

INFORMATION MEMORANDUM

This Information Memorandum was approved by the BMA on September 26, 2005

The Bahrain Monetary Agency, the Bahrain Stock Exchange and the Ministry of Commerce of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Information Memorandum or for the performance of this Fund, nor shall they have any liability to any person, an Investor or otherwise, for any loss or damage resulting from reliance on any statement or information contained herein.

SICO Gulf Equity Fund

(An open-ended collective investment scheme registered under the laws of the Kingdom of Bahrain and created by SICO Funds Company III BSC (c))

**Offering of up to 200,000 Units each valued at a
Subscription Price of US\$ 100
(plus a subscription fee of US\$ 2 per Unit)**

Fund Company

SICO FUNDS COMPANY III BSC (c)

Investment Manager

SECURITIES & INVESTMENT COMPANY BSC (c)

The date of this Information Memorandum is September 26, 2005

Potential Investors are strongly advised to take professional advice in relation to the contents of this Information Memorandum.

To the best of the knowledge and belief of the Directors of the Fund Company, having taken all reasonable care to ensure that this is the case, the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to materially affect the meaning of such information.

This Information Memorandum does not constitute an offer or solicitation of Units in any jurisdiction in which such offer or solicitation is not authorised. No action has been taken to permit the distribution of this Information Memorandum in any jurisdiction other than in the Kingdom of Bahrain. Accordingly, this Information Memorandum may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Recipients of this Information Memorandum should inform themselves about and observe any applicable legal requirements.

NOTICE TO INVESTORS

This Information Memorandum is being furnished to selected sophisticated Investors primarily in GCC Countries on a confidential basis so that they may consider the opportunity to purchase the Units. This Information Memorandum is the lawful property of the Fund Company and may not be distributed, reproduced or copied, as a whole or in part, nor may any of its contents be disclosed without the prior written and express permission from the Fund Company or the Investment Manager.

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

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

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

The distribution of this Information Memorandum and the offering of Units in certain jurisdictions may be restricted by law. Persons who are in possession of this Information Memorandum and any persons wishing to apply for Units pursuant to this Information Memorandum are required by the Fund Company to inform themselves about and to observe any such restrictions. The Units being offered may not be purchased or held by, or purchased or held for the benefit of, any Non-Qualified Person as defined hereinafter at any time. "Non-Qualified Person" means any person to whom a transfer to, or holding by such person of, Units would:

- (a) be in breach of any law or requirement of any country or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances;
- (b) result in the Fund Company or the Fund incurring any tax liability which the Fund Company or the Fund would not otherwise have incurred or suffered;
- (c) require the Fund Company or the Fund to be registered under any statute, law or regulation, whether as an investment company or trust scheme; or
- (d) cause the Fund Company or the Fund to be required to apply for registration or comply with any registration requirements in respect of any of the Units in any jurisdiction other than in Bahrain.

The Fund is an unregulated collective investment scheme for the purpose of the United Kingdom Financial Services and Markets Act 2000 (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 2001/1335);

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"). Neither the Fund nor the Fund Company is a registered investment company under the United States Investment Company Act of 1940, as amended (the "1940 Act"). Therefore holders in the Fund will not gain the benefit of holders in a fund or company registered under the 1940 Act. Accordingly, the Units are not and will not be offered or sold 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, or to or for the account or benefit of U.S. persons (as defined in Rule 902 under the 1933 Act) and are subject to restrictions on transfer.

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

Under Bahrain Law, an application must be made to the BMA to obtain its consent to offer to Investors in Bahrain participation in a new or in an existing collective investment scheme. The offering of the Units and this Information Memorandum was approved by the BMA on September 26, 2005.

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

The BMA requires the Fund to appoint a Custodian who is functionally independent of the Investment Manager and the Fund Company. The Fund has complied with the said requirement.

The Fund Company, the Investment Manager, the Registrar and the Custodian reserve the absolute right to require further verification of the identity of each potential investor or that of the person or entity on whose behalf the potential investor is applying for a subscription in the Fund. Each potential investor will provide satisfactory evidence of identity, within a reasonable time period determined by the Fund Company.

The Fund Company will comply with the Money Laundering Regulation issued by the Bahrain Monetary Agency on 14th October 2001, pursuant to the Amiri Decree Law No. 23 of 1973 (the BMA Law) and Amiri Decree Law No. 4 of 2001 (with respect to the prevention and prohibition of Laundering of Money), and the documentation that needs to be provided by an investor subscribing to the Fund. In addition, the Fund Company will also comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition of and Combating Money Laundering and the various Ministerial Orders issued there under including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institution's Obligations Concerning the Prohibition of and Combating Money Laundering.

Under Bahrain Law, the Fund is subject to periodic financial reporting requirements pursuant to which the Fund's un-audited semi-annual statements and audited annual statements must be filed with the BMA. The Fund's financial statements will be circulated to the Unitholders in accordance with this Information Memorandum.

Investing in the Fund involves risk. The Fund is an open-ended collective investment scheme designed for Investors seeking long-term capital appreciation primarily through investing in the equity markets of the GCC Countries excluding Saudi Arabia. The Fund will actively purchase and sell equity, equity related, hybrid and debt securities listed in the GCC Countries excluding Saudi Arabia. Therefore, investing in the Fund involves risks and Investors should be able to bear the economic risks of their investment in the Fund, including all or part thereof, and should not be dependent upon any returns from such investment for any basic financial needs.

Prospective investors are referred to page 23 for a summary of certain of the risks involved.

Investors should be aware that the value of units might decrease as well as increase.

Each Investor may acquire Units solely for investment purposes. The Units may not be directly or indirectly sold, transferred, or assigned, by operation of law or otherwise, without the prior written consent of the Directors or, to the extent delegated by the Fund Company, the Investment Manager. Any attempt by an Investor to transfer Units constitutes a tender to the Directors for the redemption of such Units.

The Directors of the Fund Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors of the Fund Company, having taken all reasonable care to ensure that this is the case, the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to materially affect the meaning of such information.

The statements contained herein that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which the Fund would operate, management's beliefs, and assumptions made by the management. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements.

The Fund Company, in its sole discretion, may reject any subscription for Units in whole or in part at any time prior to acceptance thereof. Furthermore, the Fund Company may at any time and at its discretion redeem the Units and distribute to Investors their respective share of the proceeds thereof.

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

This Information Memorandum is important and should be read in its entirety. Potential Investors are strongly advised to seek professional advice in relation to the contents of this Information Memorandum.

The contents of this Information Memorandum should not be construed as investment, legal or tax advice. Each potential Investor must seek independent investment, legal and tax advice with respect to the implications of investing in the Units.

The information in this Information Memorandum is given as of the date hereof, unless expressly otherwise specified herein.

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I. DEFINITIONS

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

“Administration Agreement”	means the administration agreement between SICO Fund Services Company BSC(c) and the Fund Company dated September 26, 2005 in connection with the Fund;
“Administrator”	means SICO Fund Services Company BSC(c) or its successor when acting as administrator to the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
“Articles of Association”	mean the Articles of Association of the Fund Company;
“Auditor”	means PricewaterhouseCoopers, Bahrain or their successors when acting as auditors for the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
“Bahrain”	means the Kingdom of Bahrain;
“Bahrain Law”	means the laws and regulations in force in Bahrain;
“Base Currency”	means the base currency of the Fund, which is the U.S. Dollar;
“BMA”	means Bahrain Monetary Agency;
“BMA Approval”	means the BMA letter approving the formation and marketing of the Fund;
“Board”	means the board of directors of the Fund Company;
“BSE”	means Bahrain Stock Exchange;
“Business Day”	means a day on which banks and financial institutions are open for general business in Bahrain;
“Certificates”	means certificates representing Units issued pursuant to the Instrument substantially in the form set out in the section headed “ <i>XIX. Form of Instrument – First Schedule – Form of Unit Certificate</i> ”;
“Closing Date”	means the closing date for applications pursuant to the Initial Offering, being February 15, 2006 or such later date as the Directors, acting on their sole discretion, may determine;

“Commercial Companies Law”	means Bahrain’s Commercial Companies Law No. (21) of 2001 as amended from time to time;
“Custodian”	means SICO Fund Services Company BSC(c) or its successor when acting as the custodian of the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
“Custody Agreement”	means the Custody Agreement between SICO Fund Services Company BSC(c) and the Fund Company dated September 26, 2005 in connection with the Fund;
“Dealing Day”	means the first business day of each calendar month;
“Directors”	means the directors (Board Members) of the Fund Company;
“Effective Date”	means the day on which the BMA Approval is obtained being September 26, 2005 or such other later date as determined by the Directors, acting in their sole discretion, provided that it falls not later than 45 days from the date on which the BMA Approval is issued;
“Financial Year”	means a period of one year starting from January 1 and ending on December 31 of each year except for the first financial year that will begin on the Closing Date and expire on December 31, 2006;
“Fund”	means SICO Gulf Equity Fund, an open-ended collective investment scheme established by way of an Instrument as a contractual arrangement between the Fund Company and the Investors and registered with and supervised by the BMA;
“Fund Company”	means SICO Funds Company III BSC (c) a joint stock company closed incorporated with limited liability under the laws of Bahrain to create and manage the Fund;
“GCC Countries”	means for the purposes of this Information Memorandum, member countries of the Gulf Cooperation Council including Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates but excluding the Kingdom of Saudi Arabia;
“Information Memorandum”	means this Information Memorandum and all appendices, attachments and supplements thereto including, without limitation and the Redemption Request Form;

“Instrument”	means the instrument issued by SICO Funds Company III BSC (C) dated September 26, 2005 in connection with the creation of Units in the Fund;
“Interested Party”	The Investment Manager, the Administrator, the Custodian, the Placement Agent, the Sub-Placement Agent and any of their directors, officers, members, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed.
“Investment Manager”	means Securities & Investment Company BSC(c) or its successor when acting as investment manager to the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
“Investment Management Agreement”	means the Investment Management Agreement between the Fund Company and Securities & Investment Company BSC(c) dated September 26, 2005 in connection with the Fund;
“Investors”	means subscribers to Units in the Fund; the term can be used interchangeably with the term Unitholders;
“Initial Offer Period”	means the initial offer period of Units commencing at 12 noon on the Effective Date and concluding on the Closing Date;
“Initial Offering”	means the offering of 200,000 units at US\$ 100 per Unit plus a subscription fee of US\$ 2 per Unit;
“Investment Committee”	has the meaning given to it in the section headed “ <i>VIII. Management and Administration – Investment Committee</i> ”;
“Investment Objective and Policy”	means the investment objective and policy of the Fund as set out in the section headed “ <i>IV. Investment Policy – Investment Objective and Policy</i> ”;
“Memorandum of Association”	means the Memorandum of Association of the Fund Company;
“Money Laundering Regulations”	means regulations, ministerial orders and circulars in force in Bahrain in connection with the prevention and combating of money laundering, including, but not limited to, Legislative Decree No. (4) of the year 2001 with respect to Prohibition of and Combating Money Laundering and the various Ministerial Orders issued there under including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institutions' Obligations Concerning the Prohibition of and Combating Money Laundering;

