

All the information and terms included in the Memorandum of Information (MoI) of the Bakheet Saudi Trading Equity Fund (the Fund) managed by Bakheet Investment Group are in compliance with the Mutual Funds Regulations issued by the Saudi Arabian Capital Market Authority (CMA)



Memorandum of Information

Potential Investors must read this MoI before taking an investment decision in respect of the Fund

Safar 1431H
January 2010G

In the name of Allah, peace be upon our Prophet and his Companions.

This MoI sets out the Terms and Conditions of Bakheet Saudi Trading Equity Fund, an investment fund being established in compliance with the Investment Funds Regulations issued by the Saudi Arabian Capital Market Authority CMA. Potential investors should read this MoI thoroughly, since it contains detailed information about the fund.

Important Notice

- Potential Investors must read this MoI before taking an investment decision in respect of the Fund.
- Investment in stocks involves high risks. However, investment in the Fund is relatively less risky than direct investment in the stock market in view of diversity of investment. Investors are strongly recommended to read carefully "Article 12- Principal Investment Risks" of the Fund's Terms and Conditions, to be familiar with the potential risks.
- The Fund invests its capital in stocks of sharia compliant companies listed in the Saudi Stock Market, approved by the sharia committee.
- The Fund Manager has confirmed that all the information and terms given in this MoI are in compliance with the Investment Funds Regulations issued by the CMA.
- The data contained in this MoI have been collected from resources that we believe to be true and precise as of the date of this MoI, and no material facts known to us have been omitted or excluded from this MoI to mislead potential investors. The Fund Manager do not give any assurance that the information and prospects herewith will continue to remain correct and complete after the date of this MoI.
- CMA has given its approval to offer the units of the Fund on 12/03/1428H, corresponding to 31/03/2007G.
- This MoI has been prepared to present all the information which would help potential investors in making their decision to subscribe in the Fund. However, the information presented in this MoI is not to be considered as the Fund's Manager opinions or recommendations to purchase units in the fund.

The Fund Manager

Bakheet Investment Group

P. O. Box 63762 Riyadh 11526

Kingdom of Saudi Arabia

Toll free 800-120-1111

Tel: 966-1-419-1797

Fax +966-1-419-1899

E-Mail: CRD@bakheetgroup.com .

Summary of Mol:

Fund Official Name	Bakheet Saudi Trading Equity Fund
Initial Offer Price	SR 1.00
Minimum Subscription Amount	SR 10,000
Subscription Commencement Date	19 Rabia Awal 1428H (April 7, 2007G)
Subscription Closing Date	19 Rabia Thani 1428H (May 6, 2007G)
Subscription and Redemption Days	Daily
Dealing Days	Every business day of the Saudi Stock Market
Term of the Fund	Unlimited, open-ended
Fees and Expenses	See Article 13 of the Terms and Conditions

Related Parties

Fund Manager	Bakheet Investment Group (the Fund Manager), Commercial Registration No. 1010226894, CMA License No. 06012-26 to offer management, custody and advisory services, address: Olaya Main Street, Akariya Building (3), Floors 7 & 8, P.O. Box 63762 Riyadh 11526 Kingdom of Saudi Arabia, Tel 966-1-419-1797, Fax 966-1-419-1899, website: www.bakheetgroup.com .
Custodian	Bakheet Investment Group (the Fund Manager), Commercial Registration No. 1010226894, CMA License No. 06012-26 to offer management, custody and advisory services, address: Olaya Main Street, Akariya Building (3), Floors 7 & 8, P.O. Box 63762 Riyadh 11526 Kingdom of Saudi Arabia, Tel 966-1-419-1797, Fax 966-1-419-1899, website: www.bakheetgroup.com .
Auditor	KPMG Al Fawzan & Al Sadhan, P. O. Box 92876, Riyadh 11663, Kingdom of Saudi Arabia, Tel +966-1-291-4350, Fax +966-1-291-4351.
Legal & Sharia Advisor	Abdulaziz AlGasim Law Firm, P. O. Box 89402, Riyadh 11623, Kingdom of Saudi Arabia, Tel 966-1-460-0066, Fax 966-1-460-0602
Receiving Bank	SAMBA Financial Group, P. O. Box 833, Riyadh 11421, Kingdom of Saudi Arabia, Tel 966-1-477-4770, Fax 966-1-478-0823, account No. 38000814

