



The First Mazoon Fund

‘Article of Association’

2007

Management Company:



الخليجية بادر للأسواق المالية ش.م.ع.م.
GULF BAADER CAPITAL MARKETS S.A.O.C.

First Mazoon Fund

Muscat – Sultanate of Oman

This Article of Association has been prepared in accordance with the requirements of regulations for investments funds issued by Capital Market Authority by administrative decision No. 10/2004

This Article of Association has been approved by EGM on 10/12/2007

**Director of Department of Issues,
Listing and Transfer**

**Approved by Capital Market
Authority**

Preface

Gulf Investment Services SAOG – (GIS) an Omani joint Stock Public Company listed on Muscat Securities Market (MSM), is authorized by the Capital Market Authority (CMA) to establish Investment Funds vide CMA administrative decision No. 10/2004. GIS has established an open-ended Investment Fund (**The First Mazoon Fund**), for Omani and non-Omani investors subject to the condition that the aggregate of non-Omani investors' holdings does not exceed 70% of the issued units. The fund will invest in the equities and the bonds listed at MSM and other Gulf Co-operation Council countries (GCC) and Middle East and North Africa (MENA) financial markets. The objective of the fund is to achieve substantial capital gains for the unit holders. Gulf Baader Capital Markets SAOC is the Investment Manager for the Fund.

The Investment Manager has received the approval of the Capital Market Authority to sponsor the issue of units and to manage the Fund (**The First Mazoon Fund**) vide administrative decision No. 25/1997 dated 3rd.May 1997.

Article 1

The above preface is considered as part and parcel of this Article of Association and is complimentary to its terms and rules.

Article 2 **Definitions**

Name of the Fund	The First Mazoon Fund
Article of Association	This Article of Association and any amendments to it later on.
Units	Units represent one proportionate indivisible share in the fund
Subscription Price	NAV + 2%.
Front-end load	It is a percentage paid by investors or unit holders at the time of purchase of units issued by the fund. It is calculated as a percentage of net asset value and it is 2%. It is used to reimburse agents and distributors and other service providers.
Back-end load	It is a percentage paid by investors or unit holders at the time of redeeming their investment units, it is paid to the Investment Manager if the units redeemed during the first year of its issue and it is 1% of the value of redemption.
Regulators	Capital Market Authority (CMA) - Muscat, Sultanate of Oman
Investment Manager	Gulf Baader Capital Markets SAOC, (GBCM)
Custodian	Juristic person who keeps the assets of the fund in safekeeping in accordance with a contract in return for a commission
Investor / Unitholder	The units owner either a company, Omani residents, GCC residents or residents in Oman, GCC and other countries whom are

eligible to invest in the fund as per the regulations in this article of association.

Sales agent / Distributor	Any Financial institution or broker assigned by the Investment Manager to markets units of the fund in accordance with a contract in return for commission.
External Auditor	The audit office which meets the legal requirements for audit and assigned by the AGM to audit the accounts of the fund.
Investment Units	Investment units issued / redeemed by the Fund
Net Asset Value - NAV	Is the market value to the total funds' assets less all funds' liabilities as calculated by the investment manager.
Fund type	Open-ended Fund
Investment rules bind the Fund	Investment rules in the fund are bind by the CMA regulations issued by Royal Degree No.53/88 and its amendments, rules and regulations issued to by Capital Market Authority by administrative decision No. 10/2004
Legal Advisor	An individual or a Juridic person who is qualified and licensed as per CMA regulations, who is assigned in accordance with a contract in return for fees for consultation of legal matters of the Fund. Recommended by Investment Manager and assigned by IC on a yearly basis.
Issuing Date	The date assigned by the Fund to issue new units It's on every working day.
Redemption Date	The date assigned by the Fund to redeem the units. It's every day up to 2:00 pm local time.

