentation or information from a prospective investor as may be required. Failure to provide documentation will result in the rejection of a subscription.

The Fund will at all times comply with all circulars issued by SAMA pertaining to anti money laundering and terrorist financing. Pooled funds or financial intermediaries will also be required to provide money laundering regulations' compliance declaration.

## 2.21 *Initial offers*

No minimum amount must be raised through Investor contributions before the Fund will start to make investments.

## 2.22 *Investment by the Fund Manager in the Fund*

The Fund Manager will make an initial seed investment of SR18.75million (the SR equivalent of US\$5million) in the Fund.

## 2.23 *Subscription and redemption procedures*

	<b>Submission Day</b>	<b>Dealing Day</b>	<b>Publication Day</b>	<b>Settlement Day</b>
<b>Fund Events</b>	Date of submitting Subscription Application Forms and Redemption Application Forms	Issue and redemption of units in the Fund	Publication of net asset value of Fund	Day on which redemption amounts are remitted
<b>Weekdays</b>	Any day on which the Tadawul is open	Monday and Wednesday	The Business Day immediately following the Dealing Day	As soon as is reasonably practicable following the Dealing Day concerned and not to exceed four Business Days

### (a) *Deadline for submission of subscriptions*

Applications for subscriptions and redemptions of units in the Fund may be made on any Submission Day. The deadline for the submission of Subscription Application Forms and Redemption Application Forms is 12:00 noon Riyadh time on the Submission Day that immediately precedes the Dealing Day on which the Investor wishes the form to become effective. The Fund Manager shall determine the date upon which the form becomes

effective (which, save when there is a defect within the form, it expects to be on the next Dealing Day).

(b) Dealing Days

Subscriptions for the units in the Fund will be effected and units in the Fund will be issued on the next Dealing Day immediately following the Submission Day on which a Subscription Application Form is submitted.

Redemptions of the units in the Fund will be effected on the next Dealing Day immediately following the Submission Day on which a Redemption Application Form is submitted. The redemption amounts will be remitted to the Investor on the Settlement Day and in accordance with the provisions set out in section 2.23 (e).

The calculation method for the price at which subscriptions and redemptions are effected is set out in section 2.23 (b).

(c) Maximum period that may elapse between subscription and investment in the Fund

Payment for the units in the Fund should be made (in Saudi Riyals) by one of the methods described below, so as to arrive by no later than 12:00 noon Riyadh time on the Submission Day that immediately precedes the Dealing Day on which the Investor in question wishes its subscription to become effective.

By inter-bank transfer to the following account:

Bank: SABB

Account number: 086-005394-158

Account name: EFG SA EQUITY FD-SUBSCRIPTION

Inter-bank transfers should be marked for credit to The EFG-Hermes Saudi Arabia Equity Fund and sent with the duly completed and signed application form to HSBC to the address set out on the face of the Subscription Application Form.

(d) Procedures for submitting instructions to purchase or redeem units

Investors wishing to purchase units in the Fund shall do so by completing, signing and sending the Subscription Application Form via e-mail or fax (followed by the original form by mail), to the Fund Manager at the address/number as set out in the Subscription Application Form, together with the investment amount and any other documentation required to be submitted. Investment in the Fund will only be executed upon receipt of cleared funds. Payment for units should only be made in Saudi Riyals; if the payment is made in any other currency, it will be converted to Saudi Riyals on the basis of the exchange rate set from time to time by HSBC Saudi Arabia Limited, the Fund's Administrator. Third party payment will not be accepted. Notwithstanding receipt of the signed Subscription Application Form or compliance with any other requirements, the Fund Manager reserves the right to refuse any subscriptions or additional investment without giving any reason. In this case, the Fund Manager will refund the Investor the subscription amount submitted within four business days of receipt.

(e) Maximum period that may elapse between redemption and payment to the Investor of the proceeds of redemption

Investors wishing to redeem units in the Fund shall do so by completing, signing and sending the Redemption Application Form in writing or fax (followed by the original form by

mail), to the Fund Manager at the address/number as set out below. Remittance of redemption amounts will be made in Saudi Riyals by inter-bank transfer on the Settlement Day following the Dealing Day on which the Redemption Application Form is submitted. Proceeds of redemption of units will only be paid to the account of the unit holder account; third party payments are not permissible.

Investors may elect to redeem all or part of their investment in the Fund (subject to a minimum redemption of SR50,000 or an Investor's entire holding in the Fund if less than SR50,000). If any redemption would reduce an Investor's investment in the Fund to less than the minimum initial participation amount specified (being SR50,000), that Investor's entire investment may be required to be redeemed at the Fund Manager's discretion. The Fund Manager is not bound to redeem more than 10% of the total number of units in the Fund on any Dealing Day, if it does receive redemption requests in excess of such amount on any Dealing Day, will honour redemption requests on a pro rata basis. Any excess redemptions will be made on the next Dealing Day in priority to Redemption Application Forms received subsequently.

If the valuation of the Fund is suspended for any reason, any Redemption Application Form submitted on the suspension date or thereafter may be redeemed on the next Dealing Day following the end of the suspension.

- (f) Minimum number or value of units that an Investor must hold or seek to sell or redeem

The minimum investment amount of each prospective Investor is SR50,000. Redemptions resulting in Investors holding less than SR50,000 may, at the discretion of the Fund Manager, result in the redemption of such Investor's entire holding in the Fund.

- (g) Entitlement of Fund Manager, circumstances in which he may defer or refuse subscriptions or redemptions

The Fund Manager may at his own discretion defer or refuse subscriptions or redemptions provided that if the Fund Manager seeks to defer redemptions of less than 10% of the total number of units in the Fund on any Dealing Day, the Fund Manager shall seek the approval of the CMA.