“Net Asset Value or NAV”	means the net asset value of the Units as determined in accordance with the principles set out in the section headed “ <i>VII. Determination of Net Asset Value</i> ”;
“Placement Agency Agreement”	means the Placement Agency Agreement between the Fund Company and Securities & Investment Company BSC(c) dated September 26, 2005 in connection with the Fund;
“Placement Agent”	means Securities & Investment Company BSC(c) or its successor when acting as placement agent to the Fund or such other entity appointed in such capacity from time to time by the Fund Company;
“Quarter”	means a period of three months ending on the last day of March, June, September or December in any year;
“Redemption Day”	means each Valuation Day falling after the Closing Date.
“Redemption Price”	means the price at which Units will be redeemable both in respect of redemptions at the option of the Unitholders and in respect of compulsory redemptions at the option of the Fund Company calculated as described in the section headed “ <i>VI. Subscriptions and Redemptions</i> ”;
“Redemption Request Form”	means the redemption form approved by the Fund Company, which the Investors must submit, in the manner described in this Information Memorandum and attached to the Subscription Agreement, for purposes of redeeming Units in the Fund;
“Registrar”	means KPMG, Bahrain or its successors when acting as registrar for the Fund or such other entity appointed in such capacity from time to time by the Fund Company;
“Registrar Agreement”	means the Registrar Agreement between the Fund Company and KPMG, Bahrain dated September 26, 2005 in connection with the Fund;
“Settlement Date”	means the final date for receipt of subscription monies raised during the Initial Offer Period, being February 15, 2006 or such later date as the Directors may determine;
“SICO”	means Securities & Investment Company BSC(c);
“Subscription Agreement”	means the Subscription Agreement to be prepared by the Fund Company in connection with the Fund and entered into with

each Investor provided that the form of such agreement must first be approved by the BMA and attached in section headed “*XIX. Subscription Agreement*”;

“Sub-Placement Agent”	means an entity appointed by the Placement Agent to act as a sub-placement agent to the Fund;
“Subscription Day”	means each Valuation Day falling after the Closing Date;
“Subscription Price”	means the price at which Units are being offered which is: (i) US\$ 100 per Unit plus a subscription fee of US\$ 2 per Unit in respect of the Initial Offering, and (ii) the price calculated as described in the section headed “ <i>VII. Determination of NAV</i> ” plus a subscription fee of up to 2% of the subscription amount;
“US\$ or U.S. Dollar(s)”	means the lawful currency of the United States;
“U.S. Person”	has the meaning given in Regulation S under the U.S. Securities Act of 1933, as amended;
“United States” or “U.S.”	means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;
“Unitholders”	means the holder or holders of all or any of the Units, being the person or entity who is for the time being entered in the register maintained pursuant to the conditions as a Unitholder;
“Units”	means non-voting units in the Fund; and
“Valuation Day”	means the last Business Day of each calendar month.

II. SUMMARY OF TERMS

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

The Fund

The Fund is an open-ended investment fund, created by the Fund Company and established as a collective investment scheme pursuant to the regulations for the operation and marketing of collective investment schemes issued by the BMA under Circular No. OG/356/92 of November 18, 1992 and subsequent supplementary circulars. The Fund was approved by the BMA on the Effective Date.

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

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

The Fund Company

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

Investment Objective and Policy

The primary objective of the Fund is to seek long-term capital appreciation. The Fund will aim to achieve this investment objective by investing principally in equity securities listed on the stock markets of the GCC Countries excluding Saudi Arabia.

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

Base Currency

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

Units

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

Initial Offering

The Fund Company is offering 200,000 Units at US\$ 100 per Unit plus a subscription fee of US\$ 2 per Unit. The maximum number of Units available in the Initial Offering may be increased at the discretion of the Directors in accordance with the section headed “*XIV. General Information – Minimum and Maximum Subscription*” with the prior approval of the BMA. The minimum investment by any applicant is 1,000 units although the Directors may, in their sole discretion, accept applications for lesser amounts.

Initial Offer Period

The Initial Offer Period of Units will commence at 12 noon on the date of this document and close on the Closing Date as contemplated by this Information Memorandum.

Further Subscriptions

Subsequent to the Initial Offer Period, Units would be further issued on a monthly basis on each Valuation Day falling after the Closing Date at prices calculated as described in the section headed “*VII. Determination of Net Asset Value*” plus a subscription fee of up to 2% of the subscription amount.

Redemptions

Subsequent to the Initial Offer Period, Units would be redeemed on a monthly basis on each Valuation Day falling after the Closing Date at prices calculated as described in the section headed “*VII. Determination of Net Asset Value*”.

Listing	The Fund Company may seek to list the Fund on the stock exchanges of any of the GCC Countries, including the BSE. The Fund Company does not intend at this time to make a secondary market in the Units.
Investment Manager	Pursuant to the Investment Management Agreement, Securities & Investment Co. BSC (c) has been appointed as the Fund's Investment Manager. The Investment Manager is, among other things, responsible for the implementation of the Investment Objective and Policy.
Custodian	Pursuant to the Custody Agreement, SICO Fund Services Company BSC(c) has been appointed as the Fund's custodian. The Custodian is, among other things, responsible for the safe keeping of and custody over the Fund's cash and securities.
Administrator	Pursuant to the Administration Agreement, SICO Fund Services Company BSC(c) has been appointed as the Fund's administrator. The Administrator is, among other things, in charge of the day-to-day administration of the Fund and for the calculation of the Net Asset Value.
Registrar	Pursuant to the Registrar Agreement, KPMG Bahrain has been appointed as the Fund's registrar. The Registrar is, among other things, in charge of providing registrar and transfer agency services including keeping copies of the register of Unitholders.
Placement Agent	Pursuant to the Placement Agency Agreement, Securities & Investment Company B.S.C. (c) has been appointed as the Fund's Placement Agent. The Placement Agent will use at all times its best endeavors to promote and extend sales of the Fund to all potential Investors and make available materials relating to the Fund to potential Investors as well as receive the Subscription Agreements together with the accompanying subscription amounts. The Placement Agent will have the discretion to appoint Sub-Placement Agent(s) subject to the terms of the Placement Agency Agreement.
Dividend Policy	The Fund Company intends to distribute part of the Fund's net investment income on an annual basis. The Fund Company may, acting at the sole discretion of the Directors, declare and pay dividends out of realised and unrealised capital gains achieved by the Fund. For the avoidance of doubt, the

Directors reserve the right, at their sole discretion, not to pay dividends at all over the life of the Fund.

Taxation

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

Management Fees

Under the Investment Management Agreement, the Fund will pay the Investment Manager a fixed fee of 1.5% per annum of daily NAV (calculated for these purposes prior to the deduction of management fee) accrued daily but payable on the second Business Day of each Quarter.

Performance Fee

The Investment Manager will also be entitled to receive from the Fund a performance fee of 10% over and above the hurdle total rate of return of 10% for each Financial Year. The performance fees will be accrued monthly on the basis of annualised returns of the Fund taking into consideration the changes in the NAV of the Fund as well as the dividends declared by the Fund, if any as detailed in the section headed “*IX. Fees and Expenses – Management Fees*”.

Subscription Fees

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

Redemption Fees

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

Other Fees

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

Mandatory Redemption

In accordance with the Instrument, and by giving an Investor a minimum of seven days notice, the Fund Company may compulsorily redeem any Units if the Fund Company determines (in its absolute discretion) that those Units are purchased or held by, or for the benefit of, a U.S. Person.

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

The Fund may, in its absolute discretion, redeem all outstanding Units in the event of an exceptional decline in the value of the Fund's assets or a decline in the Fund's assets due to redemptions to a level insufficient to sustain normal trading by the Fund.

Performance Review

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

Reporting

The Investment Manager will publish:

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

Risk Factors

Investment in Units carries significant risk, and investment in the Fund should be regarded as long term in nature and only suitable for investors who understand the risks involved and who are able to withstand the loss of all or part of their invested capital. The Fund does not have its own legal personality. As such, the assets of the Fund may be held in the name of the Fund Company. The Investment Manager may

provide investment management services to managed accounts other than the Fund. Neither the Administrator nor the Investment Managers will be devoting their full business efforts to the activities of the Fund. In the event of an actual conflict arising, the Directors will endeavour that such conflict be resolved fairly. The regulatory supervision, legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to Unit Holders as would generally exist in more mature or developed markets. The performance of the Fund will depend on the skill of the Investment Manager, which could depend on key personnel and may be affected by changes in economic and political conditions and in legal, regulatory, and tax requirements. The Fund will be responsible for paying its own fees and expenses regardless of the level of its profitability.

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

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

III. THE FUND AND THE FUND COMPANY

The Fund

The Fund is an open-ended investment fund, created by the Fund Company and established as a collective investment scheme pursuant to the regulations for the operation and marketing of collective investment schemes issued by the BMA under Circular No. OG/356/92 of November 18, 1992 and subsequent supplementary circulars. The Fund was approved on the Effective Date, and is regulated, by the BMA.

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

There will only be one ordinary class of Units with a price per Unit of US\$ 100 (plus a subscription fee of US\$ 2 per Unit) on the Effective Date until the Closing Date. The Minimum Subscription amount during the Initial Offer is the value of 1,000 Units and additional units in multiples of 100 Units. The Fund, being open-ended, will offer Units on a continuous basis, on each Subscription Day, through the Placement Agent and through Sub-Placement Agents authorised by the Placement Agent. The Fund Company may seek to list the Fund on the BSE or stock exchanges of other GCC Countries. The Fund Company does not intend at this time to make a secondary market in the Units.

Proposed changes to this Information Memorandum must be made by the Directors and will be subject to the approval of the BMA and reported to Investors of the Fund.

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

The Fund Company

SICO Funds Company III BSC (c) is a joint stock company closed incorporated with limited liability under the laws of Bahrain for the creation and management of the Fund. The Fund Company approved by the BMA and incorporated in 2005 as a joint stock company closed with Commercial Registration No. 59294, whose registered address is First Floor, BMB Center, P.O. Box 1331, Manama, Bahrain.

The primary objective of the Fund Company is to issue Units in the Fund by way of Instrument that is a contractual obligation between the Investors and the Fund Company.

The establishment of the Fund Company and its Memorandum of Association and Articles of Association have been approved by the Ministry of Commerce in Bahrain in accordance with the Bahrain Commercial Companies Law No. 28 for 1975 and Ministerial Order No. 25 for 1977 (as amended), and by the BMA.

The authorized share capital of the Fund Company is BD 1,000 divided into 100 shares of BD 10 each. Except for one share, all shares of the Fund Company are owned by Securities & Investment Company BSC(c). The personal liability of the shareholders in the Fund Company for its debts or obligations is limited to the amounts they have subscribed to the capital of the Fund Company.