Valuation Date	The date where the Net asset Value is calculated, it is calculated daily (every working day).Investment Manager will publish NAV on a daily basis.
Index	Muscat Security Market 30 Index
Foreign Ownership	Holding by non-Omans to the extent of 70% of the Fund units.
Fund Currency	Omani Rial – Legal currency for the Sultanate of Oman
Minimum Subscription	1000 Investment Units
Financial year for the Fund	Starts on 1st. January and ends on 31st. December
Investment Guidelines	Rules, directive and regulations as per the Article of Association and issued by regulators.
Investment Polices	It is the policies and regulations implemented by the Investment Manager in the Article of Association or any amendments issued later.
Transfer Agent	Juristic person who maintains a register where the names of the fund’s unit holders are entered, and transfers the ownership of units in accordance with a contract in return for a commission. (Muscat Depository and Securities Transfer Company SAOC, - MDSTC).
Redemption	Redeeming of units as stipulated by the Investment Manager.
Unit Holders Right	Net assets and all funds of the fund are owned by the Unit holders, each one in proportionate to his holdings.
Muscat Security Market	Securities Market in the Sultanate of Oman .
Capital Market Authority	The Capital Authority in the Sultanate of Oman, is the regulator for Investment Funds.

Capital Market Laws	Rules and regulations issued by the Capital Market Authority in the Sultanate of Oman.
Independent Member	A member of the Investors Committee may be considered to be an Independent Member if he/she is not a related party to the fund, and neither he/she nor any of his/her first degree relations have been 10% owners, directors or employees of the sponsor or any service provider to the fund, within the last 2 years.
Disinterested Member	A member of the Investors Committee may be considered to be disinterested with regard to a transaction or conduct, if he/she is not a party to the transaction or conduct; and is not a related party to, the party to the transaction or conduct.
IC	Investors Committee
GBCM	Gulf Baader Capital Markets SAOC
GCC	Gulf Co-operation Council
MENA	Middle East and North Africa

Article 3
Funds' Name

“First Mazoon Fund”

Article 4
Capital and Funds' period

1. The fund issued capital is 2,053,444 unit (Two millions and fifty three thousand and four hundred forty four units) as on 31 December 2007.
2. Minimum amount for issue is Omani Rial 2 millions.
3. The life of the Fund is indefinite.

Article 5
Investment Objectives

1. The fund is open-ended; Investments will be made in stocks listed at Muscat Securities Market, primary and new issues, governmental and corporate bonds, and in the GCC and MENA region or any other financial markets, where investments outside the Sultanate could be to the extent of 50% of the Funds investments. The investment manager will be responsible for evaluating the investment opportunities in the new issues, either to invest as founder or short term investor.
2. Investments made as a Founder Shareholder will be in accordance with the rules and regulations for investment funds laid down by the Capital Market Authority. The Fund will realize any investment gain at the time most opportune, in the judgment of the Investment Manager.
3. Investments in securities will not be less than 50% of the funds net assets.

Article 6
Issuing, transfer and redemption of units
Issuing of units

The Fund is open-ended, as new units are issued /redeemed on daily basis and after calculating the daily NAV, as the Investment Manager issues new units to the subscribers and after receiving the value of the new units. Subscription will be as per follows:

- Filling the subscription application and send to the Investment manager (either by hand or by fax).
- Handing the application along with the units' value to the Investment Manager and in the specified period for subscription.

The Investment Manager will issue the units as per the NAV of the second day of receiving the application + 2% for that date, and it will be recorded in the subscribers' name at Muscat Depository and Securities Registration Company SAOC (MDSRC). The Investment Manager has the right to allot a percentage of units to the subscribers for that date and this depends on the number of applications received and as per the Funds' need for liquidity in that period.

The subscribers can get a statement of account/ownership for the new units from MDSRC, and this is considered as a certificate for owning the new units.

Refusal of subscription

The Investment Manager reserves the right to refuse/reject any application in the following cases:

1. If the value of the units subscribed for is not paid in full as stated in the Prospectus and the Application Form.
2. If payment has been made by Cheque and the Cheque has been dishonored by the bank for any reason.
3. If the Application contains more than one name.
4. If the Application has not met any of the subscription requirements as stated in the Prospectus and the Application Form.
5. If the required copy of the Identity Card is not attached with the Application Form.
6. If details of the subscriber's bank account and MDSRC folio number are not included in the Application Form.
7. The Investment Manager will not accept cash.

Redemption of units

The unitholders can redeem all or part of their units directly with the Investment Manager, as per the following: (back-end load is applicable as mentioned below):

1. Filling the redemption application and hand it over to the Investment Manager (either by hand or fax) in the specified period for redemption.
2. Redemption is done daily and the deadline for submitting applications is 2:00 pm of every working day.