Glossary:

The Group	Bakheet Investment Group.
Fund Manager	Bakheet Investment Group.
Board of Directors	The Board of Directors of Bakheet Saudi Trading Equity Fund.
Custodian	Bakheet Investment Group.
CMA	Capital Market Authority.
The Exchange	The Saudi Stock Market.
The Fund	Bakheet Saudi Trading Equity Fund.
Benchmark	S&P Saudi Arabia Shariah Index
Units of the Fund	The Fund are divided to shares (units) with the same benefits and rights.
Conflict of interest	The situation or position in which the Fund Manager's integrity and decisions is likely to be influenced by a personal interest.
Funds Regulations:	Investment Funds Regulations issued by CMA.
Risks	A number of potential factors where the potential client (subscriber) must be familiar with and consider before making an investment decision.
Subscribers	Unit holders in the fund.
Auditor	KPMG Al Fawzan & Al Sadhan
Legal & Sharia Advisor	Abdulaziz AlGasim Law Firm in association with Allen & Overy
Receiving Bank	SAMBA Financial Group

Bakheet Saudi Trading Equity Fund

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Terms and Conditions

1. Name of Investment Fund:

"Bakheet Saudi Trading Equity Fund" (the Fund) was established by Bakheet Investment Group after receiving fund approval from CMA on 12 Rabia Awal 1428H, corresponding to the 31st of March 2007G. The fund is an open-ended long-term (unlimited term) investment plan which is designed to provide investors (Unit holders) an opportunity to collectively participate in the Fund's returns through purchasing units in the Fund

2. Address of Fund Manager:

Bakheet Investment Group (the Fund Manager), commercial registration No. 1010226894, CMA license No. 06012-26 provides management, custody and advisory services, address: Olaya Main street, Akariya Building (3), floors 7 and 8, P.O. Box 63762 Riyadh 11526 Kingdom of Saudi Arabia, Tel +966-1-419-1797, Fax +966-1-419-1899, web site www.Bakheetgroup.com.

3. Commencement Date:

The Fund is open for subscription starting on 19 Rabia Awal 1428H, corresponding to April 07, 2007G.

4. Regulator:

These Terms and Conditions are in compliance with the rules and regulations issued by the Saudi Arabian Capital Market Authority (CMA), the regulator of the Saudi Stock Market. The Fund Manager is licensed by the CMA to offer management, custody and advisory services under License No. 06012-26 dated 27/03/2006G. The Group's Asset Management Division was appointed by the Fund Manager to manage and supervise the Fund.

5. Terms and Conditions Issue Date:

Terms and Conditions of the Fund were issued on 12 Rabia Awal 1428H, corresponding to March 31, 2007G.

6. Subscription:

The minimum initial investment in the Fund is SAR 10,000 (ten thousand Saudi Riyals), the minimum additional subscription or redemption is 10,000 (ten thousand Saudi Riyals) and minimum holding balance is 10,000 (ten thousand Saudi Riyals). However, the Fund Manager may, at his discretion, accept lesser amounts.

7. Fund Currency:

"SAR" Saudi Arabian Riyal Only. Subscribers deposit their money using only SAR, the Fund Manager will deal with all overseas remittance and any foreign currency deposits as by the exchange amount in Saudi Riyals.

8. Fund Investment scope:

The fund investments include all sharia compliant Saudi stocks which permitted by the Fund's Sharia Committee.

9. Benchmark:

"S&P Saudi Arabia Shariah Index"

10. Fund Objectives:

The Fund objective is to achieve capital growth through positive relative returns (when compared to the benchmark, "S&P Saudi Arabia Shariah Index") with minimal risks by investing in stocks of Sharia compliant Saudi companies, and investing the cash portion of the fund in Saudi Riyal Murabaha transactions and Murabaha funds. Moreover, the Fund aims to achieve higher returns than the average performance of its peers. The Fund is an open-ended and no dividends shall be distributed to unit holders; all dividends will be reinvested in the Fund, which will be reflected in the Fund unit price.