- (h) Transfer of Units

*Subject to the Minimum Initial Subscription, the unit holder is permitted to transfer a portion or all his units in the Fund to another party (the "Transferee") by submitting a written and signed request that includes (1) the full name of the Transferor, (2) the number of units to be transferred, and (3) information on the Transferee. The Transferee will also need to complete & sign the Subscription Application form and submit the complete documentation to satisfy AML requirements.*

## 2.24 Valuation of the assets of the Fund

- (a) Net Asset Value

The assets of the Fund will be valued on each Dealing Day on the basis of net asset value, being defined as: current market prices of the Fund's assets less all charges calculated as at close of business on the date of valuation, whether paid or accrued. Securities and assets held by the Fund and quoted on a stock exchange shall be valued at their closing price on the date of valuation.

- (b) Calculation method

Subscription and redemption prices are based on the net asset value and will be calculated by HSBC in Saudi Riyal twice weekly on each Dealing Day, i.e. each Monday and Wednesday on which the Tadawul is open on the basis of the Fund's investments determined at the close of business on the previous day and if this day is a public holiday then the net asset value will be calculated on the basis of the Fund's investments determined at the close of business on the Business Day immediately preceding the Dealing Day. The net asset value so calculated will form the basis for determining subscription and redemption prices. Details of subscription and redemption prices and the net asset value will be published at [www.tadawul.com.sa](http://www.tadawul.com.sa) and [www.efg-hermes.com](http://www.efg-hermes.com) and will also be available on request from the Fund Manager, as well as being circulated through Bloomberg and Reuters. In addition, Investors will be sent details of the net asset value and a brief report on the Fund's performance on a monthly basis.

The net asset value will be determined by subtracting the liabilities of the Fund (including, without limitation, its accrued expenses (including accrued management fees and such amount in respect of contingent or projected expenses as the directors of the Fund consider fair and reasonable)) from the value of the Fund's assets (including without limitation, any unamortised expenses).

The assets of the Fund will be valued in accordance with the methods determined from time to time by the Fund Board. Listed investments will be valued on the basis of the most recent available closing price as derived or reported by Reuters or any other reporting or information system in common use. Unlisted securities and quoted securities for which a price is unavailable will be valued on such basis as may be determined by the Fund Manager.

Liabilities and deposits will be valued with accrued interest or at market prices as appropriate. If the directors of the Fund consider that any of these valuation rules do not give rise to a fair value or if they consider by reason of market illiquidity, currency export restrictions or otherwise that the Fund could not reasonably be expected to realise an investment at such value, they may adopt or approve such other valuations as they consider fair in the circumstances. The net asset value per unit is calculated by ascertaining the net asset value of the Fund and dividing such sum by the number of units in issue (including any units to be redeemed).

Subscription and redemption prices will be calculated as follows:

- Subscription price

The subscription price per unit shall equal the net asset value per unit as at the relevant date plus a front end charge of up to 2% of the net asset value per unit.

- Redemption price

The redemption price per unit shall equal the net asset value per unit as at the relevant date.

As will be appreciated from the above methodology, the subscription price on any given date will never be lower than the redemption price on the same date. Where there are both subscriptions and redemptions to be effected in the same cycle, the difference between the subscription and redemption prices will be less than would otherwise have been the case, as cash received on subscriptions can be applied to pay redemption monies, thereby reducing both acquisition and disposal costs.



(c) Unit price publication

The Fund's net asset value and unit price will be published by 10:00 a.m. Riyadh time on each Publication Day using the calculation methods set out in section 2.24(b). Current unit prices will also be available at [www.efg-hermes.com](http://www.efg-hermes.com) and [www.tadawul.com.sa](http://www.tadawul.com.sa) as well as being distributed via Bloomberg and Reuters.

(d) Dividends and distributions

The Fund is an income accumulation Fund whereby its net income will be reinvested in the Fund and not distributed as dividends on the units. Reinvestment of income will be reflected in the value and price of the units.

2.25 *Dilution*

There will be no dilution charge.

2.26 *Termination*

If the Fund Manager determines that the value of the Fund's assets is insufficient to justify continued operation of the Fund or if the Fund Manager deems any change in law, regulation or other circumstances to be an appropriate reason for terminating the Fund, the Fund Manager may, upon giving notice of its intention to do so to the Investors and after CMA approval, terminate the Fund after giving 60 days' notice to the Investors. In such case, the Fund's assets will be liquidated, its liabilities discharged and the remaining proceeds of such liquidation distributed to the Investors within 30 days of such notice in the proportion which their units bear to the total units then ascertained by the Fund Manager to be in issue.

2.27 *Reporting to unitholders*

Investors will receive twice weekly net asset valuations of the Fund, a monthly investment report and a copy of the Fund's semi-annual report and audited financial statements. Investors will also receive a quarterly record of transactions along with the then-current total net asset value and the number and net asset value of units in the Fund held by that Investor.

2.28 *Conflicts of interest*

By investing in the Fund, each Investor acknowledges and accepts that members of the EFG-Hermes KSA Group, including the Fund Manager, their affiliates or directors, officers, agents or employees may, from time to time, have a position in, or underwrite any investment held in, the Fund, purchase or sell such investments for its other customers and have banking relationships with companies with which the Fund is dealing. The Fund Manager may, from time to time, deal on the Fund's behalf with its affiliates upon terms no less favourable to the Fund than would be obtained from a non-affiliated counterparty. The Fund Manager will report to the directors on a half-yearly basis full details of the volume of brokerage handled by its affiliates and entities related to directors of the Fund the amount of brokerage commission charged.

The Fund Manager will use its best efforts to resolve any conflicts between the Fund and other collective investment schemes managed by, or clients of, the Fund Manager or its

affiliates equitably. Should a material conflict of interest actually arise, the directors of the Fund will endeavour to ensure that it is resolved fairly.