3. Redemption price will be calculated as the NAV of the second day of receiving the application – 1% as back-end load. (When applicable).
4. The investment manager will pay the unitholders their redemption amount after deducting the back-end load if any, by the third business day of calculating the NAV.
5. Back-end load will be calculated from the redemption value of units for 1% for the units redeemed within the first year of issue.
6. No back-end load for the units redeemed after the first year of issue.
7. Back-end load will be deducted from the redemption value of units.

Back-end load shall be applicable for the new units issued with effect from 1st. January 2008.

Unitholders have the right to redeem their units as mentioned above, and new unitholders also can subscribe on a daily basis by applying directly to the investment manager. The investment manager may suspend the redemption in the following circumstances:

1. If the fund determines that its requirements for redemption have not been satisfied, the investment manager will notify the unitholder giving the redemption order, by the end of the business day following the receipt of the incomplete redemption order, that its requirements have not been satisfied and will specify the procedures still to be followed or the documents still to be delivered by that unitholder.
2. If the value of the total applications received for redemption in any day more than 10% of the fund issued units, the investment manager have the right to suspend the redemption for that day or to reduce the units for redemption in each application to be in total not more than 10% of the issued fund units.
3. The investment manager will have the right to suspend redemption at any time for the period he make out as per his authorities, to safeguard the unitholders rights and interests, in this case a notice will be sent to CMA in the following business day of suspension, and it will be published in two local newspapers one in English for two days.
4. Unitholders will be provided annually with a statement outlining the procedure to be followed to redeem units and specifying the documents to be furnished in connection with the redemption order, it will be included in the annual report and simplified prospectus that is provided to unitholders and prospective investors.
5. The investment manager may borrow to the extent of 25% of its paid up capital, to pay the value of the redeemed units.

Article 7

Dissolution & liquidation of the fund:

The fund will be liquidated in the following circumstances:

1. Expiration of the fund term.
2. Accomplishment of the fund purpose, in accordance with what has been stated in the Articles of Association and prospectus.
3. If the Investment Manager becomes legally disqualified.
4. Court decision to wind up the Fund or to liquidate it.
5. Reduction in the units value more than 50% of the face value in the recent evaluation, subject to the approval of 50% of the unitholders through a EGM.
6. Reduction in the value of net assets to a level where expenses per unitholder are unduly high.
7. If the regulator consider dissolving the fund or by a recommendation of investment manager, and in both cases the regulator will give the reasoning if this is in the interests of the unitholders.
8. Getting approval of 50% of the unitholders through an EGM, 10% of the unitholders can file an application for an EGM.
9. Any other reasons mentioned in the Article of Association with the approval of the regulator (CMA).
10. Liquidation of the assets should be done with due care and concern so as not to adversely affect the price. The liquidation method and time will be approved by unitholders in a general meeting, and by the CMA.
11. The investment manager will dissolve and liquidate the fund according to the procedures mentioned in this Article of Association.

Article 8

Guidelines for calculation of Net Asset Value – NAV

The Investment Manager calculates the NAV of the units daily. NAV is the net assets minus any liabilities, NAV calculation depends on the following:

1. All assets which are quoted, listed, traded or dealt on any recognised market or stock exchange shall be valued by reference to the last quoted bid price or (if no such prices are available) the last available traded price on such market or stock exchange.
2. Any assets which are not quoted, listed, traded or dealt on any recognised market or stock exchange, or for which a price quotation is not available shall be valued at most recent valuation provided by the Investment Manager with the

approval of the Investors' Committee or as requested by the Investors' Committee.

3. Deposits and similar investments shall be valued at their face value plus accrued interest unless; in the opinion of the Investment Manager any adjustment should be made to the value thereof.
4. Notwithstanding any of the foregoing sub-paragraphs, the Investment Manager may adjust the value of any investment having regard to currency, applicable rate of interest, maturity, marketability and such other considerations, as it deems relevant, it considers that such adjustment is required to reflect the fair value thereof.
5. In case of illiquid listed securities; the last traded price would be taken for valuation.
6. Under any case, redemption prices will not be lower than the NAV by more than 10%, and this is not applicable in case of liquidating the Fund.
7. The front end load and back end load, which may be charged to investors at the time of issue or redemption, will not be used into the calculation of net asset value.
8. Each purchase or sale of securities made will be reflected in the first calculation of net asset value after the date on which the transaction becomes binding. The issue or redemption of units will be reflected in the first calculation of the net asset value made after the issue or redemption.

Any value (whether of a security or cash) otherwise than in Omani Rial shall be converted to Omani Rial at the prevailing exchange rate.