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11. Investment Strategy

The Fund management strategies are summarized in the following:

- (1) The Fund invests in the stocks of Sharia compliant Saudi companies, Saudi Riyal Murabaha transactions, and Murabaha funds as may be defined by the Sharia Supervisory Committees.
- (2) Compliance of the Saudi joint stock companies with Sharia criteria shall be reviewed following the publication of the quarterly financial statements. If any of the companies' shares in which the Fund invests in are not in compliance with Sharia criteria, such shares will be sold within a period not to exceed two weeks from the date of review.
- (3) Investment shall focus on diversification and allocation of assets over Saudi Stock Market sectors which are expected to achieve higher profit growth. After that, the focus will be on better performing stock companies in terms of financial indicators.
- (4) The Fund shall not borrow, except in extreme necessary cases when the fund's board of directors approve such actions. The total borrowing amount shall not exceed 10% of the net asset value of the Fund and subject to Sharia criteria.
- (5) The Fund shall abide by the percentage holding limit in companies as officially defined under Article 39 (Investment Restrictions), Chapter 7 (Management of Fund), in the Investment Funds Regulations issued by CMA.
- (6) The Fund is designed to be an open-ended long-term investment instrument to achieve the fund's objectives.

12. Principal Investment Risks:

The Fund invests its assets in Sharia compliant Saudi Stocks. Investors must be aware that investing in stocks involves high risk. However, investing in the Fund is relatively less risky given the fact that investment is diversified over a number of stocks of different sectors. In addition, the fund is not a deposit or an obligation, and it is not guaranteed by Bakheet Investment Group. Furthermore, Investing in the fund is likely to expose risk factors including but not limited:

- (1) **Political Risk:** Political instability in the Middle East may affect the Saudi economy and consequently the Saudi equity market.
- (2) **Economic Risk:** The Saudi economy is an emerging economy which is highly dependent on oil revenues and directly affected by oil price fluctuations.
- (3) **Sharia Controller:** since the Fund follows Sharia criteria; the investment scope of the fund does not include all the listed companies in Saudi Stock Market ,which means the diversification ability in the fund is restricted by sharia compliant stocks, which may affect investment risk. In addition, non-compliance with Sharia criteria by any of the Fund's stocks is another risk factor associated with the Fund Manager being unable to sell such stocks within the period specified, in which case, underlying stocks shall be sold as soon as reasonably possible.
- (4) **Forecasting Corporate Results:** It is one of the most important tools used by the Fund Manager in making his investment decisions. However, these forecast studies are uncertain and subject to error risk. Moreover, the market price of a stock may go against the forecasts result.
- (5) **Management Risk:** The Fund Manger highly depends on key personnel, and therefore, the Fund may be negatively affected due to loss of executives or other key personnel involved in Fund operations and the difficulty of finding equally qualified replacements on a limited time.
- (6) **IT Risk:** The Fund Manager depends on technology in managing the Fund and keeping records of customers' assets. The IT used by the Fund Manager might be exposed to unauthorized access, virus, or partial or total disruption despite of the prudential security procedures taken by Fund Manager.
- (7) **Difficulties Trading:** The Saudi Stock Market may experience trading crisis under which redemption or evaluation could become impractical. However, in such event, risks faced by the Fund would be the same risks faced by all other investors in the Saudi Stock Market, and will not affect the Fund only.
- (8) **Acquisition by Few Subscribers of Large Stakes of the Fund's assets:** The Fund has no maximum subscription limit during the initial subscription period, and therefore, some subscribers may acquire more than 10% of the Fund's assets. This could be risky if some or all of such subscribers decide to redeem their units in the Fund.

13. Fees and Expenses:

The Fund shall pay all expenses listed hereunder, where these expenses shall will be passed to unit holders.

- (1) **Management Fees:** 1.50% p.a. of Fund Net Asset Value, accrued fees shall be paid on quarterly basis for the Fund Manager.
- (2) **Custodian Fees:** SAR 200,000 p.a. of Fund Net Asset Value, accrued fees shall be paid on quarterly basis for the Fund Custodian.
- (3) **Auditors Fees:** SAR 25,000 divided as equally on the year days of the year.
- (4) **Financing Expense:** No financing expense is expected during the year.
- (5) **Remunerations of Board members:** subject to Figure (2) Article (15) of this terms and conditions.
- (6) **Remunerations of Sharia Committee members:** subject to point (21) of these terms and conditions

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All expenses details are set out in Appendix (1), the Financial Disclosure, attached to these Terms and Conditions.