#### 2.29 *Voting rights policies*

After consulting with the EFG-Hermes KSA compliance officer, the Fund's board shall approve the general policies relating to the exercise of the voting rights granted to the Fund pursuant to the securities that represent part of the Fund's assets. The Fund Manager shall decide in its discretion, after consultation with the compliance officer, whether the voting rights should be exercised or not, and if so, how they should be exercised.

#### 2.30 *Changes to the terms and conditions*

Terms and conditions of the Fund may be changed at any time in accordance with the provision of the Regulations. The Fund Manager will notify Investors of all material changes and furnish the amended Terms and Conditions to Investors within 30 days of obtaining CMA approval and in case of material changes not less than sixty days in advance of the effective date of such changes. Any such changes shall be binding on all Investors.

#### 2.31 *Complaints procedure*

If an Investor has any complaint regarding the Fund, he should address his complaint to:

Compliance Officer  
EFG-Hermes KSA  
PO Box 300189 Riyadh 11372  
Fax +966 (11) 2938032 (marked for the attention of Mohamed El-Emam)  
Email: amcompliance@efg-hermes.com

The EFG-Hermes KSA complaints procedure is available upon request from the above address.

#### 2.32 *Governing law*

The Fund is regulated by the laws of the Kingdom of Saudi Arabia and subject to the rules and regulations issued from time to time by the CMA. The Terms and Conditions Fund are subject to changes in these rules and regulations.

Any disputes arising between the parties in relation to, or in connection with the Terms and Conditions shall be referred to the Committee for the Resolution of Securities Disputes.

#### 2.33 *Compliance with regulations*

These Terms and Conditions and all other documentation relating to the Fund comply with the Regulations. They contain accurate, fair and true representations and disclosures of all material facts relevant to the Fund.

## SCHEDULE 1

### Summary Financial Disclosure

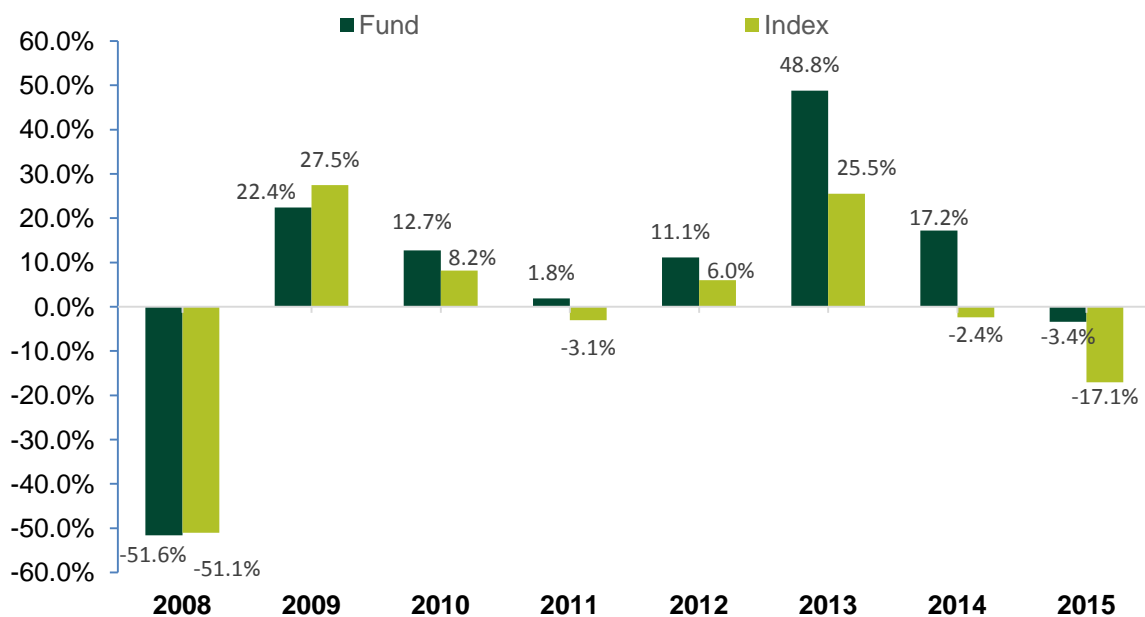
		Actual fees and expenses for FY 2015(SR)	Actual fees and expenses for FY 2015 (% of average total NAV)
1. Subscription Fees	Up to 2%	N/A	
2. Management Fees	2% annually (based on net asset value of Fund), paid quarterly in arrears.	SR 1,995,838.47	2.0%
3. Audit and Review Fees	SR65,000 per annum, subject to annual review, paid semi-annually.	SR65,000	0.065%
4. Dilution Fees	Not applicable	N/A	
5. Independent Fund Board Compensation	Annual fee per independent Director not exceeding SR10,000. In addition, travel and accommodation expenses will be covered. (Non-independent directors will not receive an annual fee).  Director fees are paid annually in arrears.	SR20,000	0.02%
6. Minimum Initial Subscription	SR50,000		
7. Minimum for Additional Subscription and Redemption	SR50,000		
8. Minimum Balance	SR50,000		
9. Submission Day	The day for receipt of subscription or redemption applications, being any day on which the Tadawul is open		
10. Dealing Day	Units in the Fund are sold and redeemed on any Monday and Wednesday on which the Tadawul is open		
11. Publication Day	The valuation of the Fund's assets is published The Business		