Article 9

Limits on service providers fees and expenses:

1. A management fee of 1.4% per annum of the net asset value of the Fund will be charged by the Investment Manager (GBCM), this fee is calculated monthly and paid every quarter. This fee will include all the day to day administration expenses of the Fund.
2. Incentive fee of 10% from the net profit will be charged to the fund by the Investment Manager, this fee is subject to achieving 10% to the unitholders.
3. Fees in (1) and (2) above will not be more than 5% of the net asset value of the fund.
4. A fee of 0.2% per annum is payable to the Custodians in respect of their services, this fees is calculated monthly and paid quarterly.
5. The Fund will be liable for all fees due to Capital Market Authority, Muscat Security Market, Muscat Depository and Securities Registration Company and the legal advisor.
6. The Fund will also be liable to pay; the fees of the Investors' Committee, brokerage commission in connection with purchase and sale of securities held by the Fund, legal and audit fees, any expenditure relating to the exercise of rights and duties in respect of the assets of the Fund and any other reasonable costs incurred in respect of administration of the Fund or expenses incurred by the Investment Manager in respect of any obligations of the Fund.

Article 10

Limits on sales charges which may be charged at the time of redemption or purchase:

Load factors:

At time of purchase:

A fee of 2% will be charged at time of subscription, issue expenses and any other related fees will be paid out of this fee.

At time of redemption:

There is also Back-end load, which will be calculated from the redemption value of units for 1% for the units redeemed with the first year of issue, and zero back-end-load if redeemed after the first year.

However, as mentioned above, the Investment Manger will be in a position to maintain and safeguard the investments of the unitholders, and will not be under time pressure to liquidate part of the Fund investments to pay for the redeemed units, and this will allow the Investment Manager to invest in securities medium to long-term.

Article 11

Guidelines for valuing illiquid investments:

1. All assets which are quoted, listed, traded or dealt on any recognised market or stock exchange shall be valued by reference to the last quoted bid price or (if no such prices are available) the last available traded price on such market or stock exchange.
2. Any assets which are not quoted, listed, traded or dealt on any recognised market or stock exchange, or for which a price quotation is not available shall be valued at most recent valuation provided by the Investment Manager with the approval of the Investors' Committee or as requested by the Investors' Committee.
3. Deposits and similar investments shall be valued at their face value plus accrued interest unless; in the opinion of the Investment Manager any adjustment should be made to the value thereof.
4. Notwithstanding any of the foregoing sub-paragraphs, the Investment Manager may adjust the value of any investment having regard to currency, applicable rate of interest, maturity, marketability and such other considerations, as it deems relevant, it considers that such adjustment is required to reflect the fair value thereof.

Article 12

Rights of unitholders:

All Units in the Fund shall carry equal rights, which are inherent in the ownership thereof including the following:

1. The right of one vote per unit at the Fund's general meetings.
2. The right to receive the dividends declared by the Fund's general meetings
3. The right to share in the Funds assets at time of liquidation.
4. The right to view the Fund's balance sheet, profit and loss statement and the Unit Holder's register.
5. The right to receive invitations to participate and vote in the Fund's general meetings in person or by proxy.
6. The right to apply for the annulment of the resolutions adopted by the general meetings and the Investors' Committee and the Investment Manager of the Fund if such resolutions are in contrary to the prevailing laws in the Sultanate of Oman and this Prospectus.
7. The right to dispose of the units he/she holds, wholly or partially, in accordance with the provisions of the prevailing laws.

The audited financial statements along with the auditors' report will be sent to the unitholders minimum before the AGM with 14 days.

Article 13

Functions and powers of the general meetings:

AGM:

The general meeting is the higher authority of the Fund and comprises all unitholders of the Fund. The unitholder do have the right to attend the general meeting and will have one vote against each units held by him/her and may give a written proxy to another person to attend the meeting and vote on its resolutions. The unitholder may revoke such proxy at any time. However, the representatives need not to be a unitholders.

The annual general meeting will be held each year within (90) days of the end of the fund's financial year. Other ordinary general meetings will be held when required by the Capital Market Law & its Executive Regulations, the decisions issued to enforce them or when need arises to hold such meetings.