14. Dealing (brokerage) Expenses:

The Fund shall pay all dealings expenses and charges related to trading in Saudi shares or any other regulatory fees that may be charged by CMA or dealing broker.

15. Fund Board of Directors ("the Board"):

The Fund is managed by a board of directors (the Board) consisting of five members, two of which are independent in addition to the Chairman. The appointed board member term shall not exceed five years. The Fund Manager has the right to replace members of the Board after getting CMA approval. Unit holders will be notified of any such change. The term of the first Board shall begin from the date of CMA approval on establishing the Fund.

(1) Names of the Fund's Board of Directors:

- (I) **Mr. Beshr Mohammed Burhanuddin Yasin Bakheet (Chairman)**
Chairman and CEO for Bakheet Investment Group "Fund Manager", Obtained a master degree in engineering management from "Kio University" in Japan in 1987. He is a member of Bakheet Saudi IPO Fund.
- (II) **Mr. Fahd Mohammed Abdulaziz Bin Zara'a (independent member)**
A business man that obtained a bachelor degree in engineering from " Eastern Methodist University" in the US in 1980. He is independent member of Bakheet Saudi IPO Fund.
- (III) **Mr. Fahd Mohammed Abdullah AL-Dowaish (independent member)**
A business man that obtained a master degree in financial management from "Arizona University" in the US in 2004. He is independent member of Bakheet Saudi IPO Fund.
- (IV) **Mr. Hisham Husain Abdullah Abu Jamea (member)**
Chief Investment Officer for Bakheet Investment Group "Fund Manager", obtained a bachelor degree in quantitative methods from "King Saud University" in KSA in 1991. He is a member of Bakheet Saudi IPO Fund.
- (V) **Mr. Musaed Mohammed Al-Enayek (member)**
Client Relation Manager for Bakheet Investment Group "Fund Manager", obtained a master of business administration degree from "Pacific University in the US in 1999. He is a member of Bakheet Saudi IPO Fund.

(2) Bonuses and Allowances of the Board of Directors:

Total remuneration payable for each member of the board is the lesser of a lump sum of SAR 50.000 or 5% of the Fund's annual Management Fees. No board member is entitled for any other benefit, salary, or bonus. Such expenses are charged to the Fund, accrued fees are annually paid to the Board Members.

(3) Services to be provided by the Board are as follows:

The Board is to provide, but not limited to, the following services:

- (I) Approving all contracts, resolutions and material reports that the fund is part of.
- (II) Supervising, in addition to approving conflict of interest whenever Fund Manager discloses it according to the CMA Investment Funds Regulations.
- (III) Meeting at least twice a year with the Fund manager's Compliance Officer (compliance committee) and anti-money laundry and anti-terrorist financing officers to ensure the compliance of the Fund Manager with all applicable rules and regulations.
- (IV) Approving recommendations submitted by the liquidator, if such a liquidator was appointed.
- (V) Ensuring that all Fund Terms and Conditions are comprehensive and in compliance with the Investment Fund Regulation of the CMA
- (VI) Ensuring that the Fund Manger is performing its responsibilities to the best interests of unit holders without compromising the Fund's terms and conditions and the CMA Investment Funds Regulations.
- (VII) Acting with integrity to the best interests of the Fund and unit holders.

(4) Voting by the Board:

The Board of Directors shall meet with a written notice to be issued by the Chairman at least fifteen days before the date set for the meeting. The Chairman of the Board shall call for a Board meeting if so requested by any two members. The Board shall meet at least twice a year and meetings may be held at the Fund Manager Head Office or any other place agreed upon by the Board. A Board meeting shall be valid only if attended by at least 50% of the members, including the Chairman or his designee. In the event that a member of the Board gives a proxy to another member to attend a Board meeting on his behalf, then such proxy shall be given according to the following:

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- (I) The proxy shall be made in writing;
- (II) A member of the Board may not act on behalf of more than one member in attending the same meeting.
- (III) The Board's resolutions shall be adopted with the approval of the majority vote of the members present in person or represented by proxy. In case of a tie, the Chairman shall have a casting vote.