IV. INVESTMENT POLICY

Investment Objective and Policy

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

Investment Strategy

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

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

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

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

General Restrictions

In attempting to achieve long-term capital appreciation for the Fund, the Investment Manager would be required to adhere to the following restrictions that have been stipulated by the Directors:

- (a) The Fund shall not invest less than 50% of its NAV in equity securities listed on the stock markets of the GCC Countries excluding Saudi Arabia;
- (b) The Fund shall not invest more than 50% of its NAV in equity securities listed in any one country;
- (c) The Fund shall not invest more than 15% of its NAV in securities of any one issuer;
- (d) The Fund shall not invest more than 20% of its NAV in equity related and hybrid securities and not more than 40% of its NAV in debt securities provided that the aggregate of equity related, hybrid and debt securities does not exceed 50% of its NAV;
- (e) The Fund shall not invest more than 20% of its NAV in equity or debt securities that are being offered for listing (IPO or pre-IPO placements) on the stock markets of the GCC Countries excluding Saudi Arabia;
- (f) The Fund shall not invest more than 25% of its NAV in other collective investment schemes (provided that the Fund will not invest more than 10% in one collective investment scheme) that principally invest in equity, equity related or hybrid debt securities in the GCC Countries excluding Saudi Arabia. This is with a primary focus to gain exposure to equities in which the Fund may not be allowed to invest directly;
- (g) The Fund may borrow up to a maximum of 20% of its NAV by pledging assets of the Fund only as a temporary measure to finance its operations and not to seek leverage;
- (h) The Fund shall not make any investments that would expose it to unlimited liability;
- (i) The Fund shall not deal short or on margin;
- (j) The Fund will not make any loan or give any guarantee;
- (k) The Fund will not take or seek to take legal or management control over the issuers of any of its underlying investments; and
- (l) The Fund will only purchase or sell stock or stock index derivatives for the purposes of hedging portfolio risk. The Fund will not use stock or stock index derivatives for the purposes of speculation provided always that the Fund will not invest more than 20% of its NAV in such instruments.

Legal Limitations

In managing the Fund, the Fund Company and the Investment Manager will comply with the requirements of Bahrain Law and other relevant laws. In particular, the Fund Company and the Investment Manager will, and will cause the Fund to, comply with the requirements of the Principles of Supervision, Operation and Marketing with respect to Collective Investment Schemes Issued Pursuant to BMA Circular No. OG/356/92 of November 18, 1992 and subsequent supplementary circulars and have been approved and regulated by the BMA. Derogation from such requirements is only permitted subject to the approval of the BMA.

V. RISK FACTORS

Investing in the Fund involves certain considerations in addition to the risks normally associated with making investments in securities. The Fund is newly formed. There can be no assurance that the Fund will achieve its investment objectives. The value of Units may go down as well as up and there can be no assurance that on a redemption, or otherwise, Investors will receive the amount originally invested. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are willing and able to withstand the total loss of their investment. The following is intended as a summary of certain investment considerations and risks associated with this investment, but is not exhaustive and must be supplemented by the Investors' own analysis of, among other things, Investors' personal or corporate financial circumstances.

Emerging Market Risk

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

Currency Risk

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

Term of Investment

Equity investments by their very nature are high-risk investments with possible sudden decline in prices due to various factors resulting in a potential loss of capital. Therefore, investment in the Fund should be regarded as a high-risk investment, and there can be no guarantee that the Investment Manager will achieve the Fund's objective and the Investor will recover the full amount invested. Furthermore, an investment in the Fund should be viewed by applicants as of a long-term nature.

Liquidity

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

Operating History

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

Absence of Voting Rights

Investors in the Units have no voting rights and do not participate in the management of the Fund Company or the Fund. Investors generally have no right to influence the management of the Fund whether by voting against, withdrawing, removing or replacing the Investment Manager or otherwise. Furthermore, Investors have no right to terminate any agreement to which the Fund is or may be a party.

Legal Status

The Fund is a collective investment scheme created by the Fund Company, and is structured as a contractual arrangement between the Fund Company and the Unitholders. This contractual arrangement is regulated and supervised by the BMA. The Fund is intended to be separate from the Fund Company.

The Fund is not registered under the Commercial Companies Law. Therefore, the Fund does not have a separate legal status and the extent to which a Bahraini government agency or a Bahraini court, acting in the context of insolvency proceedings or proceedings for determining the Fund's liabilities, would uphold such distinction between the legal status of the Fund and that of the Fund Company and other collective investment schemes of the Fund Company is unclear and to our best knowledge untested. Additionally, the assets of the Fund will be held in the name of the Fund Company and will at no time become the assets of the Investment Manager. Therefore the Fund should not in any way be affected by the insolvency or bankruptcy of the Investment Manager.

Reliance on Management

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

Absence of Transferability of Units

It is not anticipated that there will be any public market for the Units. The Units may not be directly or indirectly sold, transferred or assigned, by operation of law or otherwise, in whole or in part, without the prior written consent of the Investment Manager, which may be granted or withheld in its sole discretion. Any attempt to transfer Units, other than by way of redemption in the manner described in this Information Memorandum, constitutes a tender to the Investment Manager for the redemption of Units.

Conflicts of Interest

Under Bahrain Law, an Investment Manager is obligated to act for the benefit of the Fund with respect to matters within the scope of the Investment Management Agreement. The Investment Manager, in connection with the Fund, will, to the extent described in this Information Memorandum, also act as seed investor in the Fund. Additionally, the Directors will seek to ensure that no actual conflict of interests will arise.

The Investment Manager may provide investment management services to funds and managed accounts other than the Fund. These funds and accounts may have fee structures or other features that are different from or more beneficial to the Investment Manager than those of the Fund. Although the Investment Manager has contractually committed to treating all accounts fairly, this may create the appearance of an incentive on the part of the Investment Manager to favour accounts with more beneficial structures, and it is therefore possible that any of them may in the course of business, have potential conflicts of interest with the Fund. In the event of an actual conflict arising, the Directors will endeavour that such a conflict will be resolved fairly.

Neither the Administrator nor the Investment Manager will be devoting their full business efforts to the activities of the Fund. This may involve a conflict of interest with respect to the commitment of resources. The Administrator and the Investment Manager intend to devote sufficient time to the Fund's activities to properly manage or provide investment advice to the Fund.

Directors' Interests

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

Custodial Risk

The Fund Company has appointed SICO Fund Services Company BSC (c) a subsidiary of Securities and Investment Company BSC (c) as Custodian. The Custodian represents that it is capable of providing and licensed to offer custodial services throughout the GCC region. However, due to its short operating history, risk exists with respect to the operations and services offered by the Custodian.

Regulatory framework

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

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

Economic and Political Stability

Investment in GCC Countries may carry a high degree of economic and political risks. On the economic front, the economies of GCC Countries while striving to diversify are primarily oil driven economies. A prolonged period of low oil prices can potentially affect the economic health of the GCC economies and may result in an overall recession in the region.

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

Taxation

The Fund Company, with the assistance of the Investment Manager, will take reasonable steps to mitigate the Fund's tax liabilities. Investors should review carefully this Information Memorandum and the Subscription Agreement and discuss with their tax advisors the specific tax and other consequences of investing in the Fund.

Mandatory Redemption

Compulsory redemption may result in the liquidation of investments under conditions less favourable as the liquidity of some of the underlying assets may not allow for an orderly liquidation at the prevailing market prices, and consequently result in loss to Investors.

The foregoing is not a comprehensive list of investment risk factors, and potential Investors are urged to consult with their professional advisors as to the legal, regulatory, tax and business risks involved in this Fund.

VI. SUBSCRIPTIONS AND REDEMPTIONS

Initial Offering

An Initial Offering of 200,000 Units at US\$ 100 (plus a subscription fee of US\$ 2 per Unit) is being made. Applications should be for a minimum of 1,000 Units and application for additional units should be in multiples of 100 Units. The Directors of the Fund Company reserve the right to increase or reduce the size of the Initial Offering.

Initial Offer Period

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

Further Subscription

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

Subscription Price

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

The Fund encourages payment of monies in U.S. Dollars. If the Investor pays for Units in any currency other than the U.S. Dollar, subscription amount will be converted at the exchange rate as obtained by the Fund. The exchange rate used to convert such currency may be subject to change if a fluctuation in the exchange rate should take place between the date on which payment for the Units is received and the day on which the payment is converted into the Base Currency of the Fund i.e. U.S. Dollar. Any such exchange rate fluctuation risk is the responsibility of the Investor and neither the Fund, the Fund Company, the Investment Manager, the Placement Agent nor the Administrator will be liable in any way for such risk.

Subscription Agreement

Prospective Investors will be required to complete and return the Subscription Agreement (refer to the section under heading "*XIX. Subscription Agreement*"). The completed Subscription Agreement should be sent to the Administrator or its delegate, or an authorised placement agent, details of which are provided in the Subscription Agreement, and must be received at least five Business Days prior to the relevant Subscription Day (or such later time as may be agreed by the Directors of the Fund at their sole discretion). The subscription monies in cleared funds must be paid by 12 noon on the Business Day immediately

preceding the relevant Subscription Day. If the Subscription Agreement and/or cleared funds are received after the deadline, it will (unless otherwise determined by the Fund Company) be treated as a request for subscription on the directly succeeding Subscription Day unless the Fund Company or the Placement Agent determines otherwise.

The completed Subscription Agreement will (save as determined by the Fund Company) be irrevocable and may be sent by facsimile at the risk of the applicant. The originals of any Subscription Agreement sent by facsimile should be sent immediately by post or by internationally recognised courier. Failure to provide the original Subscription Agreement may at the discretion of the Directors result in cancellation of the allotment of the Units.

Issue of Units

Units will be issued in the form of a Certificate. The Registrar will maintain the official register of Units. Certificates must be returned to the Registrar prior to processing of redemption requests. Fractions of Units will not be issued where the balances of the subscription monies for Units represent less than the subscription price per Unit. Remaining funds after allotting the number of Units to Investor shall be refunded, however, subscription monies representing less than US\$50 will not be returned to the applicant but will accrue to the Fund.

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

Combating Money Laundering

The Fund will comply with Bahrain's Legislative Decree No. (4) of the year 2001 with respect to Prohibition and of Combating Money Laundering and the various Ministerial Orders issued there under including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institutions' Obligations Concerning the Prohibition of and Combating Money Laundering.

As a result of the applicable anti-money laundering regulations, documentation may be required along with the subscription request for Units. The Directors, the Placement Agent and the Investment Manager reserve the absolute right to require further verification of the identity of each potential Investor or that of the person or entity on whose behalf the potential Investor is applying for the purchase of the Units and/or the source of funds. This will be used to comply with these regulations and to verify the identity of the Investors and will remain confidential. Each potential Investor will be required to provide satisfactory evidence of identity and if so required the source of funds within a reasonable time period determined by the Fund. Pending the provision of such evidence, application for Units will be postponed. If a potential Investor fails to provide satisfactory evidence within the time specified, or if the a potential Investor provides evidence but the Fund is not satisfied therewith, the application may be rejected immediately in which event the money received on application, if any, will be returned without interest payment.

The Investor may not need to provide documentation to the Fund Company if the Investor has an existing investment in the Fund and has already provided documentation or has already provided evidence of identity to the Fund Company. In the event of none of the foregoing applying to an Investor, the Investor

may be required to provide proof of identity to the Fund Company as set out in the Subscription Agreement. .