And the AGM powers are as follows:

1. Review the reports provided by the investors committee, the investment manager and the external auditor regarding the IC, new contracts entered into, and any related party transactions required to be disclosed in accordance with CMA regulations.
2. Approval of any related party transactions required to be approved by the AGM.
3. Review of the yearly Financial Statements of the Fund.
4. Approve the distribution of dividends.
5. Election or removal of the members of the IC and specifying their remuneration.
6. Appointing or removing the external auditor and setting their fees.

The resolutions of the ordinary general meeting will not be valid unless the meeting is attended by unitholders or their proxies, representing at least half of the capital of the fund. If such quorum is not established, a second meeting will be called to discuss the same agenda. The second ordinary general meeting will be notified to unitholders in the same manner as the first meeting, at least one week prior to the date set for the second meeting. The decisions of the General Meeting will be true valid if approved by 50% of the attended votes.

EGM:

The extraordinary general meeting will be convened to consider and decide all matters which such meeting is specifically authorized to settle in accordance with this Articles of Association.

The extraordinary general meeting will decide on the following:

1. A change in any contract or the entering into any new contract as a result of which the basis of the calculation of the fees or expenses that are charged to the investment fund is changed in a way that could result in an increase in charges to the fund, or an increase in front-end or back-end loads charged to the unitholder at the time of subscription and redemption.
2. A change in the fundamental investment objectives of the investment fund.
3. Any change in the frequency of calculating net asset value or net realisable value.
4. Any decrease in the frequency of regularly scheduled opportunities for redemption, or decrease in redemption limits, except as provided for under Article (6).
5. Any change, such as a merger, a division or a conversion, that results in the unitholders becoming unitholders in another investment fund.
6. Removal and appointment of the investment manager.
7. Any amendment to the Articles of Association.

Resolutions of the extraordinary general meeting shall not be valid unless the meeting is attended by unitholders or proxies representing at least 60% of the capital of the fund. Where such quorum is not established in the first meeting, a second meeting shall be called to discuss the same agenda. The second meeting will be notified to unitholders in the same manner as the first meeting, at least a week prior to the date set for the second meeting. The resolutions of the second general meeting shall be valid if unitholders or proxies who represent at least 50% of the capital of the fund attended the meeting, the meeting shall be convened within 6 weeks from the date of the first meeting. The resolutions of the extraordinary general meeting shall not be valid, unless approved by, at least, one or more unitholders representing 50% of the unitholders presence.

Notice and calls for meetings and adopting resolutions:

The Investors' Committee may convene the General Meetings at any time and such meeting shall be convened whenever required by the Capital Market Law, its Executive Regulation and decisions issued by them, or when a resolution issued by the CMA in this regard or upon request of one or more unitholders who represent at least 10% of the capital of the fund. If the IC fails to convene the General Meeting, the external auditors shall do so. The call to attend the meeting will not be valid unless it accompanied by the agenda and approved by the CMA. The unitholders and proxies representing all the units of the Fund may hold a general meeting without regard to the rules stipulated for such meeting, the meeting so held may deliberate on all matters which are within the authority of the general meeting to decide.

The ordinary general meeting may consider and decide all matters which are not, under this Articles of Association, reserved for decision by the Investors Committee or by an extraordinary general meeting, as mentioned in article (13) of this Articles of Association.

Calling for General Meeting shall be made through:

1. Prominent advertising in widely circulated daily newspapers. The advertisement shall be published at least in two newspapers, one at least in English, and for two consecutive days. The advertisement shall state the date, time, place, and a summary of the agenda.
2. Written invitation to each unitholder to be mailed by ordinary mail including a proxy form, the agenda, and related memos and documents.
3. Where the agenda includes the election of members of the Fund's Investors' Committee, this information shall include curriculum vitae provided by each candidate describing his educational qualifications, work experience, a declaration stating that he was not convicted of felony or misdemeanor in an offence involving indecency or dishonesty, or declared bankrupt unless rehabilitated and whether he intends to run as an independent member.
4. For an extraordinary general meeting called to consider any subject in accordance with Article (13), the information to be provided to unitholders must include a description of the changes proposed to be made and, in the case of a matter referred to in paragraph 1 of Article (13) the effect that the change would have had on the funds' expenses had the change been in force throughout the fund's last financial year, and the date of the proposed implementation of the change.
5. The CMA shall be notified of the date of the general meeting, and it shall delegate an observer to attend the meeting and supervise its proceedings and to ensure that the resolutions adopted are in accordance with the

provisions of the Capital Market Law & its Executive Regulation the decisions issued to enforce them.