	Day following the Dealing Day concerned		
12. Settlement Day	The redemption amount is remitted to the Investors as soon as is reasonably practicable, and not exceeding four Business Days following the Dealing Day concerned.		
13. Unit Price at Inception	SR10		
14. Custody and Safekeeping Fees	<p>Custody and safekeeping fees for listed equities and fixed income investments - not greater than 9.25 bps per annum of the net asset value of the Fund, subject to a minimum annual fee of SR 90,000.</p> <p>Safekeeping fees for investments in unlisted companies - on a per class of security basis at SR 3,750 per month.</p> <p>Custody fees are paid monthly in arrears.</p>	<p>SR 141,656.48</p> <p>N/A</p>	0.142%
15. Administration Fees	<p>Not greater than 13 bps per annum of the net asset value of the Fund, subject to a minimum annual fee of SR 90,000.</p> <p>Administration fees are paid monthly in arrears.</p>	SR 130,303.28	0.131%
16. Transaction Fees	<p>For investments in unlisted companies - SR 562.50 per transaction.</p> <p>For listed equities and fixed income investments - SR 150 per transaction.</p> <p>Transaction fees are paid monthly in arrears.</p>	<p>N/A</p> <p>SR 86287.50</p>	0.086%
17. Registrar Fees	Registrar fees of SR 937 per month to cover 50 investors, for each additional investor (above initial 50) SR 18.75 per month per investor. SR 112.50 per subscription, redemption or transfer between investors in the Fund.	SR 14887.50	0.015%

	Registrar fees are paid monthly in arrears.		
18. Dealing Costs	Dealing costs differ per broker and are paid at the time of trading.	SR 417,726.85	0.419%
19. Past Fund Performance (versus the TASI)	1 Year Performance (As of 31/12/2015)	-3.4% (versus 17.1-%)	
	3 Year Performance (As of 31/12/2015)	52.7% (versus 5.8%)	
	5 Year Performance (As of 31/12/2015)	72.8%(versus 4.4%)	

### Annual Total Return versus TASI Index

June 17, 2008 to December 31, 2015



\*Fund launched in June 17<sup>th</sup>, 2008

The prices of securities listed on the stock market in the Kingdom of Saudi Arabia have been subject to sharp fluctuations and volatility over the past period. Neither the past performance of the investment fund nor the past performance of the TASI is an indication of how the investment fund will perform in the future. There is no guarantee for unitholders that the

investment fund's absolute performance or its performance relative to the index will repeat or match past performance.

### Hypothetical Table

Assuming a Class A Investor invested 1,000,000 SR, a fund size of 120,000,000 SR and a return of 10%.

	<b>Investor (SR)</b>	<b>Class A %</b>
<b>Subscription Fee</b>	<b>20,000</b>	<b>2.00%</b>
Registrar Fees	94	0.01%
Audit Fees	542	0.05%
Director Fees	167	0.02%
Custody Transaction Fees	625	0.06%
<b>Total Annual Fixed Fees &amp; Expenses</b>	<b>1,427</b>	<b>0.14%</b>
Admin Fees	1,344	0.13%
Custody Fees	956	0.10%
Management Fees	20,679	2%
<b>Total Variable Fees</b>	<b>22,979.91</b>	<b>2.23%</b>
<b>Return</b>	<b>100,000</b>	<b>10%</b>
<b>End of Year Balance</b>	<b>1,055,593</b>	

\*Assuming the fund has less than 50 investors

\*Assuming zero subscriptions/redemptions/transfers during the year

\*Assuming 500 transactions

## SCHEDULE 2

### Subscription Application Form

#### Notes for completion of Subscription Application Form

1. This Subscription Application Form refers to the above Terms and Conditions and together they constitute a legally binding document (the "Agreement") that governs the basis on which the Investor subscribes for units in the Fund and the basis on which the Fund Manager manages the Fund.
2. By signing the Subscription Application Form you confirm that you have read and that you accept the Terms and Conditions of the Agreement.
3. If you have any queries please contact:

EFG-Hermes KSA

3rd Floor

Sky Towers

North Tower

Olaya

P.O. Box 300189

Riyadh 11372

Saudi Arabia

Tel: +966 11 2938048/9

Fax: +966 11 2938032 (marked for the attention of Mohamed El-Emam)

Email: [amsales@efg-hermes.com](mailto:amsales@efg-hermes.com)

4. Please complete, sign and send the Subscription Application Form in writing or fax (followed by the original form by mail) to:

Securities Services Department

HSBC Saudi Arabia Limited

7267 Olaya

Al Murooj, Riyadh 12283-2255

Kingdom of Saudi Arabia

Fax Number +966 11 299 2348

together with the investment amount and any other documentation required to be submitted. If you send this Subscription Application Form by fax or telex, please ensure that you also send the original Subscription Application Form to the above address in writing.

## Schedule 2

### Subscription Application Form

#### Application Summary - Guidance notes

	<b>Particulars</b>	<b>Guidance Notes</b>
(1)	<b>Name of the Fund</b>	The EFG-Hermes Saudi Arabia Equity Fund
(2)	<b>Name of the Fund Manager</b>	EFG-Hermes KSA KSA Head Office 3rd Floor Sky Towers North Tower Olaya P.O. Box 300189 Riyadh 11372 Saudi Arabia
(3)	<b>Acknowledgment of the Terms and Conditions</b>	<i>A clear statement that the Investor has received and accepts the terms and conditions of the investment fund</i>
(4)	<b>Name and Address of the Investor</b>	<i>And the name and address of joint subscriber if applicable</i>
(5)	<b>Iqama Number or National Civil Identification Number or Company Registration Number of the Investor</b>	<i>And the details of the joint subscriber if applicable</i>
(6)	<b>Nationality of the Investor</b>	<i>And nationality of the joint subscriber if applicable</i>
(7)	<b>Subscription Date</b>	<i>Value date for which the transaction will be effected</i>
(8)	<b>Amount of Subscription</b>	<i>The total amount paid by the subscriber (including fees)</i>
(9)	<b>Method of Payment</b>	<i>Bank transfer</i>
(10)	<b>Signature</b>	<i>The signature of the subscriber</i>
(11)	<b>Contract Date</b>	<i>Date of completing this form</i>