16. Fund Manager:

Bakheet Investment Group, the Fund Manager, Commercial Registration No. 1010226894, Licensed under CMA Authorized Persons Regulation, License No. 06012-26, address: Olaya Main street, Akariya Building (3), floor 7 and 8, P. O. Box 63762 Riyadh 11526, Kingdom of Saudi Arabia, Tel +966-1-419-1797, Fax +966-1-419-1899, web site www.Bakheetgroup.com. The Fund Manager is an employee of the Fund and is paid a management fee in consideration for its management services (as defined in Appendix "1", Financial Disclosure).

17. Custodian:

Bakheet Investment Group, the Custodian, Commercial Registration No. 1010226894, Licensed under CMA Authorized Persons Regulation, License No. 06012-26, address: Olaya Main street, Akariya Building (3), floor 7 and 8, P. O. Box 63762 Riyadh 11526, Kingdom of Saudi Arabia, Tel +966-1-419-1797, Fax +966-1-419-1899, web site www.Bakheetgroup.com.

18. Auditors:

KPMG Al Fawzan & Al Sadhan (“the Auditor”) P. O. Box 92876, Riyadh 11663, Kingdom of Saudi Arabia, Tel +966-1-291-4350, Fax +966-1-291-4351. The Fund Board of Directors reserves the right to change the Auditors subject to CMA notification. Unit holders shall be notified of such change.

19. Annual Audited Financial Statements:

The annual audited financial statements shall be made available to unit holders and potential clients at no cost and will be published within a period that doesn't exceed 90 days from year end on the Fund Manager's website, www.Bakheetgroup.com, or by mail upon request. The first annual financial statements of the Fund shall be prepared commencing from year end 2007. Furthermore, the Fund Manager will prepare semi annual reports for the fund, which will be published within 45 days from mid year end. These reports will be available for the clients through the Fund Manager website or by mail upon request. Moreover, a hard copy of the reports can be posted to unit holders, pending on their request. The publication of these semi annual reports will initiate after mid year 2008.

20. Characteristics and Profits of Units:

The Fund is divided into units of the same value, benefits, and rights. No dividends shall be distributed. Profits shall be reinvested in the Fund.

21. Sharia Supervisory Committee:

Names of Sharia Supervisory Committee members providing advice to the Fund:

(1) Sheikh (Doctor) / Yousef Bin Abdullah Al-Shubaily

Dr. Shubaily is a holder of a Ph.D. with the first honors degree from the Department of Comparative Jurisprudence at the Higher institute of Judiciary in the Kingdom of Saudi Arabia. He is a Professor in the faculty of the Comparative Jurisprudence Department at the High Institute of Judiciary. He is a Member of assembly of Muslim Jurists in America, Member of Saudi Jurisprudence society, and he is expert in Islamic finance.

He is a Shari'ah advisor to a number of charitable institutions and numerous financial and economic institutions in Saudi Arabia, Arab Gulf states, United States of America, and the rest of the world.

Dr. Shubaily has participated in many specialized seminars and scientific sessions, in Saudi Arabia, Arab Gulf states, United States of America, and the rest of the world.

Dr. Shubaily had published dozens of scientific researches and studies about economic and finance topics.

(2) Sheikh (Doctor) / Faisal Ar-Rumian

Dr. Ar-Rumian holds Ph.D. with the first honors degree from the Faculty of Shari'ah from the higher institute of judiciary in the Kingdom of Saudi Arabia. He is an adviser and director of Legitimacy Policy Dept at Al Imam Muhammad Ibn Saud Islamic University. Dr. Ar-Rumian is a member of many scientific and specialized societies in Saudi Arabia and overseas. He is a member of Saudi Jurisprudence society and he is a chartered judge for GCC Commercial Arbitration Center. Dr. Ar Rumian had prepared and supervised many specialized studies and Islamic scientific researches.

Decisions adopted by the Sharia Supervisory Committee in respect of compliance by the Fund with the Sharia principles as described in Appendix (2) of the Terms and Conditions were based on certain criteria and restrictions. The Fund Manager shall have the right to replace members of the committee subject to CMA notification. Unit holders

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shall be notified of any such change. The annual remuneration of each member of the Sharia Supervisory Committee is SAR 35,000, in addition to travel expenses (if need arises) for meetings attendance.