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

Records

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

Indemnity

The Fund shall hold the Investment Manager and its directors free and harmless against any claim or liability that they may have incurred while performing their duties, except for their respective wilful misconduct or gross negligence.

Redemption

Investors may redeem Units on each Redemption Day, which means each Valuation Day falling after the Closing Date, provided the Investor gives notice to that effect to the Administrator ten Business Days prior to the relevant Redemption Day.

Redemption Price

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

Redemption Request Form

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

Payment of Proceeds

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

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

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

Liquidity Constraints on Redemption

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

Mandatory Redemption

In accordance with the Instrument, and by giving an Investor a minimum of seven days notice, the Fund Company may compulsorily redeem any Units if the Fund Company determines (in its absolute discretion) that those Units are purchased or held by, or for the benefit of, a U.S. Person.

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

The Fund may, in its absolute discretion, redeem all outstanding Units in the event of an exceptional decline in the value of the Fund's assets or a decline in the Fund's assets due to redemptions to a level insufficient to sustain normal trading by the Fund.

Suspension of Subscription and Redemption of Units

The Fund may (but is not required to) temporarily suspend the determination of the NAV per Unit and subscription and redemption prices in respect of any Valuation Day upon the occurrence of one or more of the following events:

- (a) when the market or markets in which a substantial portion of the Fund's assets are invested or traded is or are closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended in a way that affects the valuation of the Fund's assets or where trading is restricted or suspended in respect of securities forming a material part of the Fund's assets;
- (b) the existence of any state of affairs as a result of political, economic, military or monetary events or circumstances outside the control of the Fund Company, including but not limited to delay in settlements, and disposal of assets is not reasonably assured without materially affecting the value and interests of continuing Unitholders and calculation of a fair price;
- (c) any breakdown in the means of communication or computation or otherwise normally employed in determining the price or value of any of the investments made by the Fund for calculating the

NAV or valuing a significant portion of the investment of the Fund, or if the value of any asset or assets which is material to the calculation of NAV may not be determined as accurately or rapidly as required;

- (d) imposition of foreign exchange restrictions or other restrictions affecting the transfer of funds and transactions on behalf of the Fund and potentially having a material impact on normal activities of the Fund including but not limited to purchase and sale transactions and flow of funds from one country to the other; or
- (e) if an order by a Bahraini court or Bahraini regulatory body, including the BMA, is issued requiring such suspension.
- (f) when for any reason the value of a significant portion of the investments owned by the Fund cannot be reasonably, promptly or accurately ascertained; or
- (g) if a resolution calling for the liquidation, dissolution or merger of the Fund has been adopted.

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

In addition, the Directors have the right to postpone any Valuation Day for up to [one] Business Day without the requirement to give notice to Unit Holders when, in the opinion of the Directors, a significant proportion of the assets of the Fund cannot be valued on an equitable basis and such difficulty is expected by the Directors to be overcome within that period.

During the suspension period in relation to the calculation of the NAV, the Fund will not issue or redeem Units and the Investors will not transfer Units. Any suspension of more than fifteen business days will be notified to the Unitholders. Any application received for subscription or redemption during the above said period shall be carried forward to the next Valuation Day. All possible steps will be taken to bring the period of suspension to an end.

Where a suspension occurs as described above, the Administrator will notify the BMA as soon as practicable of the suspension and of the reasons thereof.

Listing

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

Voting and Ownership Rights

Units carry no voting rights with respect to the Fund. Units represent an ownership right, based on contract of the Investors in connection with the Fund but not in the Fund Company or any other collective investment schemes launched by the Fund Company other than the Fund.

Ownership Restrictions

Investors may subscribe provided legislation or regulations in Bahrain and in their country of citizenship, residence, domicile or incorporation permits them to do so. U.S. Persons or U.S. residents as defined in Regulation S under the U.S. Securities Act of 1933 are not allowed to subscribe. Persons under 21 years of age are not allowed to subscribe unless he/she has the written authorisation of his/her lawful guardian.

VII. DETERMINATION OF NET ASSET VALUE

The Administrator will determine the NAV of the Fund in U.S. Dollars on a monthly basis at the close of business on each Valuation Day. This will also be made available to Investors and potential Investors on request from the Administrator. In addition, the Unitholders will be sent details of the NAV and a brief report on the Fund's performance on a monthly basis.

The NAV per Unit will be calculated by the Administrator in accordance with generally accepted international accounting standards using the following formula: (a) the total assets of the Fund less the total liabilities divided by (b) the total number of outstanding Units of the Fund prior to such Valuation Day. For the purposes of the determination of the Fund's NAV, the assets of the Fund are separate from the assets of the Fund Company and from the assets of other collective investment schemes created or marketed by the Fund Company.

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

Liabilities will include, but are not limited to:

- (a) management and other fees and disbursements of the Investment Manager earned but not yet paid;
- (b) any allowance for the Fund's estimated legal and other fees;
- (c) charges of the Custodian, Administrator, Registrar, Auditor and any brokerage fees;
- (d) investments of the Fund contracted to be sold;
- (e) reserves authorised or approved by the Directors or the Investment Manager for duties and charges or taxes or contingencies (accrued where appropriate on a day-to-day basis);
- (f) other liabilities of the Fund of whatsoever nature (which will, where appropriate, be deemed to accrue from day-to-day) including outstanding payments on any Units previously redeemed and, as from the record date in respect thereof, any dividends declared and not paid (contingent liabilities (if any) being valued in such manner as the Directors may determine from time to time in any particular case);
- (g) all costs relating to any litigation in which the Fund or the Fund Company (acting in relation to the Fund) is involved; and
- (h) any amount borrowed for the Fund for reasons as explained in section headed "*IV. Investment Policy – General Restrictions*".

The NAV of the Fund and the Units will be expressed in U.S. Dollars and any items denominated in other currencies will be translated at prevailing exchange rates as determined by the Administrator.

The Auditors will review the NAV calculations on a semi-annual basis.

VIII. MANAGEMENT AND ADMINISTRATION

The Directors

The Directors of the Fund Company have overall authority over, and responsibility for, the operation and management of the Fund and will exercise supervision and control of the Fund including making decisions on matters of general policy and reviewing the actions of Investment Manager, the Custodian, the Administrator and other service providers. The Fund Company may appoint new Directors and officers of the Fund or may remove them from time to time.

Pursuant to the Articles of Association, the Fund Company has three Directors who were appointed for a term of three years. As of the date of this Information Memorandum, the members of the Board of Directors of the Fund Company are: Anthony C. Mallis (who is also the Chairman and Managing Director), Shahid Hameed and Najla Al Shirawi. The three Directors are also employees of Securities & Investment Company BSC(c).

Anthony Mallis joined SICO as Chief Executive Officer in December 2000. Prior to joining SICO, he was a Partner for a year in a private equity partnership located in London that focused on the Middle East. Between 1992 and 1999 he worked for Credit Suisse Asset Management and its predecessor CSFB Investment Management as a Director, responsible for Global Marketing. Between 1987 and 1992, he was Head of Institutional and Government Clients for the Arab World for Bankers Trust Company and was responsible for leading a number of investment banking transactions in the GCC Countries. Prior to that, he worked with Gulf International Bank and Citibank in Bahrain, London and Riyadh.

Shahid Hameed, CFA possesses over nine years of experience in emerging market equities and is well experienced in GCC equities. He joined SICO in 1999 and was responsible for setting up the research department. He currently heads the Asset Management Division and has been instrumental in developing the firm's asset management business. Prior to joining SICO, he worked for four years in Saudi Arabia and Pakistan analysing mainly emerging market equities. Shahid is a CFA charter holder and also holds a Master of Business Administration degree in Finance from the Institute of Business Administration, Karachi, Pakistan.

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

Investment Manager

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

In performing its duties and obligations under the Investment Management Agreement, SICO will be supervised by the Directors. SICO, acting under the supervision and direction of the Directors, would be responsible for the Fund's investment management.

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

The Investment Manager has appointed Shahid Hameed to manage the Fund (please refer to page 35 for his profile). The Investment Manager may replace the Manager from time to time.

Investment Committee

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

Custodian

The Fund Company has appointed SICO Fund Services Company BSC (c) as Custodian pursuant to a Custody Agreement dated September 26, 2005. SICO Fund Services Company, Bahrain is a subsidiary of SICO.

The Custodian will, among other things, hold or arrange to hold in safe custody such securities, investments and financial instruments or any other items belonging to the Fund or received from time to time by the Fund, the Fund Company or the Investment Manager. The Custodian will also hold and receive cash belonging to the Fund and maintain bank accounts as may be directed by the Fund Company.

The Directors of the Fund Company will supervise the Custodian.

Administrator

The Fund Company has appointed SICO Fund Services Company BSC(c) as Administrator pursuant to a Administration Agreement dated September 26, 2005. The Administrator will, among other things, be in charge of the day-to-day administration of the Fund including, without limitation arranging for payment or deposit of all monies and securities received on behalf of the Fund and the calculation of the NAV of the Fund. SICO Fund Services Company BSC(c) holds significant experience in administration services on a regional basis.

The Directors of the Fund Company will supervise the Administrator.

Placement Agent

In connection with the Initial Offering and subsequent subscriptions in the Fund, the Fund Company has entered on September 26, 2005, into the Placement Agency Agreement with SICO, which shall act as the

Placement Agent to the Fund. In this capacity, SICO will use at all times its best endeavors to promote and extend sales of the Fund to all potential Investors and make available materials relating to the Fund to potential Investors as well as receive the Subscription Agreements together with the subscription amounts. SICO will have the discretion to appoint Sub-Placement Agent(s) on terms, which are substantially similar to the terms of the Placement Agency Agreement.

Registrar

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

Auditor

The Fund Company has appointed PricewaterhouseCoopers, Bahrain, as the Fund's independent Auditor. The Auditor will audit and review financial reports and will submit its report to the Fund Company. Such reports will provide an opinion regarding the Fund's financial statements and an assessment of the accounting principles used. The Auditor will also review the unaudited semi-annual financials for the Fund.

Alternative Service Providers

The services of the Fund's service providers, including the Investment Manager, the Custodian, the Administrator, the Registrar, the Placement Agent and the Auditor will not be terminated or termination will not come into effect until a suitable alternative has been appointed by the Fund Company and approved by the BMA.

IX. FEES AND EXPENSES

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

Subscription Fees

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

Management Fees

Base Fees

Under the Investment Management Agreement, the Fund will pay the Investment Manager a base management fee of 1.5% per annum of daily NAV accrued daily and payable on the second Business Day of each Quarter.

Performance Fees

The Investment Manager will also be entitled to receive from the Fund a performance fee of 10% over and above the hurdle total rate of return of 10% for each Financial Year. The performance fees will be accrued monthly on the basis of annualised returns of the Fund taking into consideration the changes in the NAV per Unit of the Fund as well as the dividends declared by the Fund, if any. The performance fees would be payable to the Investment Manager within fourteen business days following the end of each Financial Year. The performance fees accrued for Units redeemed during a given year will be paid along with the outstanding Units at the end of the Financial Year.