	<b>Particulars</b>	<b>Guidance Notes</b>
	<b><i>For office use only</i></b>	
(12)	<b>Office</b>	<i>HSBC office</i>
(13)	<b>Employee</b>	<i>HSBC individual who accepted the subscription</i>
(14)	<b>EFG-Hermes KSA Client I.D. number</b>	

## 1. Regulations

This Agreement constitutes a legally binding document that governs the basis on which the Investor subscribes for units in the Fund and the basis on which the Fund Manager manages the Fund. The Investor confirms that it acts as principal and not as agent or otherwise on behalf of someone else in its dealings with the Fund Manager. The Investor also confirms that his investment objectives are in line with the defined objectives of the Fund as set out in the Terms and Conditions.

This Agreement takes effect once the Fund Manager receives from the Investor an executed copy of this Agreement and cleared funds in the investment amount.

This Agreement is subject to the Regulations, issued by the CMA, based on the Capital Market Law and the rules made thereunder, including the Authorised Persons Regulations and all other applicable rules and regulations that may be in force from time to time.

If there is any conflict between this Agreement and any of the Regulations, the Regulations shall prevail to the extent of the inconsistency.

The Fund Manager may take, or refrain from taking, any action it considers necessary to ensure compliance with any such Regulations and it will not be liable in respect of any such action taken in good faith. Whatever the Fund Manager does, or refrains from doing in relation to the Fund, in order to comply with the Regulations will be binding on the Investor. Any actions it takes, or refrains from taking, for the purpose of complying with the Regulations will not render the Fund Manager or any of its directors, officers, employees or agents liable to the Investor.

This Agreement applies identical terms and conditions to all Investors and contains all the terms agreed between the Fund Manager and the Investor and supersedes any prior agreement, understanding or arrangement between them, whether oral or in writing. No representation, undertaking or promise shall be taken to have been given or be implied from anything said or written in negotiations between the Fund Manager and Investor prior to this Agreement except as expressly stated herein. Neither the Fund Manager nor the Investor shall have any remedy in respect of any untrue statement made by the other upon which that party relied in entering into this Agreement (unless such untrue statement was made fraudulently or was as to a fundamental matter including a matter fundamental to the other party's ability to perform its obligations under this Agreement) and that party's only remedies shall be for breach of contract.

The Investor acknowledges that all transactions under this Agreement are subject to the aforementioned regulatory requirements and the Investor shall not thereby be given any independent legal or contractual rights with respect to such transactions.

The Terms and Conditions and other investment fund documentation comply with the Regulations and, in the opinion of the Fund Manager, contain full, true and plain disclosures of all material facts relevant to the Fund.

## 2. The Investors

The Investor can be a single person, joint person, an establishment, a partnership or a limited liability company, or any other legal entity.

In the event that the Investor is two or more persons then, unless indicated otherwise, an investment made in the Fund shall be considered the joint property of such persons who, individually and severally, authorise the Fund Manager to act upon written instructions of all, both, or any one of such persons.

All details given by the Investor to the Fund Manager in relation to his contact particulars are, and shall remain, current and complete.

In the event that the Investor is an establishment, a partnership or a limited liability company then, prior to such an Investor commencing investments in the Fund, such Investor shall furnish to the Fund Manager a copy of its commercial registration, Articles of Association, Partnership Agreement, corporate resolutions listing the authorised signatories, or any other documentation deemed necessary, in a form satisfactory to the Fund Manager.

The Fund Manager reserves the right to refuse an Investor's application if the Fund Manager is not satisfied with any part of the documentation supplied.

### 3. Investment Information

The Investor acknowledges that:

(i) any market recommendations and information communicated to him by the Fund Manager or by any person employed by or representing the Fund Manager, does not constitute an offer to buy, sell or hold units in the Fund,

(ii) such recommendation and information, although based upon information obtained from sources believed by the Fund Manager to be reliable, may be based solely on the Fund Manager's opinion and that such information may be incomplete and may be unverified, and

(iii) the Fund Manager makes no representation, warranty or guarantee as to, and shall not be responsible for, the accuracy or completeness of any information furnished to the Investor.

The Investor acknowledges that the Fund Manager and/or its officers, directors, affiliates, associates, stockholders or representatives may have a position in or may intend to buy or sell securities, and that such persons' market position may not be consistent with the securities held by the Fund.

### 4. Fund Management and Third Party Services

Under the Agreement, the Investor along with all others investing in the Fund, requests and authorises the Fund Manager to invest the Fund's assets in accordance with the Fund's investment objectives and strategies. The Fund Management Arrangements are set out in Schedule 4.

The Investor authorizes the Fund Manager to appoint, on such terms as the Fund Manager sees fit, any investment company, bank or other financial institution inside the Kingdom of Saudi Arabia to act as investment advisor, or sub-manager, correspondent bank, broker or securities dealer and to pay the fees and expenses of any such person from the assets of the Fund.

The Fund Manager exercises reasonable professional care and applies the standards required under the Authorised Persons Regulations in the selection of third

parties to render services in connection with any investments and transactions therein. The Investor accepts that any third party firm or individual acts as an independent contractor, not as an agent of the Fund Manager, and the Fund Manager shall not be liable for any act or omission by any such party nor shall the Fund Manager be liable for any losses, damages, liabilities or expenses incurred by the Investor arising from the failure of any such party to perform their functions correctly, accurately or within the customary or requisite time, or from the insolvency of any such party.