6. The minutes of the general meetings shall be deposited with the CMA, signed by the secretary and approved by the chairman of the meeting, the auditors and the legal advisor, within 15 days from the date of convening the meeting. The CMA shall review the agenda prior to approval and may object on any of its contents.
7. The IC shall establish the agenda of the general meeting; if the meeting is convened by the external auditors, the agenda shall then be established by them. The general meeting shall consider only the matters included in the agenda. However, in exceptional cases, the general meeting may consider an urgent and unexpected matter which arises during the meeting subject to a resolution adopted by the general meeting by not less than half of the votes of the present members.
8. The resolutions of the ordinary general meeting shall not be valid unless the meeting is attended by unitholders or their proxies, representing at least half of the capital of the fund. The decisions of the General Meeting will be true and valid if approved by 50% of the attended votes.
9. Resolution of the extraordinary general meeting shall not be valid unless the meeting is attended by unitholders or proxies representing at least 60% of the capital of the fund, the resolutions of the extraordinary general meeting shall not be true and valid, unless approved by, at least, one or more unitholders representing 50% of the unitholders presence.

Article 14

Reports and Financial Statements:

1. The Investment Manager will prepare a financial report quarterly for the Fund activities during the quarter, highlighting its financial position including the Profit & Loss account, Balance Sheet with the notes, a copy of this report will be sent to the regulator (CMA) and to Muscat Securities Market (MSM), and will be published in daily local newspapers in English and Arabic, and it will be available for unitholders as well.
2. At the financial year end, the Investment Manager will prepare audited financials, including Profit & Loss account, Balance Sheet, statement of changes in equity, cash flow statement, statements of portfolio assets and transactions and complete descriptions of transactions during the period with the related parties.
3. Financial statements will be accompanied by a report including, a short description of the activities of the fund during the period, any significant changes in accounting principles, investment strategy, portfolio composition, risk profile, capital structure, members of the IC, investment manager or other major service providers, a list of the founders, investment manager, custodian, transfer agent and chairman of the Fund's Investors' Committee with their respective addresses and contact details.
4. Financial statements will be prepared in accordance with the Statutes of Oman; International Financial Reporting Standards promulgated by the International Accounting Standards Council; Global Investment Performance Standards (GIPS) promulgated by the Association for Investment Management and Research and minimum disclosure requirements stated the CMA regulations.
5. The Investment Manager will call for the AGM within (90) days of the end of the fund's financial year.
6. A simplified prospectus will be issued annually. It will include the annual report sent to unitholders. The annual report and simplified prospectus will also include:
 - a) The legal status of the fund, reference to laws and regulations governing the fund, and other fundamental information about the fund.
 - b) A brief description of the rights of unitholders, including rights to redemption, and any limits thereto.
 - c) The information required by Article (6) of this Articles of Association.

- d) A clear summary of all charges and expenses charged to the fund or its unitholders or prospective investors.
- e) A description of any ordinary and special resolutions, passed during the financial year or period covered by the report.
- f) Any amendments to the Articles of Association or prospectus made
- g) during the financial year or period covered by the report.
- h) For each member of the Fund's Investors' Committee, remuneration and sitting fees, number of meetings attended, and a description of any special responsibilities taken on, or special qualifications, which justify a higher rate of remuneration.
- i) A report on Fund governance.

Article 1

The functions and powers of the Investors Committee (IC):

The IC is responsible for oversee, control and observe the Fund, reviewing the Funds' investments and taking the proper decisions for investment strategy if needed, while the IC should adhere to the Article of association of the Fund and with all rules and regulations published by the Capital Market Authority for regulating the Investment Funds. Members of the IC are jointly and severally liable before fund investors and the CMA, to supervise and oversee the investment manager and other service providers, and safeguard the best interests of the fund and its unitholders, in accordance with provisions of the Capital Market Law & its Executive Regulation, the circulations and decisions issued in this regard.

Taking into consideration the following rules:

1. All members of the IC will be elected either from unitholders or from non-unitholders when the annual general meeting of unitholders was hold. Elections shall be by confidential ballot. Each unitholder shall have a number of votes equivalent to the units he holds. The unitholder may give all his/her votes to one candidate or distribute them among various candidates.
2. The number of the Fund's IC are three members, and shall not be less than three nor exceed seven members. Majority shall be independent members.
3. The candidate for nomination or appointment shall be of good conduct and sound reputation, shall not be convicted of felony or misdemeanor in

an offence involving indecency or dishonesty, or in an offence provided for in corporate or trade laws or declared bankrupt unless rehabilitated.