For purposes of calculating the performance fee, performance will be calculated based on the change in the NAV per Unit of the Fund after deduction of all fees and expenses except performance fees. This performance will be annualised and then compared against the annualised hurdle rate. Performance fees will be calculated on the return in excess of the hurdle rate.

Redemption Fees

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

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

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

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

Launching Costs

All expenses incurred in launching this Fund including those already spent to date are to be borne by the Fund. These include but are not limited to legal, printing, postage and circulation costs of this Information Memorandum and related documents, registration fees, and Initial Offering expenses associated with the setting-up of the Fund. These costs are capped at US\$ 50,000 (and expenses above this amount will be borne by the Fund Company) and will be capitalised and amortised over a period not exceeding one year.

Administration Fee

Under the Administration Agreement, the Administrator will be entitled to receive 0.1% per annum of the NAV (calculated on daily NAV for these purposes prior to the deduction of management fees) accrued monthly but payable quarterly on the second Business Day of each Quarter.

Custody Fee

Under the Custody Agreement, the Custodian will be entitled to receive an annual custodian fee at a rate of 0.125% of the daily NAV of the assets held by the Custodian for the account of the Fund, as determined from time to time by the Investment Manager. The Custodian Fee shall accrue daily and is payable on a pro rata basis on a quarterly basis with the first payment payable by the Fund Company on behalf of the Fund on the second Business Day of the Fund's second Quarter and thereafter on the second Business Day of each Quarter.

Registrar Fees

Under the Registrar Agreement, the Registrar will be entitled to receive a flat fee of BD 1,500 per annum for up to 1,000 Unitholders. Beyond 1,000 Unitholders, the registrar will be entitled to fees as set out in the Registrar Agreement. Moreover, the Fund will reimburse the Registrar for certain services rendered and expenses borne by the Registrar as more fully described in the Registrar Agreement.

Auditors Fees

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

Other Operating Costs

The Fund will be charged all other expenses incurred in connection with the normal operation of the Fund including, but not limited to, transactional costs including brokerage, banking, exchange fees, auditing,

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

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

X. DIVIDEND POLICY

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

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

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

There can be no assurance that the Fund's investments will be successful or the investment results for any one Financial Year justify the payment of dividends. Thus, there can be no assurance that annual dividends will be declared. The declaration and payment of dividends will be in accordance with the Instrument and this Information Memorandum and is in the sole discretion of the Directors. It is therefore possible that no dividend payments will be made during the life of the Fund.

XI. TAX AND EXCHANGE CONTROL CONSIDERATIONS

As at the date of this document the Fund Company was advised that there are no income, capital gains, withholding, inheritance, or estate taxes in Bahrain applicable to the Fund, nor is there any stamp duty payable in Bahrain on the transfer, sale or purchase of Units. Under current law, the Fund Company and the Fund will not be subject to tax in Bahrain on its profit, income, gains or appreciation arising in Bahrain or elsewhere.

Accordingly, dividends (if any) received by the Fund and gains (if any) realized by the Fund are not currently subject to tax in Bahrain. Furthermore, fees received for services rendered by the Fund and the Fund Company are not subject to tax in Bahrain.

A Unitholder will not be subject to Bahrain tax with respect to any dividend received on the Units (including distributions received upon liquidation of the Fund and the Fund Company or with respect to any gains realized upon the sale or redemption of the Units). Bahrain does not impose any withholding taxes. Accordingly, no withholding on account of any Bahrain tax is required by the Fund Company or the Fund with respect to any dividend distributions made to a Unitholder or any gains realized by such Unitholder upon the sale, redemption or exchange of the Units.

Individual Unitholders, whether resident in Bahrain or not, are not subject to any Bahrain gift, estate, inheritance or similar taxes solely by reason of the ownership of the Units.

There are no currency or exchange control restrictions currently in force under Bahrain law and the free transfer of currency into and out of Bahrain is permitted, subject to any international regulations in force from time to time.

In the event that there is any material amendment or change to Bahrain law in connection with the matters referred to above, the Investment Manager will notify the Unitholders of such amendment or change in the next following report that is circulated to the Investors after such amendment or change has come to the attention of the Investment Manager.

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

XII. LIFE AND LIQUIDATION OF THE FUND

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

In addition, the Directors may, at any time, subject to prior approval of the BMA, propose to dissolve the Fund at any extraordinary general meeting of shareholders of the Fund Company. In the event of such a voluntary dissolution being adopted, the liquidation would be carried out in accordance with the laws and regulations in force in the Kingdom of Bahrain that specify the steps to be taken to enable Unit Holders to participate in any liquidation distribution. Upon liquidation of the Fund, the assets of the Fund will be allocated to Unit Holders after all amounts due to third parties, including those due under the contractual arrangements entered into by the Fund Company on behalf of the Fund and under Bahrain law, are satisfied.

In accordance with the Instrument, the Fund may be liquidated earlier if the Directors and shareholders in the Fund Company so resolve as a matter of extraordinary business at any time without penalty to any party involved.

In the event of an exceptional decline in the value of the Fund's assets or a decline in the Fund's assets due to redemptions to a level insufficient to sustain normal trading by the Fund, or due to insufficient subscription during the Initial Offer Period, the Fund Company may have to liquidate or voluntarily liquidate positions or cease trading and terminate the Fund.

If the Fund should be liquidated, its liquidation will be carried out in accordance with the laws, which specify the steps to be taken to enable Unitholders to participate in any liquidation distributions. Under Bahrain Law, termination of the Fund requires a prior written consent of the BMA and that reasonable notice be given to Investors. Upon liquidation of the Fund, the assets of the Fund will be allocated to Investors after all amounts due to third parties, including those due under the contractual arrangements entered into by the Fund Company on behalf of the Fund and under Bahrain law, are satisfied.

Please refer to section headed "*VI. Subscriptions and Redemptions*" for details in connection with mandatory redemption.

XIII. GENERAL INFORMATION

Incorporation of the Fund Company

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

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

Voting rights

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

Reporting

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

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

Financial Year

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

Unit Certificates

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

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

Minimum and maximum subscription

Although the Initial Offering is for 200,000 Units, the Directors may increase or decrease the size of the Initial Offering with the prior approval of the BMA. In case of higher subscriptions, if the Directors are satisfied, in the best interest of the Fund, that the additional sum can be invested within a reasonable time frame in accordance with the Fund's objectives, then on their own absolute discretion, a higher subscription amount may be accepted. In case of lower subscriptions, the Directors acting in their sole discretion may decide to proceed further with the Fund even if the amount subscribed is less than the amount on offer in the Initial Offering. This may be due to, but not limited to the expectation of additional Units being subscribed in the following months. The minimum subscription will be 1,000 units and each unit will be valued at US\$ 100.

Allocation

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

Changes to this Information Memorandum

Proposed changes to this Information Memorandum must be made by the Directors and will be subject to the approval of the BMA. Changes once approved will be reported to Investors of the Fund.

Rejected applications

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

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

Proxy voting policy

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

Documents For Inspection

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

- a) the Memorandum and Articles of Association of the Fund;
- b) this Private Placement Memorandum and any other offering or placing documents produced from time to time by the Fund;
- c) the material contracts referred to in the section headed "*XIV. Material Contracts*";
- d) the most recent annual report and accounts of the Fund;
- e) a memorandum listing the directorships and partnerships held during the last five years by each of the Directors of the Fund, stating whether such directorships or partnerships are current;
- f) the Bahrain Commercial Companies Law Decree No. 21 of the year 2001;
- g) the BMA regulations for the operation and marketing of collective investment schemes, Circular No. OG/356/92 of 8 November 1992 and supplementary circulars; and
- h) any interim or periodic accounts and/or reports in respect of the Fund sent to Unit Holders.

XIV. MATERIAL CONTRACTS

The following is a list and summary of material contracts, which the Fund Company has entered into on behalf of and in connection with the Fund:

1. An **Investment Management Agreement** dated September 26, 2005 between the Fund Company and the Investment Manager, pursuant to which the Investment Manager has agreed to provide certain investment management and advisory services to the Fund. In addition, this Agreement contains detailed provisions relating to the investment objectives, and restrictions imposed on the Investment Manager. Details of the fees payable to the Investment Manager are described in the section headed “*IX. Fees and Expenses*”.
2. A **Custodian Agreement** dated September 26, 2005 between the Fund Company and the Custodian pursuant to which the latter has been appointed to act as the Fund’s custodian. The Custodian will hold or arrange to hold in safe custody such securities, investments, financial instruments or any other items belonging to the Fund. The Custodian will also maintain non-interest bearing accounts for different purposes as may be advised by the Fund with record of all the transactions under such accounts. Under this Agreement the Custodian has the power to appoint sub-custodians, agents or nominees and to delegate certain custodial and other functions where necessary to any such sub-custodians, agents or nominees. Details of the fees payable to the Custodian are described in the section headed “*IX. Fees and Expenses*”.
3. An **Administration Agreement** dated September 26, 2005 between the Fund Company and the Administrator pursuant to which the latter has agreed to provide administration services to the Fund Company in connection with the Fund. The Administrator on receipt of monies will arrange for the payment or deposit of all monies and securities received on behalf of the Fund and keep the accounts of the Fund and such financial books and records as are required by law or otherwise for the proper conduct of the financial affairs of the Fund. Details of the fees payable to the Administrator are described in the section headed “*IX. Fees and Expenses*”.
4. A **Placement Agency Agreement** dated September 26, 2005 between the Fund Company and the Placement Agent pursuant to which the Placement Agent will use at all times its best endeavors to promote and extend sales of the Fund to all potential Investors and make available materials relating to the Fund to potential Investors as well as receive the Subscription Agreements together with the subscription amount. The Placement Agent will have the discretion to appoint Sub-Placement Agent(s) on terms which are substantially similar to the terms of the Placement Agency Agreement. The latter will make available materials relating to the Fund to potential Investors upon their request. Details of the fees payable to the Placement Agent are described in the section headed “*IX. Fees and Expenses*”.
5. A **Registrar Agreement** dated September 26, 2005 between the Fund Company and the Registrar pursuant to which the latter has agreed to provide registrar services to the Fund Company in connection with the Fund. The Registrar will maintain a register of the holders of the Units of the Fund and will give anyone authorised by the Fund Company, or as required by law, access at all reasonable times to the register and subsidiary documents and records and carry out the issue of Certificates and redemption of monies to Investors in accordance with the instructions of the Fund Company. Details of the fees payable to the Registrar are described in the section headed “*IX. Fees and Expenses*”.

XV. OVERVIEW OF THE GCC REGION

The GCC region, which was traditionally more popular as a trading hub, has gained importance during the last couple of years. The total market capitalization of the region currently stands at over US\$900bn representing around 20% of the total market capitalization of all emerging markets. Although Saudi Arabia's market capitalization exceeds some emerging markets like South Korea and Taiwan, the other GCC states have witnessed a rapid increase in market size and liquidity.