22. Initial Offering:

Subscription in the Fund shall be made available for four weeks commencing 19 Rabia Awal 1428H, corresponding to April 7, 2007G, and ending 19 Rabia Althani 1428H, corresponding to May 6, 2007G. The Unit price upon commencement shall be one Saudi Riyal. All subscription money collected during such subscription period shall be invested in low-risk Sharia compliant financial instruments. The Fund shall commence operation immediately following the completion of subscription. No minimum capital is required for the Fund to commence operation.

23. Investment by the Fund Manger in the Fund:

Upon commencement of the Fund operations, the Fund Manager may at his sole discretion participate in the Fund as an investor. However, the Fund Manager reserves the right to downsize its subscription partially or in full at his discretion. The Fund Manager shall at the end of each year disclose all of its investments in the Fund.

24. Subscription and Redemption Procedure:

(1) **Subscription procedures:** To subscribe in the Fund, the client shall complete a subscription form, sign the Terms and Conditions, and submit them to the Fund Manager.

(2) **Redemption Procedures:** To redeem all or part of the subscriber's units, the Subscriber shall complete a redemption form and submit it to the Fund Manager. In the event of partial redemption, a subscriber shall maintain the minimum holding amount of investment specified under Figure 6 (Subscription) of the Terms and Conditions.

(3) **Subscription Days:** Subscription into the Fund is daily and shall be accepted only if a duly completed subscription form is submitted and subscription amount is paid in full before Saudi Stock Market is closed. Subscriptions will be processed at unit closing price on the next dealing day.

(4) **Redemption days:** Redemption of units in the Fund can be made every day and shall be accepted if a duly completed redemption form is submitted before Saudi Stock Market is closed. Redemption applications will be processed at the unit closing price on the following dealing day. Redemption proceeds will be credited to the customer's account within two days after redemption.

(5) **Dealing day :** every business day at Saudi Stock Market.

(6) **Suspension of Redemption:** The Fund Manager may at his discretion suspend any redemption request in the following circumstances:

- (I) If redemption requests submitted by unit holders in any one single dealing day account for 10% or more of the Fund net asset value.
- (II) If trading in the Saudi Stock Market or in any of the Fund underlying assets is suspended.
- (III) Any other disruptions in the Saudi Stock Market due to which redemption or valuation of the Fund units becomes impossible.

(7) **Rejection of Subscription:** The Fund Manager may, at his discretion, reject any subscription application without giving reasons, in which event subscription amount shall be credited back to the client account within three business days from the date when the subscription application was submitted, subject to Article 51, "Eligibility of Investment", Chapter 9, "Offering and Redemption of Units", of CMA Investment Funds Regulations.

25. Valuation and Declaration of Fund Assets

Fund's assets shall be evaluated every business day based on the daily closing prices of the Fund underlying shares. The unit price is calculated by dividing the Net Assets Value (NAV) of the Fund's by the total outstanding units on that day. The unit price is announced every day through the Fund Manger website.

26. Early Redemption charge

Applications to redeem units before completing one month of subscription are subject to an early redemption charge of 0.5% of the redemption proceeds. Unit holders shall not pay this fee if units are held for more than one month. Subscription and redemption of units shall be handled on a “first in first out (FIFO)” basis.

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27. Liquidation:

CMA reserves the right to hire an alternative fund manager or liquidate specialist or any suitable arrangement according to CMA Investment Funds Regulations.

28. Termination of the Fund:

The Fund Manager reserves the right to terminate the Fund after getting the CMA approval by sending a notice to unit holders on sixty days before termination, provided that such termination shall not involve any penalty on any party, in which event, the Fund shall be liquidated and liquidation proceeds distributed to unit holders on a pro rata basis.

29. Reporting to Unit holders:

The Fund Manager shall issue a quarterly statement, as maximum frequency, to the Subscriber including the following information:

- (1) Fund net assets.
- (2) Number of units net asset value owned by each subscriber.
- (3) Transactions record statement in respect of each subscription or redemption transaction.
- (4) Financial statements:
 - (I) Semi Annually reviewed financial statement.
 - (II) Annually audited financial statements.

Statements and notices shall be sent to either the address, and/ or e-mail, and /or mobile, and/ or fax shown in the account opening form, unless the Fund Manager has been notified of any change in such address. Any errors or discrepancies must be notified to the Fund Manager within sixty (60) days from the date of the relevant statement or notice. Thereafter, statements and notices shall be deemed final and decisive.