4. The candidate shall provide also an affidavit stating the number of units held, if a unitholder and curriculum vitae that describes his educational qualifications, work experience, and other qualifications which recommend him/her for the Fund's Investors' Committee election.
5. Any member appointed outside of an annual general meeting shall stand for election at the next annual general meeting.
6. The Investors' Committee meetings shall be called for by written invitation including an agenda for the meeting.
7. The Investors' Committee meetings and decisions will be considered true and valid when 50% of the members attend and vote for the decisions.
8. The Fund's Investors' Committee member shall not take part in the final discussion, or vote on, a contract or other transaction, when he has interest with regard to the contract or the transaction.
9. All Investors' Committee meetings shall be recorded by minutes of the meetings and shall be signed by the Chairman of the meeting and Investment Manager, with a record of any objections of the members for any decisions.
10. The IC shall meet at least 4 times in a year with a maximum time gap of 4 months between any two consecutive meetings, to review the performance of the fund and the performance of the service providers.

Among the Investors' Committee responsibilities are:

1. Evaluating the investment performance of the fund in comparison with other funds or with any other standard index.
2. Reviewing the Investment Manager policies for controls and risks.
3. Reviewing Funds adherence with internal policies and the regulators rules and regulations.
4. Evaluating Investment Manager and service providers Performance.
5. Reviewing fees and Funds expenses.
6. Reviewing back-end loads and expenses paid by unitholders.
7. Reviewing standards used in calculating the net asset value.
8. Making sure of the independency and efficiency of the external auditor.
9. Making sure that there are enough internal controls to safeguard the Funds' assets.
10. Making sure of adequate rules and controls of Investment Manger for transparency, moral and legal procedures for achieving the Funds benefits.

11. Reviewing the duties, experience and qualifications of the compliance officers of the Investment Manager and the custodian.
12. Making sure of no conflict of interests with the separation of duties for achieving the benefits of unitholders.
13. Making sure that the disclosure of Financial Statements and yearly reports and any other important information are transparent and done on time and without exclusions.

Custodian:

Only licensed commercial banks shall provide custodial services to investment funds in the Sultanate. The assets of an investment fund shall be held under the custodianship of one custodian, having its office in the Sultanate of Oman. Assets shall be kept in the Sultanate of Oman, except where it is appropriate to keep them outside Oman to facilitate transactions outside Oman. In the latter case, the custodian may appoint a sub-custodian to hold assets outside Oman.

HSBC Financial Services (Middle East) are the International Custodian for the Fund, HSBC Muscat are the sub-custodians.

Duties of the custodian are the following:

1. To hold or to arrange for the securities, investments, financial instruments and other assets of the fund to be held in safe custody.
2. To hold bearer instrument in that form and to register other instruments in the name of custodian or any other party appointed by it.

Article 16

Transfer agent

Duties and responsibilities of the transfer agent in the fund:

Muscat Depository and Securities Registration Company SAOC is the transfer agent for the Fund, its address P. O. Box 3265, Postal Code 112 Ruwi, Sultanate of Oman.

Among its duties are the following:

1. Providing unit holders with balance confirmation.
2. Providing unit holders with account statement.
3. Making amendments and changes to unit holders' records.

4. Confirming the finality of title after completing and settling the financial rights between sellers and buyers.
5. Providing protection for ownership documents.
6. Allocating a unified code to each unit holders.
7. Maintaining companies shareholders` records.
8. Keeping a record of trading activities of Funds units.
9. Direct electronic transfer for (units` ownership) finality of title regarding units trading.
10. Providing accurate information on unit holders

Article 17

Legal Advisor

The Fund Legal advisor is Suhail bin Said Zabnoot – advocate and legal Consultant, a well known legal consultant in Oman. Legal advisor is appointed on a yearly basis by the IC members.

The Investment Manager will nominate to the IC a qualified and licensed legal advisor for the Fund as per CMA regulations on a yearly basis, the legal advisor should be:

1. Approved by the Ministry of Justice.
2. The legal advisor should have sufficient experience in the advisory for investment funds.
3. Fraud detected or suspected by the legal advisor shall be reported to the IC. However, if the fraud is material, he/she shall report the fraud to respective regulators of the fund.