Redemption of units and the payment of Fund liabilities can be effected only from the assets of the Fund, without recourse to the assets of the Fund Manager or any delegated party. An Investor obtains no specific rights to the whole or any specific part of the underlying investments in the Fund's portfolio.

The Fund Manager shall provide the Fund Board with all necessary information relating to the Fund, to enable the Fund directors to perform their duties completely.

#### 5. Confidentiality

Subject to the dissemination of information to Investors herein, the details of the Fund transactions shall be treated as confidential, except to the extent that information is disclosed:

- (a) pursuant to any applicable law, regulation or code of conduct, or
- (b) by order of a court of law, or
- (c) in response to an inquiry by a regulatory or governmental authority concerning information reasonably required by them in the course of their official duties, and subject to assurances that such information will be used only for the purposes specified and will otherwise be kept confidential.

The Fund Manager may disclose details of the Investor's relationship with the Fund Manager to authorised third parties with whom the Fund Manager deals in the performance of the agreed investment services on behalf of the Investor, for their confidential and internal use and/or as a requirement of processing transactions on behalf of the Investor.

#### 6. Limitation of the Fund Manager's Liability

Neither the Fund Manager nor any affiliate of the Fund Manager, nor any of the Fund Manager's or its affiliates' respective directors, officers, employees or agents shall be liable to the Investor for any loss, damages, costs, expenses or other liabilities suffered by the Investor or the Fund's assets, unless such outcome is caused by such persons' grossly negligent action or omission.

Under no circumstances shall the Fund Manager or any affiliate of the Fund Manager, or any of the Fund Manager's or its affiliates' respective directors, officers, employees or agents, be liable to the Investor for indirect or consequential losses, including any failure to realize any profit, advantage or opportunity.

Without prejudice to the foregoing provisions of this Agreement, and for the avoidance of doubt, the Investor expressly acknowledges and agrees that:

- (d) the Fund Manager makes no representation or warranty as to the performance or profitability of any underlying investments in the Fund and the Fund Manager shall have no liability or responsibility for any decline in the value of an underlying investment or the Fund assets; and
- (e) the Fund Manager shall be entitled to rely, in the performance of its obligations hereunder, on the opinion and statements of third party professional advisors which it will select with reasonable care and instruct in good faith and shall not be liable to the Investor for any adverse effect of having relied thereon.

The above limitations on the Fund Manager's liability apply in so far as they are not inconsistent with the Fund Manager's obligations under the Capital Market Law or the Regulations.

#### 7. Mailing Address

The Investor shall be responsible for providing the Fund Manager with his current contact particulars including mailing address, electronic mail (e-mail), landline and mobile telephone numbers and, in the case of an Investor which is not a natural person, the name of the individual or individuals who represent that Investor, at all times and for advising the Fund Manager promptly of any change therein.

All statements, advices and other written communications by the Fund Manager shall be mailed, or e-mailed, to the Investor's mailing/electronic address provided in the Agreement or to such other address as shall have been furnished by the Investor to the Fund Manager in writing.

In the event that Investor does not provide the Fund Manager with a correct mailing and/or electronic mail address or specifically advises the Fund Manager that he does not wish to receive any mailings, including statements and advices, with respect to their investments, then the Investor is deemed to have agreed to indemnify and hold the Fund Manager harmless in respect of, and to waive, all of his rights or claims against the Fund Manager arising directly or indirectly from the non-provision of statements, advices or other information relating to the investment, or because of such non-provision, the Investor's inability to respond to or seek rectification of any errors or alleged errors in such statements, advices, or other information.

#### 8. Electronic Services

The Investor understands and agrees that the Fund Manager may communicate with the Investor through electronic mail providing confirmations, periodic account statements, prospectuses, proxy statements and reports in lieu of sending a hardcopy of these documents or communications, and these documents shall be deemed to be "written" documents for purposes of law that require delivery of a written document. (The Fund Manager will mail a hardcopy of these documents or communications to the Investor's mailing address upon written request.) Notices and other communications delivered to the electronic mail address provided by the Investor shall, until the Fund Manager has received notice in writing of any different electronic mail address, be deemed to have been personally delivered to the Investor whether actually received or not. The Investor agrees to notify the Fund Manager promptly of any change in the Investor's electronic mail address. The Investor understands and agrees that any electronic mail, order or other message the Investor sends to the Fund Manager through electronic media shall be deemed "signed" by the Investor if transmitting it requires Investor's user ID and password.

9. Force Majeure

The Fund Manager shall not be in breach of its obligations under this Agreement and shall not be liable to the Investor for any loss caused directly or indirectly by Force Majeure, including, without limitation, acts of government, exchange or market rulings, suspension of trading, inability to communicate with market makers for whatever reason, breakdown of the computer systems of third parties or other machine failure, impediments to the supply of goods or equipment, or any other cause or conditions beyond the control of the Fund Manager.

If any Event of Force Majeure occurs, the date(s) for performance of the obligation(s) affected shall be postponed for so long as is made necessary by the Event of Force Majeure.

The Fund Manager will use all reasonable endeavours to minimize the effects of any Event of Force Majeure.

10. Due Diligence and Suspicious Operations

The Investor shall ensure that the monies used to subscribe to the Fund are not of suspicious or criminal origin. If the Fund Manager detects that the structure or size of the Investor's orders deviate from normal or they have no obvious financial purpose or they do not match with the Investor's financial position or business operations, or if the Fund Manager has reason to suspect the legal origin of monies related to the business operations, the Fund Manager is obliged to discontinue operations for investigation or refuse business and immediately inform the anti-money laundering authorities of the situation and deliver any information and documents on request which may be important to investigate the suspicion.

The Fund Manager reserves the right to carry out the transactions for business reasons after which the matter must be reported to the Anti-Money Laundering authorities immediately. The Fund Manager is not according to law allowed to inform the Investor of the notification of the suspicious transaction.