30. Conflict of Interest:

The Fund Manager aims to avoid conflict of interests that might occur with subscribers. The fund manager shall always set the interest of the unit holders first. The fund manager deal with all unit holders on fair basis. Procedures have been taken by the Fund Manager to avoid such conflict, including prohibition of direct dealing into stock markets where the Fund Manager invest, this prohibition includes Fund Manager's employees and their first degree relatives (spouse and children).

31. Voting Rights Policies:

After consultation with the Compliance Officer, the Fund Board of Directors approves the general policies to practice voting rights granted to the fund by the securities held by the Fund. The Fund Manager shall decide whether or not to practice the voting rights after consulting with the Compliance Officer.

32. Amendment of Terms and Conditions:

The Terms and Conditions set out in this Agreement shall be valid unless materially amended by the Fund Manager. Any such material amendment shall be subject to the following conditions:

- (1) Approval by Sharia Supervisory Committee;
- (2) Approval by CMA.
- (3) Unit holders must be notified of such change in writing 60 days before it comes into effect.

33. Complaint Procedure:

Complaints procedures shall be provided if required by CMA and/or upon request submitted by/ to the Fund Manager in respect of any dispute. Complaints shall be referred to the Committee for Resolution of Securities Disputes.

34. Governing Law:

These Terms and Conditions shall be governed by the laws in force in the Kingdom of Saudi Arabia.

35. Representation

The Fund Manger hereby represents that these Terms and Conditions are in full compliance with the Investment Funds Regulations issued by Saudi Arabian Capital Market Authority and contains a complete and accurate disclosure of all material facts related to the Fund.

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Appendix (1) Financial Disclosure:

Bakheet Saudi Trading Equity Fund

Total Expenses Deducted From the Fund's Assets During 2009*		
Expenses	Actual Expenses' Value	From the Total Fund's Assets **
	(SAR)	(Percentage %)
Management Fee (Projected as 1.50% p.a. of Fund Net Asset Value, distributed on pro rata daily basis)	SAR 926,785	1.5%
Early Redemption Charge (0.50%, This fee is applicable if redeemable units are held for less than one month)	N/A	N/A
Total remunerations of Board members (Up to max SAR 50,000 per each member or 5% of management fees (whichever is less), distributed on pro rata daily basis)	SAR 227,038	0.37%
Custodian Fees (SAR 200,000, distributed on pro rata daily basis)	SAR 200,000	0.32%
Auditors Fees (SAR 25,000, distributed on pro rata daily basis)	SAR 25,000	0.04%
Total remuneration of Sharia Supervisory Committee* (Projected as SAR 45,000 per each member, distributed on pro rata daily basis)	SAR 92,050	0.15%

*Full details of the revenues and expenses are available in the fund's audited financial statements.