GCC MARKETS –A Closer Look

Saudi Arabia's market capitalization is slightly higher than the combined market capitalization of the rest of the GCC. However, on an aggregate basis, the GCC region excluding Saudi Arabia has become a huge economic bloc. Their market capitalization has grown impressively during the one year and two year periods as investor interest has increased significantly in the UAE and Qatar. The number of listed companies is much higher for the GCC region excluding Saudi Arabia as compared to Saudi Arabia on a standalone basis.

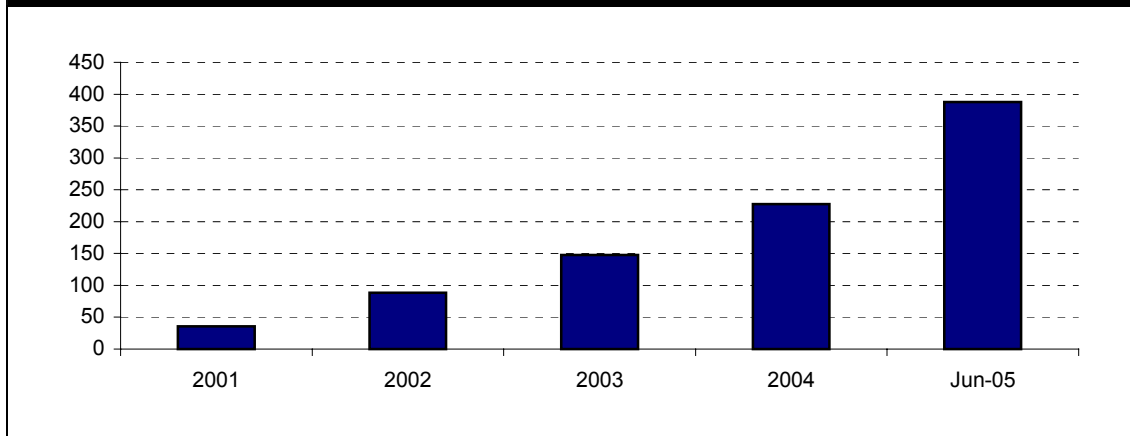
	Saudi	GCC ex Saudi
Market Capitalization (US\$bn)	306.3	221
1 Year Change (%)	94.7	53.8
2 Year Change (%)	309.2	157.0
Number of Listed Companies	73	376
Average Daily Volume (m)	34.4	164.2
Average Daily Value (US\$m)	1,581.9	2,150.9

Kuwait, despite ranked third in terms of market capitalization, is the most liquid in terms of the average daily volume. As at the end of 2004, Kuwait's average daily volume stood at 135m shares, most likely attributable to the higher number of listed companies. The Kuwait market, unlike some of the others where activity is concentrated in a handful of shares, is well diversified with many sectors witnessing high volumes on a daily basis.

The highest average daily value in the GCC region is witnessed in the UAE. As of end of 2004, the average daily value of the UAE stood at US\$1.9bn. This is reflective more of the increased investor attention that the market has witnessed over the last couple of years. Although attention has focused on the few selective stocks that are opened to foreigners, strong corporate result announcements by these companies have triggered the market's overall sentiment.

MARKET CAPITALIZATION

Chart 1: GCC ex Saudi Market Capitalization (US\$bn)



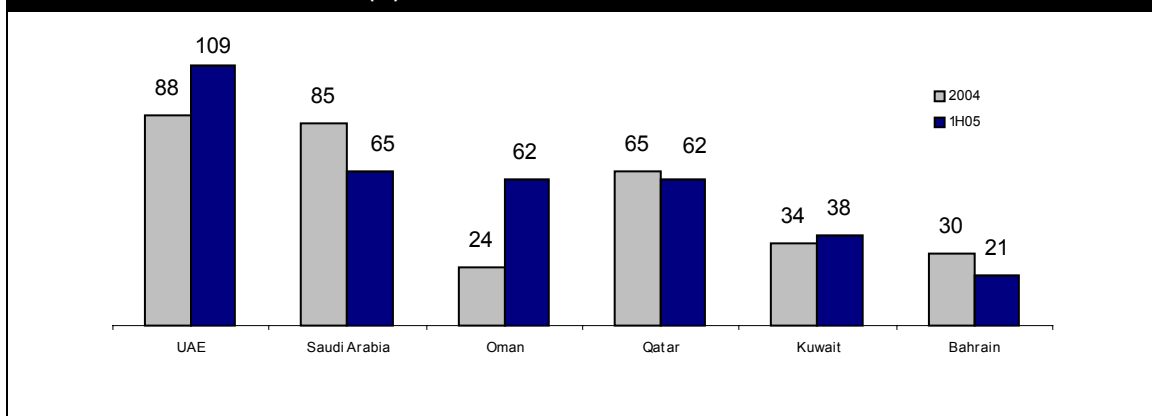
Source: Respective Stock Exchanges

Market capitalization of the GCC region excluding Saudi Arabia is around US\$390bn as of the end of June 2005 and has grown exponentially during the last couple of years. With respect to specific countries, Qatar and the UAE form the major chunk and have witnessed growing investor attention.

1H05 MARKET PERFORMANCE

Well into the year, the regional markets have continued their stellar performances that were posted in the previous three years. Markets on the whole have remained buoyant with all markets posting strong gains during the year. Led by the UAE that has appreciated by 109% during the first six months of the year, the other markets in the GCC have also posted impressive returns in the range of 21%-65% during the same period.

Chart 2: GCC Market Performance (%)



Source: Respective Stock Exchanges

XVI. INVESTMENT CASE FOR THE GCC REGION EXCLUDING SAUDI ARABIA

The GCC region outside Saudi Arabia offers investors a means of diversifications in terms of both stable returns as well as low correlation compared to Saudi Arabia. Some of the GCC countries such as Qatar and the UAE have outperformed Saudi Arabia in both the short term as well as the long term. At the same time, Bahrain, Oman and Kuwait exhibit a low correlation with Saudi Arabia that would offer investors a means to diversify their investment risks.

Strong Macroeconomic Growth

Despite Saudi Arabia being the largest economy - representing 54% of the total GCC economy - the other GCC states have grown rapidly during the last couple of years. The aggregate GDP of the region excluding Saudi Arabia is US\$221bn – representing 10% of the emerging market GDP. In addition, the economic growth rate of the region outside Saudi Arabia was 6.3% during 2004, higher than the growth rate for Saudi Arabia of 5.3%. Other GCC countries excluding Saudi Arabia rank high in terms of per capita incomes with Qatar taking the lead.

Steady and Attractive Returns

The rest of the GCC region excluding Saudi Arabia has produced strong and steady returns over the last four years and have continued their strong momentum into the current year. The strong performance of these markets was triggered by re-investment into the region after the 9/11 event causing excess liquidity with limited investment alternatives. This coupled with the increase in world oil prices benefited their economies resulting in a strong rally in the six bourses.

Table 2: GCC Stock Market Returns vs Global Market Returns (%)

	Saudi	Kuwait	UAE	Qatar	Bahrain	Oman
2000	11	-7	-18	-8	-18	-20
2001	8	27	24	37	-3	-24
2002	4	39	15	37	3	26
2003	76	102	32	70	29	42
2004	85	34	88	65	30	24
1H05	64	38	109	62	21	62

Source: Respective Stock Exchanges

Over the long term (four year period) as well as the short term (1H05), Qatar and the UAE have outperformed Saudi Arabia. The growing number of listed companies coupled with strong macroeconomic growth triggered share prices to break their historic highs.

The cumulative returns of the regional markets since 2001 have been astounding with all markets producing returns in excess of 100%. Qatar has taken the lead increasing by 7.5x during the four and a half year period. The main drivers of the Qatari market have been corporate profitability, listing of new companies and strong macroeconomic indicators. The UAE, which has caught investors attention during the last two years, has also produced magnificent returns appreciating by 6.4x on the back of robust

profitability growth in companies. The smaller markets such as Bahrain and Oman have not been left out, producing strong returns for the four and a half year period.

Table 3: 2001-June 2005 Cumulative Returns		(x)
Qatar		7.53
UAE		6.40
Kuwait		5.12
Saudi Arabia		5.00
Oman		1.73
Bahrain		1.03

Source: Respective Stock Exchange

Risk Diversification

Apart from attractive returns that the GCC markets excluding Saudi Arabia have recorded, these countries provide investors with a means of diversification. The other GCC countries exhibit a low correlation with Saudi Arabia that offer investors a means to mitigate their investment risks. Although the economies are driven by oil and significant intra-region investing occurs, the markets have proved to behave largely independently from each other. The main reason is that the dynamics of each country are unique thereby providing regional investors with an opportunity to diversify their risks.

Table 4: Regional Diversification Benefits						
	Saudi	Kuwait	UAE	Qatar	Bahrain	Oman
Saudi	1.00					
Kuwait	0.16	1.00				
UAE	0.19	0.21	1.00			
Qatar	0.10	0.04	0.13	1.00		
Bahrain	0.10	0.08	(0.06)	(0.01)	1.00	
Oman	0.07	0.09	0.16	0.14	(0.05)	1.00

Source: SICO, Reuters, Bloomberg

Data from Jan 2000 – June 13, 2005

Growing and Liquid Stock Markets

The GCC markets outside Saudi Arabia have become a sizeable bloc that has grown rapidly during the last couple of years. The GCC traded value excluding Saudi Arabia has grown impressively at a 2002- June 2005 CAGR of 56% to US\$117bn. Market Capitalization of the region excluding Saudi Arabia has also grown immensely over time witnessing a CAGR of 97% during the two and a half year period.

Growing Primary Market

The growth of the regional markets is expected to continue in the foreseeable future underpinned by structural changes that are currently sweeping through the region. Privatization of the public sector and brisk growth in the private sector has provided an impetus to the regional Initial Public Offering (IPO) market. Indicative figures suggest that IPOs worth around US\$2bn were offered to the public during the first six months of the year as compared to around US\$800m during 2004. In addition, the pipeline of IPOs over the next one year looks impressive with some high profile companies expected to go public.

The Oil Price Factor

The upsurge in oil prices during the last one year has benefited the regional economies leading to huge budget and fiscal surpluses during 2004. The Gulf has been a major beneficiary of the record high oil prices that have continued to remain at high levels for quite some time. According to a consensus of major international organizations, oil price is expected to remain at levels much higher than the conservative estimates that the GCC countries use when preparing their national account forecasts. Consequently, this would continue to benefit the region to a large extent. However, having said this, even if oil price retreats sharply, the Gulf economies have improved their situation in terms of diversification into other sectors of the economy. For example, Qatar has one of the largest natural gas reserves accounting for around 10% of the world's gas reserves that should continue to provide impetus to the overall economy. The UAE's blossoming construction and real estate sectors adds variety to its economy.

Valuations

The GCC markets stand at a crucial stage as valuations have run up sharply during the last three years. At the beginning of 2002, one could easily pick a basket of stocks with forward earnings multiple of around 10x with yields of in excess of 8%. However, in today's context this seems to be a rare commodity. We believe 'pockets of bubbles' have developed in segments of the market, which has resulted in a decline in some of the markets in the region during the recent past.