11. Sharing of Information

Information necessary to open the Investor's account, processing his transactions and to comply with applicable laws will be shared to the extent required between the Fund Manager and third parties (banks and agents) selected by the Fund Manager. The Investor also agrees that such information may also be shared with authorities.

12. Notices

Any notice, consent, request, claim, demand, instruction or other communication given or made hereunder shall be deemed to be sufficiently given or made if in writing and delivered by post-paid registered mail or express courier service (with way bill confirmation) or facsimile delivered or sent to the unit holder at his address or fax number or email address provided by him.

Damages resulting from the use of the postal services, courier and electronic means of communication, especially from loss, delay, misunderstanding, mutilation or double dispatch are to be borne by the Investor, provided that the Fund Manager has

not acted with negligence. In case of litigation, the onus of proof is borne by the Investor.

13. Death of the Investor

In case of an individual Investor, the Terms and Conditions shall be fully binding upon the heirs, executors, administrators, personal representatives, trustees and successors of the Investor and the Investor's agreement to the Terms and Conditions shall not be terminated automatically upon the death or disability of the Investor.

In the event that the Investor is a legal entity, this Agreement shall not terminate automatically on the death, disability, insolvency or dissolution of any partner or shareholder therein.

Notwithstanding the foregoing, however, the Fund Manager shall be entitled, at its sole discretion, to suspend any dealings in connection herewith, pending receipt by the Fund Manager of a court order, power of attorney or other evidence satisfactory to itself of the authority vested upon the heirs, executors, administrators, personal representatives, trustees or successors to permit such dealings.

14. Severability

If any provision or condition of this Agreement shall be held to be invalid or unenforceable by any court or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition was not contained herein.

15. Rights and Remedies

The rights and remedies of the parties in connection with this Agreement are not exclusive of any other rights or remedies provided by laws

16. Governing Law

The Fund is regulated by the laws of the Kingdom of Saudi Arabia and subject to the rules and regulations issued from time to time by the CMA. The Terms and Conditions Fund are subject to changes in these rules and regulations.

Any disputes arising between the parties in relation to, or in connection with the Terms and Conditions shall be referred to a special disputes settlement committee or any other authority nominated in this place.

I/we have read, understood, accepted, received and signed a copy of the Funds' terms and conditions and the annexes attached thereto.

**Investor's Name:** \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

For Corporate Investors: \_\_\_\_\_

Authorised Signatory(ies): \_\_\_\_\_

Company's Stamp: \_\_\_\_\_

**Address(es):** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Email:** \_\_\_\_\_  
\_\_\_\_\_

**Mobile:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_

**Fax Number:** \_\_\_\_\_



### SCHEDULE 3

#### Redemption Application Form

	<b>Particulars</b>	<b>Guidance Notes</b>
(1)	<b>Name of the Fund</b>	The EFG-Hermes Saudi Arabia Equity Fund
(2)	<b>Name of the Fund Manager</b>	EFG-Hermes KSA KSA Head Office 3rd Floor Sky Towers North Tower Olaya P.O. Box 300189 Riyadh 11372 Saudi Arabia
(3)	<b>Name and Address of the Investor</b>	<i>And the name and address of joint redeemer if applicable</i>
(4)	<b>Iqama Number or National Civil Identification Number or Company Registration Number of the Investor</b>	<i>And the details of the joint redeemer if applicable</i>
(5)	<b>Nationality of the Investor</b>	<i>And nationality of the joint redeemer if applicable</i>
(6)	<b>Redemption Date</b>	<i>Value date for which the transaction will be effected</i>
(7)	<b>Amount of Redemption or Number of Units to be Redeemed</b>	<i>The total amount paid to the Investor on redemption (net of any fees payable on redemption)</i>
(8)	<b>Method of Receipt</b>	<i>Bank transfer</i>
(9)	<b>Signature</b>	<i>The signature of the redeemer</i>
(10)	<b>Contract Date</b>	<i>Date of completing this form</i>
	<b><i>For office use only</i></b>	
(11)	<b>Office</b>	<i>HSBC office</i>

(12)	<b>Employee</b>	<i>HSBC individual who accepted the redemption</i>
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## **SCHEDULE 4**

### **Fund Management Arrangements**

#### **1. APPOINTMENT OF THE FUND MANAGER**

- 1.1 Pursuant to section 1 of the Terms and Conditions, EFG-Hermes KSA has been appointed as the Fund Manager.
- 1.2 The Investors acknowledge that the Fund Manager has full power and discretionary authority on behalf and for the account of the Fund to take such action and execute and deliver such documents as the Fund Manager deems necessary or desirable bearing in mind the Fund's investment objectives.
- 1.3 The Investors acknowledge that the Fund Manager has full authority to bind the Fund in connection with the above and to delegate its authority.

#### **2. DUTIES**

- 2.1 The Fund Manager will render such investment management and related services to the Fund as the Fund may from time to time require in connection with the investment, management and realisation of the cash and other assets of the Fund including the following:
  - (a) identifying and evaluating suitable investment opportunities for possible investment by the Fund;
  - (b) advising on the merits, structure and financing of any acquisition or disposal of any investment;
  - (c) investing and reinvesting the assets of the Fund in investment opportunities;
  - (d) negotiating and arranging acquisitions, disposals and other transactions in or relating to the investment opportunities of the Fund;
  - (e) making such representations to sellers of investment opportunities or purchasers of the assets of the Fund, and to other persons, that the Fund Manager may deem proper in such circumstances;
  - (f) advising the Fund of all rights or discretionary actions in relation to the Fund's investments including, without limitation, voting rights and of the date or dates by when such rights must be exercised or such action taken;
  - (g) if reasonably required by the Fund, to make available one of its individual executives or nominate some other suitable person to serve on the board of any investee company (but in no event where such appointment or nomination of a board member would in itself result in adverse tax consequences for the Fund or the Fund Manager);
  - (h) if reasonably required by the Fund, to exercise voting, management, consultation and other rights attaching to or related to the investments;
  - (i) monitoring the performance of the Fund's assets and making recommendations in relation thereto;