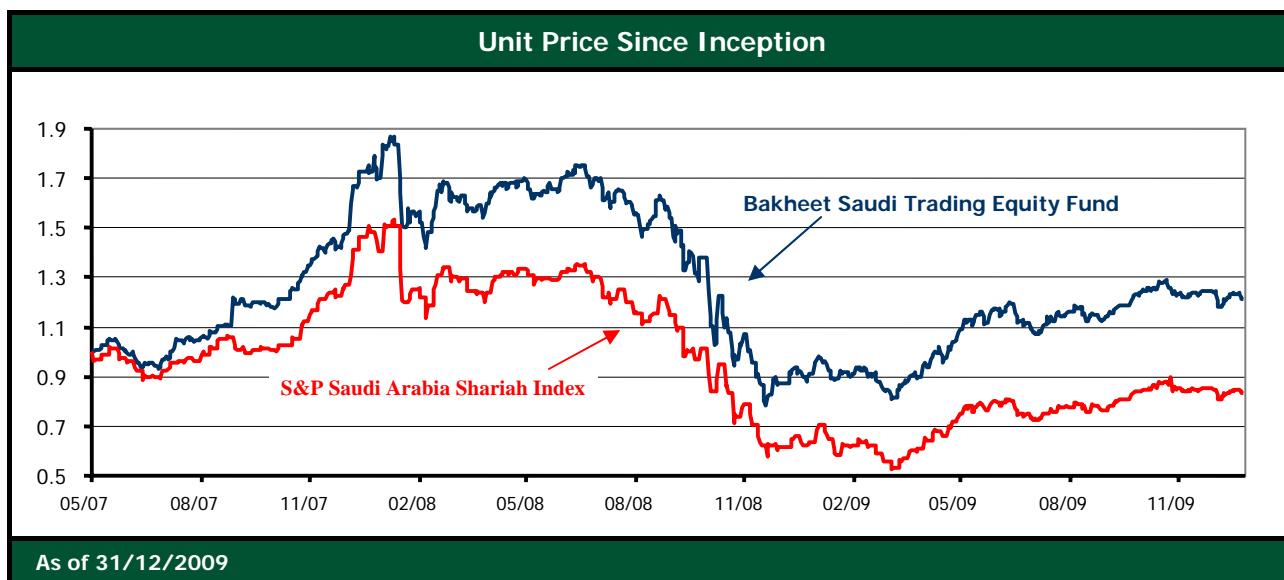
** As of 31/12/2009

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Appendix (2) Track Record:

Performance Since Inception					
	1 Year	3 Years	5 Years	10 Years	Since Inception (6/5/2007)
Bakheet Saudi Trading Equity Fund	33%	N/A	N/A	N/A	21%
S&P Saudi Arabia Shariah Index	32%	N/A	N/A	N/A	-17%

As of 31/12/2009



Note: Neither The past performance of the fund or the past performance of the benchmark is an indication of how the fund will perform in the future, and there is no guarantee for unit holders that the fund's absolute performance or its performance relative to the benchmark will repeat or match past performance.

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Appendix (2) Sharia Guidelines:

The Sharia Supervisory Committee will evaluate the eligibility of the stocks using the following guidelines:

I. Sharia Rules

Rule 1: Nature of activity

Investment shall be limited to companies with permissible purposes such as production of useful commodities and services in sectors like agriculture, manufacturing, commerce, etc. Investment is not permissible in companies involved in one or more of the following business activities:

1. Financial activities not in compliance with the Sharia principles such as traditional banks dealing in interest or financial instruments abhorrent to Sharia principles and traditional insurance companies;
2. Production and distribution of alcoholics, tobacco or similar products;
3. Production and distribution of pork or other derivatives;
4. Production and distribution of unauthorized meat products;
5. Management of gambling houses or production of gambling tools;
6. Production and publication of pornographic videos, books, magazines, satellite channels or cinemas;
7. Restaurants, hotels, or night clubs offering Sharia prohibited services or products such as alcohol or other prohibited products;
8. Any other business activity decided by Sharia Supervisory Committee to be prohibited.

Rule 2: Cash and Debts

Investment may not be made in shares of any company with total cash and debts (receivables) exceeding 45% of its assets according to its balance sheet.

Rule 3: Loans

Investment may not be made in shares of any company with interest bearing loans in excess of 33% of the market value of its assets.

Rule 4: Investment of Cash

Cash invested in short term instruments such as bank deposits or interest-bearing securities may not exceed 33% of the market value of the assets of the company.

Rule 5: Percentage of Unauthorized Income

Investment may not be made in shares of any company with unauthorized income from different sources exceeding 5% of the company's total income, whether such sources are usury interests or other impermissible transactions.

Rule 6: Investment Instruments and Methods

Shares may not be traded using any of the following investment instruments:

1. Futures
2. Options
3. Swaps
4. Preferred shares

II. Filtering and Purification

Impermissible income shall be determined by the Fund Manager and held in a designated account. Such income shall be spent on charitable causes. Purification shall be conducted as follows:

1. Mark out impermissible income of each underlying company;
2. Divide impermissible income of the underlying company by the total number of its issued shares to derive the percentage entitlement of each share from such impermissible income;
3. Multiply the result by the number of shares held by the Fund of the underlying company to determine the total impermissible income;
4. Follow the same steps for each underlying company;
5. Sum up all impermissible income of all underlying companies, transfer and deposit the same into charity account under the supervision of the Sharia Supervisory Committee.

III. Regular Review

Compliance by Saudi stock companies with Sharia rules shall be reviewed following the announcement of their respective financial statements for each quarter. Shares of con-compliant companies shall be sold within two weeks from the date of such review. Newly listed companies with Sharia compliant business activity shall be included in the permissible companies list on the next day following its admission to the Saudi Stock Market.

Allah is the purveyor of success. Peace be upon our Prophet Mohammad and his companions.