However having said this, we would be cautiously optimistic about the prospects for the regional equity markets and would emphasize the importance of making investments on a selective basis with a long-term view. We believe, we are now entering an environment where one can no longer take a passive approach to investing in the region and buy a broad based basket of equities.

Currently, we are witnessing a significant discrepancy in valuations that prevail in the six regional markets. Saudi Arabia falls on the higher end of the spectrum as its market is trading a high multiple so around 25x. On the other hand, other markets such as Bahrain, Kuwait and Oman are trading at much less multiples of around 11-12x and continue to offer attractive long-term investment opportunities. Although the market multiples of Qatar and the UAE fall on the higher end of the spectrum, companies exist that are trading at much lower multiples as well as offer significant growth opportunities. Hence, in an environment of divergent valuations across the region, stock picking through a bottom up approach becomes even more important.

XVII. STOCK MARKETS

KUWAIT

Key Statistics

Kuwait Index

YTD Low/High: 6389 / 8926

Historical Performance (%)

June 05: 6.2

2Q05: 12.0

1H05: 37.5

2004: 38.0

2003: 34.0

Market Snapshot

Current Market Cap June 2005 (US\$b):106.4

Ownership Restrictions

GCC Citizen – Open to 100% ownership except for the banking sector

Non-GCC Citizen – Open to 100% ownership

* All Current data is as of 30th June 2005

Table 5: Key Market Indicators

	2001	2002	2003	2004
Number of Listed Companies	88	95	108	125
Average Daily Volume (m)	84.3	170.0	204.0	135.2
Market Capitalization (US\$b)	26.7	35.1	59.5	73.6
Average Daily Value (US\$m)	47.4	89.2	225.2	208.9
Kuwait Market Performance (%)	27	39	102	34

Source: EIU, Kuwait Stock Exchange

The Kuwait Stock Exchange is the third largest market in terms of market capitalization but the most liquid in terms of volumes. Established in 1977, the stock exchange took its formal shape in 1983. This process was expedited due to the financial crisis in 1982 that resulted in the collapse of the unofficial Souk Al Manakh.

The number of listed companies has mushroomed from 86 as at the end of 2000 to 144 current listed companies. Market capitalization has also grown manifolds to around US\$106.4bn as at the end of June 2005 from US\$21.6bn at the end of 2000. The Kuwait market is less concentrated in terms of sector contribution to the overall market capitalization with the banking, investment and services sectors contributing for about three-fourths of the total market.

The Kuwaiti market is one of the most opened markets in the region. The only restriction for non-Kuwaiti nationals is in the banking sector, where a maximum of 5% of the bank's capital can be purchased. Any purchase greater than this amount would require approval from the Central Bank.

Kuwait's market performance has been strong after posting a phenomenal return during 2003 where the benchmark index gained 102%. This was on the back of strong corporate earnings, investor realization of potential benefits from Iraq, ample liquidity and good macroeconomic indicators. The year 2004 saw a return of 34% and till the end of May of 2005 the market has produced a return of 38%. Apart from high oil prices, the close proximity with Iraq excited investors with the huge potential benefit that Kuwait stands to gain with the reconstruction of Iraq. Despite investment income contributing to some of the growth in the corporate earnings, core operations of various companies especially in the services sector has mushroomed during the last couple of years.

Kuwait, despite being predominantly an oil producer, should benefit from its strategic location, as the reconstruction of Iraq would generate significant economic activity in the country. Another important sector in Kuwait is its banking sector that would stand to gain in times of rising interest rates that is beginning to be witnessed in the country.

UNITED ARAB EMIRATES

Key Statistics

NBAD Index

YTD Low/High: 8482 / 18050

Historical Performance (%)

June 05: 14.0

2Q05: 38.6

1H05: 108.8

2004: 88.4

2003: 32.1

Market Snapshot

Current Market Cap June 2005 (US\$b):191.5

Ownership Restrictions

GCC Citizen – DFM is opened to only six companies while ASDM is opened to sixteen companies

Non-GCC Citizen – DFM is opened to only six companies while ASDM is opened to sixteen companies

* All Current data is as of 30th June 2005

Table 6: Key Market Indicators

	2001	2002	2003	2004
Number of Listed Companies	27	37	44	53
Average Daily Volume (m)	0.3	0.8	2.3	24.5
Market Capitalization (US\$b)	13.7	29.8	44.6	90.6
Average Daily Value (US\$m)	90.3	144.0	654.7	1,907.3
Saudi Market Performance (%)	23.6	14.5	32.1	88.4

Source: EIU, Dubai Financial Market

United Arab Emirates (UAE) stock markets are organized into two different trading floors; the Dubai Financial Market (DFM) and the Abu Dhabi Securities Market (ADSM). The DFM is the larger of the two with almost 90% of the average daily trading in the six companies available in to foreign investors. The two exchanges were established in 2000 and one year later both markets were electronically linked so that the same broker can trade in both markets.

Over the years the market capitalization of the both markets has increased substantially from US\$24.5bn in 2000 to US\$191.5bn as at the end of June 2005. The six companies that are open to foreigners have witnessed the greatest appreciation that has helped the overall market capitalization to increase. The major contribution to the overall market capitalization in Dubai is the services and banking sectors that account for 51% and 37% respectively. The ASDM is skewed towards the banking sector that accounts for about 73% of the total market capitalization. Traded volumes have been on the uprise with the averaged daily volumes increasing from 0.8m shares to 24.5m shares as at the end of 2004.

The capital markets in the UAE are largely closed to foreigners with only six companies in the DSM that are opened to foreigners. In the ASDM, the situation is slightly more liberal with sixteen companies open to foreigners. However, recently, there have been proposal by some companies to increase their foreign ownership restriction that would bode well for the overall market.

The UAE markets have been resilient during the past four years and have produced stellar returns. 2004 was the peak where the market appreciated by 88% on the back of the services and banking sectors. This positive momentum has carried on to the current year with the National Bank of Abu Dhabi index appreciating by 109% during the first six months of the year. The services sector has been in the mainstream witnessing significant buying interest.

UAE's main theme revolves around the huge investment that is pouring into the Emirates. The real estate and construction boom is still on the uprise with huge projects in the pipeline.

QATAR

Key Statistics

DSM Index

YTD Low/High: 6494 / 11330

Historical Performance (%)

June 05: 15.5

2Q05: -5.9

1H05: 61.5

2004: 64.5

2003: 69.8

Market Snapshot

Current Market Cap June 05
(US\$bn):83.9

Ownership Restrictions

GCC Citizen – Market is open for all shares up to a maximum of 25%

Non-GCC Citizen – Market is open for all shares up to a maximum of 25%

* All Current data is as of 30th June 2005

Table 7: Key Market Indicators

	2001	2002	2003	2004
Number of Listed Companies	23	25	28	30
Average Daily Volume (m)	0.2	0.3	0.8	1.2
Market Capitalization (US\$bn)	9.0	10.6	26.7	40.4
Average Daily Value (US\$m)	1.6	3.5	12.9	24.9
Qatar Market Performance (%)	37.2	37.3	69.8	64.5

Source: EIU, DSM Website

The passing of the Decree Law No 14 on July 3,1995 paved the way for the establishment of the formal exchange. The Doha Securities Market was established in 1997 with the electronic settlement system being introduced around five years later.

Qatar's market capitalization has risen to US\$83.9bn as at the end of June 2005 from US\$8.2bn in 2000. During the four-year period starting from 2000, nine new companies have been listed on the exchange that helped improve the overall market capitalization. The contribution to the overall market capitalization is equally distributed between the financial and services sector that accounted for 34% each. The industrial sector also has a significant contribution as it comprises of 28% of the total market capitalization. On April 3rd, 2005 the market was opened up to foreigners allowing them ownership of a maximum of 25% causing the market to rally during the period preceding to that month.

Qatar has been a constant performer and has posted strong returns since 2001. After an excellent rally during 2003 where the index appreciated by 70%, the continuation of good macroeconomic growth triggered the market to increase by 65% during 2004. During the first quarter of the year, a strong rally was witnessed preceding the opening up of the market to foreigners in April in anticipation of significant foreign buying interest. The Qatari market appreciated by 18% during the month of March deterring foreign investor. The market corrected sharply once the market opened up causing valuations to become more attractive. Nevertheless, since the start of the year till end of June, the market has appreciated by 62%.

The recent correction in the Qatari market has resulted in valuations becoming at reasonable levels. Qatar's investment theme revolves around its rapid pace of economic growth that would trickle down into other sectors of the economy. In addition, Qatar's large reserves of gas is a key competitive advantage that would provide impetus to its oil economic progress.

BAHRAIN

Key Statistics

BSE All Share Index

YTD Low/High: 1774/2224

Historical Performance (%)

June 05: -1.1

2Q05: 3.4

1H05: 21.1

2004: 30.2

2003: 28.8

Market Snapshot

Market Cap June 2005
(US\$bn):16.6

Ownership Restrictions

GCC Citizen – All stocks except
Bahrain Flour Mills

Non-GCC Citizen – Maximum
of 49% for most stocks

* All Current data is as of 30th June
2005

Table 8: Key Market Indicators

	2001	2002	2003	2004
Number of Listed Companies	42	40	44	45
Average Daily Volume (m)	1.3	1.4	1.6	1.9
Market Capitalization (US\$bn)	6.6	7.7	9.7	13.5
Average Daily Value (US\$m)	1.0	0.8	1.1	1.9
BSE All Share index Performance (%)	-2.5	3.4	28.8	30.2

Source: BMA, EIU

The Bahrain stock market took its formal shape in June 1989, ending a long period where the stock market was unregulated. Towards the end of 1999, the BSE shifted to an automated trading system. On July 1st, 2004, the Bahrain stock exchange officially launched the BSE All Share index comprising of all companies listed in Bahrain. This market capitalization weighted index replaced the previous index on 1st January 2005.

Bahrain's market capitalization has grown steadily from US\$9.7bn in January 2004 to US\$16.6bn-as at the end of June 2005 - making it the second smallest market in the GCC. The investment and commercial banking sectors are the main sectors that contribute to the overall market capitalization accounting for about two-thirds of the total market. Bahrain's service sector also has a significant contribution to the overall market's market capitalization.

Bahrain is relatively one of the more liberalized markets in the GCC region. GCC nationals are allowed to invest in all stocks except for Bahrain Flour Mills. Total foreign ownership for most of the stocks is a maximum of 49%, except for some companies that allow 100% foreign ownership.

Despite being one of the smaller markets, Bahrain's performance has been steady providing investors with a means of diversification. After a marginal decline in 2001 and a slightly gain during 2002, momentum of the Bahrain market increased on the back of strong corporate earnings. During 2003 and 2004, the Bahrain market posted returns of 30% each and till the end of June 2005 the market increased by 21%. Corporate profitability during 2004 grew by 22% led by the commercial banking and services sector. Interim earnings announcement by the major corporates have been reasonable that has helped the overall market sentiment.

Bahrain's dominant financial sector is expected to remain the mainstay sector. Bahrain offers investors an investment avenue that is less dependent on oil taking into account its limited oil reserves. In addition, the rising interest rate scenario that is beginning to take effect would also benefit the financial sector and improve their core profitability.