- (j) determining the valuation of the Fund and calculating the amount of any distributions or redemptions to be made by the Fund to the Investors from time to time;
- (k) engaging consultants, technical advisers, counsel, accountants or such other persons as the Fund Manager may deem necessary or advisable in carrying out the above duties;
- (l) assisting in engaging such support services as Fund shall require;
- (m) if reasonably required by the Fund, preparing material (including valuations) for inclusion in reports of the Fund; and
- (n) generally assisting in transactions to which the Fund is a party.

2.2 In carrying out his duties hereunder, the Fund Manager shall have due regard to and comply with:

- (a) the Terms and Conditions;
- (b) the Regulations, issued by the CMA, based on the Capital Market Law and the rules made thereunder, including the Authorised Persons Regulations and all other applicable rules and regulations that may be in force from time to time; and
- (c) any other matter to which a prudent investment manager and adviser should reasonably pay regard in the proper discharge of its duties.

### **3. PROFESSIONAL ADVICE**

In carrying out its duties hereunder, the Fund Manager may in his discretion obtain and pay for such expert or professional advice or services as may be necessary or desirable for the performance of its duties hereunder and in particular, but without prejudice to the generality of the foregoing, the Fund Manager may refer any legal question to the Fund's legal advisers, and may rely and act on any expert or professional opinion or advice, including any legal opinion or advice given by the Fund's legal advisers.

### **4. FEES**

4.1 The Fund Manager shall receive a management fee accruing twice weekly at the annual rate of 2% of the net asset value of the investment of that Investor in the Fund to the Fund Manager.

4.2 The Fund Manager shall be reimbursed by the Fund for any third party fees or expenses which the Fund Manager may be required to incur as a result of providing any service to the extent customary or otherwise agreed to by the Fund, including legal and accounting fees and any governmental charges and duties.

### **5. REPORTING**

The Fund Manager agrees to provide (or arrange the provision of) such reports, statements, valuations and information as set out in section 28 of the Terms and Conditions.

## **6. DUTY OF CARE**

The Fund Manager shall use commercially reasonable skill and care in carrying out the duties and exercising its rights, powers and authorities hereunder.

## **7. INDEMNITY**

- 7.1 Neither the Fund Manager nor any affiliate of the Fund Manager, nor any of the Fund Manager's or its affiliates' respective directors, officers, employees or agents shall be liable to the Investor for any loss, damages, costs, expenses or other liabilities suffered by the Investor or the Fund's assets, unless such outcome is caused by such persons' grossly negligent action, fraud, wilful misconduct or bad faith.
- 7.2 Under no circumstances shall the Fund Manager or any affiliate of the Fund Manager, or any of the Fund Manager's or its affiliates' respective directors, officers, employees or agents, be liable to the Investor for indirect or consequential losses, including any failure to realise any profit, advantage or opportunity.
- 7.3 Without prejudice to the above terms, and for the avoidance of doubt, the Investor expressly acknowledges and agrees that:
- (a) the Fund Manager makes no representation or warranty as to the performance or profitability of any underlying investments in the Fund and the Fund Manager shall have no liability or responsibility for any decline in the value of an underlying investment or the Fund assets; and
  - (b) the Fund Manager shall be entitled to rely, in the performance of its obligations hereunder, on the opinion and statements of third party professional advisors which it will select with reasonable care and instruct in good faith and shall not be liable to the Investor for any adverse effect of having relied thereon.
- 7.4 The above limitations on the Fund Manager's liability apply in so far as they are not inconsistent with the Fund Manager's obligations under the Capital Market Law or the Regulations.
- 7.5 To the extent permitted by applicable law, the Fund shall indemnify the Fund Manager and its affiliates and their respective directors, officers, employees, agents, partners and shareholders against all claims, liabilities, damages and expenses, including reasonable legal fees, to which they become subject by reason of their activities on behalf of the Fund, so long as the action giving rise to the claim does not arise out of the gross negligence, fraud, wilful misconduct or bad faith by such person or entity.

## **8. NON-EXCLUSIVITY AND CONFLICTS OF INTEREST**

- 8.1 The services of the Fund Manager are not to be deemed exclusive and, subject to the Terms and Conditions, the Fund Manager shall be free to render similar services to, and act as Fund Manager or investment adviser of, third parties, provided that its ability to fulfil its duties hereunder is not materially adversely affected, and to retain for its own use and benefit fees or other monies payable in connection therewith.
- 8.2 The Fund Manager will at all times have due regard to the duties it owes to the Fund and where a conflict arises:

- (a) it will use best efforts to resolve conflicts of interest between the Fund and either (i) other collective investments schemes with which it or (ii) its affiliates are involved or its clients equitably;
- (b) it will allocate investment opportunities between (i) the Fund, (ii) other collective investment schemes with which it or its affiliates are involved and (iii) its clients equitably; and
- (c) the Fund Manager will treat each Investor equally and will not give any preference to any individual Investor.

## **9. GOVERNING LAW**

- 9.1 The Fund is regulated by the laws of the Kingdom of Saudi Arabia and subject to the rules and regulations issued from time to time by the CMA. The Terms and Conditions of the Fund are subject to changes in these rules and regulations.
- 9.2 Any disputes arising between the parties in relation to, or in connection with the Terms and Conditions shall be referred to a special disputes settlement committee or any other authority nominated in its place.