Article 18

Investment restrictions

The Investment Manager has undertaken that the Fund will not:

1. Invest in securities carrying unlimited liability
2. Sell short or without having enough balance of securities
3. Make investments for the purpose of exercising control or management
4. Buy or sell commodities or commodity contracts or real estate or interests in real estate although it may purchase and sell securities which are secured by real estate and securities of companies which invest in or deal in real estate or commodities.
5. Invest in or lend to any one company or single issuer more than 10% of its assets in securities except where the Investment Manager feels it necessary

to subscribe at public offer with a greater proportion of the Fund assets to counter the effects of oversubscription. In the event that this results in more than 10% of the Fund's assets being invested in securities of one company or any one issuer, the Investment Manager will endeavor to reduce the Fund's investment to the 10% level at the earliest possible time and with due regard to market conditions.

6. Invest more than 5% of its assets in units or shares of participation in managed open-ended investment.
7. Invest in any options or any other derivative instrument other than convertibles.
8. Invest in securities for companies bankrupted or under liquidation.
9. To be the underwriter of any IPO or to market other securities.
10. Purchase any intangible assets if this purchase will represent more than 10% of Funds' net assets value calculated at the market price at time of purchase.
11. Subscribe in securities for companies under formation, without any profitable previous records except privatization projects.
12. Trading in Real Estates.
13. Purchasing of a warrantee.
14. To be underwriter.
15. To give bonds or guarantees.
16. To lend except in the form of securitized debt or short-term bank deposits.

Risk Factors

Investment in the Fund is subject to the following particular risks:

1. There can be no assurance that the Fund will achieve its investment objective.
2. Certain of the securities in which the Fund may invest be unlisted (public joint stock companies under formation) and have limited liquidity.
3. There is no assurance that the capital appreciation sought by the Fund will actually be achieved. The Fund may lose some or all of the capital it invests in any particular company, which would have a significant adverse impact on the performance of the Fund.
4. The rules governing the allotment procedure for new issues may change in a way that will disadvantage the Fund. In the event that the allotment procedure changes in a way that will seriously jeopardize the Investment Strategy of the Fund, the Investors' Committee may consider changing the investment Strategy of the Fund.

Article Auditors

The Fund external auditors are Moore Stephens', a well known International audit firm; they are present in many countries in the region and in the world. Their Oman office was opened in 1988 and they are auditing medium to big companies in the Sultanate. External Auditors are appointed on a yearly basis by the unit holders through the Annual General Meeting.

The Investment Manager will nominate to the AGM a qualified and licensed Auditor to examine and audit the Funds' Accounts on a yearly basis, the Auditor should be:

1. Approved by the Ministry of Commerce and Industry
2. The external auditors who audit the financial statements of the Fund should have sufficient experience in the audit of the accounts of investment funds.
3. The external auditor for the fund may not also serve as the auditors for the investment manager.
4. Fraud detected or suspected by the external auditor will be reported to the IC. However, if the fraud is material, the auditor will report the fraud to respective regulators of the fund.
5. The external auditors will be appointed for one financial year. The same auditors shall not be appointed as external auditors for more than 3 consecutive financial years. After completion of three consecutive terms, same external auditors will be eligible for reappointment as external auditors only after a cooling off period of 2 years.
6. The external auditors will not be allowed to provide non-audit services, which might affect their independence.

Article 20 Taxation

As per the Royal Degree No. 54/2003 and its amendments, Ministerial Degree No. 46/2005 and as per the Omani Taxation Rule No.47/81 and its amendments, the income of Investment Funds incorporated in Oman as per the Capital Market rules, or the Investment Funds incorporated outside of the Sultanate of Oman but deals and invest in the Omani Securities listed at Muscat Security Market are exempted from any tax from the Taxation year 2003.

Article 21
Communications with Unitholders:

All invitations to the unitholders for the General Meetings and other communications with the unitholders will be according to their address with the Muscat Depository and Securities Registration Company SAOC.

Article 22
Article of Association amendments:

1. This article of association may be amended as per the request of the Investors' Committee, and as per the need from time to time, with the approval of CMA, without prejudice of unitholders acquired rights, and it is not allowed to amend any articles which will have any material effect on the unitholders rights unless getting approval of not less than 50% of the unitholders.
2. The Investment Manager shall inform the unitholders for any amendments by calling to a general meeting.
3. The Investment Committee shall inform the Investment Manger, custodian and external auditors in writing with any final amendments after getting CMA approval.

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