OMAN

Key Statistics

MSM Index

YTD Low/High: 3358 / 5699

Historical Performance (%)

June 05: 9.1

2Q05: 27.5

1H05: 61.5

2004: 24.0

2003: 42.0

Market Snapshot

Current Market Cap June 2005(US\$bn):11.2

Ownership Restrictions

GCC Citizen – Market is open for all shares up to a maximum of 70%

Non-GCC Citizen – Market is open for all shares up to a maximum of 70%

* All Current data is as of 30th June 2005

Table 9: Key Market Indicators

	2001	2002	2003	2004
Number of Listed Companies	119	127	139	166
Average Daily Volume (m)	0.5	0.8	1.2	1.4
Market Capitalization (US\$bn)	2.6	5.3	7.2	9.3
Average Daily Value (US\$m)	1.7	2.3	5.4	7.9
Oman Market Performance (%)	-24.4	26.2	42.1	23.8

Source: Arab Monetary Fund, MSM Website

The Muscat Securities Market (MSM) was established by the Royal Decree (53/88) issued on 21 June 1988. After ten years of operation, there was a need for better functioning that led to the creation of the regulator - Capital Market Authority (CMA).

Oman is the smallest market in terms of market capitalization that stood at US\$11.2bn as at the end of June 2005. The number of listed companies increased from 113 companies in 2000 to 166 companies as at the end of 2004. The Initial Public Offering of the state run Omantel has been completed and is expected to hit the market by end July. This would add around US\$2.5bn to the market capitalization (based on the IPO price) and would increase the depth of the market. The banking and finance sector is the main contributor to the overall MSM index accounting for two-thirds of the market. The remainder is allocated evenly within the industry and services sector.

Oman is entirely open to locals and is extensively liberal to non-Omani nationals. The MSM has encouraged all companies listed on the exchange to amend their memoranda and articles of association to allow foreign shareholding up to 70%.

After a dull 2001 where the index declined by 24%, the market posted solid return for three years. Investors responded to the extremely low valuations that existed in several stocks. In addition, the growing banking sector coupled with impressive earnings growth in the industrial sector provided impetus to the market. Momentum has carried on for the current year as during the six-month period ending in June 2005, the market has appreciated by 62% following a 24% appreciation in 2004. During the first half of the year, the banking sector was in the limelight with both strong interim results and positive news flow driving the sector and the overall market sentiment.

The investment idea in Oman remains its attractive valuations as compared to the other Gulf States. The market, despite appreciating significantly, offers companies that are still trading at extremely low valuations apart from having strong growth prospects. Cement export potential into neighboring UAE, Saudi Arabia and Yemen should also be another growth area for Oman.

XVIII. THE ECONOMIES

On an aggregate basis, the GCC markets have become one of the most important economic blocs with an aggregate GDP of around US\$460bn, representing 2% of the world's estimated Gross Domestic Product. Within the region, the GCC countries excluding Saudi Arabia accounts for almost half of the total region's GDP.

In terms of economic growth rates, the combined GCC countries excluding Saudi Arabia has increased at a higher rate during 2004 as compared to Saudi Arabia's economic growth rate. Saudi Arabia's growth rate stood at 5.3% as compared to a growth rate of 6.3% of GCC region excluding Saudi Arabia.

Oil's contribution to Saudi Arabia's GDP of 42% is relatively less considering the fact that it is the main oil producing nation. However, in terms of oil revenues as a percentage of total revenues, Saudi Arabia's is the most dependent on oil.

GCC's dependence on oil has been the main reason for the blooming economies that was witnessed during the last couple of years. Amongst the GCC countries, Qatar is the most dependent on oil contributing around 62% to the total GDP. However, Qatar's large reserves of gas would increase its contribution over the long term and provide it with economic diversification. On the other end of the spectrum lies Bahrain with the least dependency on oil. However, it is still an important component of the economy with more than 70% contribution to revenues. Bahrain, after realizing that it has limited oil reserves, diversified into other sectors of the economy especially in the financial and services sector. With more mega projects in the pipeline such as the construction of the financial harbour, Bahrain is well on track on reducing its diversification even further.

Table 10: Oil Contribution – 2004

	Oil as a % of GDP	Oil as a % of Total Revenues
Qatar	62	73
Kuwait	49	75
Oman	42	66
Saudi Arabia	42	79*
UAE	32	75
Bahrain	25	73*

Source: Central Bank Reports, EIU

* As of end of 2003

UAE is another Gulf state that has diversified itself away from the oil sector with the non-oil sector contributing around 68% to the overall economy. UAE has been able to take maximum advantage of its strategic location of being a trading hub by encouraging trade activity with the country. In addition, its stable political environment along with strong macroeconomic growth has led to a real estate and construction boom. This is not expected to slowdown evident from the huge projects that are in the pipeline.

The GCC region witnessed a period of sublime interest rates that encouraged both the stock markets as well as private spending. However, during the one-year period interest rates have begun to inch upwards as the US Federal Reserve gradually increased their reference rates. The overall region's current discount rates, as indicated below, are still at comfortable levels and pose no major hindrance to investment.

Table 11: Discount Rates (%)

Bahrain	3.75
Kuwait	5.50
UAE	3.50
Qatar	3.55
Saudi Arabia	3.75
Oman	2.85

Source: Central Banks

Kuwait's interest rate that currently stands at 5.5% is the highest amongst the GCC countries. Central Bank of Kuwait has religiously followed the increase in the US interest rates. As of 30th June 2004, interest rates were 3.25% that increased by 225bps during a thirteen-month period. However, despite the appreciation in Kuwait's interest rates, the overall economy has remain robust with all macroeconomic indicators showing strong momentum. Interest rate of the other Gulf States, despite gradually increasing, are in a narrow range of 3.5%-3.75%.

UNITED ARAB EMIRATES

Table 12: Key Economic Indicators

	2000	2001	2002	2003	2004E
GDP (USDbn in current prices)	70.2	69.2	71.2	79.8	89.7
GDP Growth % (in constant prices)	12.3	3.5	1.9	7.0	5.9
GDP per capita (USD in current prices)	21,938	19,771	18,737	19,950	20,860
Inflation (%)	1.3	2.7	2.9	3.1	3.6
Current Account balance as % of GDP	17.4	9.4	4.9	8.5	14.0
Trade Balance % of GDP	26.8	20.1	20.2	23.8	na
Foreign Direct Investment (USDm)	(515)	1,184	834	480	na
Total Revenue (USDbn)	20.3	18.7	15.6	20.5	na
Oil Revenue % of total revenue	75.4	75.4	71.8	75.1	na

Source: EIU, International Monetary Fund

Economic Overview

The United Arab Emirates (UAE) comprises of seven sovereign states with Abu Dhabi being the wealthiest. Abu Dhabi contributes around 60% to the total GDP followed by Dubai that contributes around 25%. Indicative real GDP growth during 2004 was 6% helped by high oil prices. With majority of the export earnings driven by oil, the UAE's trade account has been in a surplus.

Dependence on oil

The UAE is the second least hydrocarbon-dependent country in the GCC after Bahrain. Despite Abu Dhabi having over 98bn barrels of oil with estimated reserves left for over 100 years, the Emirates is focusing heavily on diversification. Dubai has been at the forefront in both the tourism and construction sectors that has led to the overall service sector to account for over 60% of the overall growth since 1993. Dubai's strategic location along with favorable policies has resulted in a large influx of tourists into the UAE. The construction sector has also been witnessing a dream-run that would provide an alternative source of growth in case oil prices decline.

Foreign Direct Investment

Foreign Direct Investment in the UAE has been around US\$2.2bn during the nine year period ending in 2003. After witnessing a couple of years where outflows were witnessed, since 2001 significant foreign direct investment is being made into the country. With mega construction projects in the pipeline, the amount of foreign direct investment is not expected to slowdown.

Monetary Policy

UAE's monetary growth has been strong helped by the consequences of 9/11 that has directed inflows from the West. Growth in M2 has been around 20% that has fuelled the economy. However, despite the high money supply growth, inflation is not a major cause of concern. Interest rates that have risen in the recent times on the back of the hike in the US Federal rate still remain at comfortable levels.

KUWAIT

Table 13: Key Economic Indicators

	2000	2001	2002	2003	2004E
GDP (USDbn in current prices)	37.0	34.1	35.2	41.7	53.6
GDP Growth % (in constant prices)	3.9	-1.0	-0.4	9.9	7.2
GDP per capita (USD in current prices)	16,818	15,500	14,667	16,680	19,852
Inflation (%)	1.8	1.7	1.4	1.0	2.2
Current Account balance as % of GDP	39.7	24.4	12.0	22.6	35.2
Trade Balance % of GDP	35.2	27.0	20.5	27.0	29.2
Foreign Direct Investment (USDm)	16.0	-147.0	7.0	76.0	na
Total Revenue (USDbn)	27.7	22.8	25.3	28.2	32.6
Oil Revenue % of total revenue	71.1	64.9	71.5	73.1	74.8

Source: NBK Economic Brief, EIU

Economic Overview

Kuwait's economy is highly dependent on oil as it is one of the main oil producers of the world. Ever since the Gulf War in 1990, Kuwait has experienced a fast pace of growth primarily because of high oil prices and increasing stability in the region. GDP growth is estimated to be 7.2% in 2004 carrying on from a 9.9% during the preceding year. Budget surplus amounted to around 11% of the GDP - the fifth consecutive surplus that was recorded with the help of high oil prices.

Dependence on oil

Kuwait's economy is highly dependent on oil and is ranked second after Qatar in terms of hydrocarbon dependency. Oil accounts for around half of the GDP and over 90% of the total exports. During 2003, growth of the oil sector was 31.7% as compared to the growth of the non-oil sector that grew by 4.5%. However, other areas of the economy that are beginning to increase their share are the financial and manufacturing sectors. The financial sector, which accounted for 13% of the increase in non-oil GDP, grew by 5.2% during 2003. Kuwait proximity with Iraq has proved to provide an alternative to oil as companies would benefit with the reconstruction of Iraq.

Foreign Direct Investment

Kuwait, mainly due to political instability in its neighbor Iraq, has received the least amount of Foreign Direct Investment of around US\$457m during the nine-year period. After suffering an outflow in 2001, investment has started to pour in that is expected to continue.

Monetary Policy

Kuwait's money supply growth has slowed down in wake of rising interest rates. Since the interest rates are pegged to the US Federal Rate, Kuwait interest rate currently stands at 5.5%, the highest in the GCC region. This, despite still being at reasonable levels, has created a fear in the minds of investors.

QATAR

Table 14: Key Economic Indicators

	2000	2001	2002	2003	2004E
GDP (USDbn in current prices)	17.8	17.7	17.9	19.5	28.5
GDP Growth % (in constant prices)	9.1	4.5	7.3	3.3	8.7
GDP per capita (USD in current prices)	29,667	29,500	29,833	27,857	40,714
Inflation (%)	1.7	1.4	1.0	2.3	6.8
Current Account balance as % of GDP	25.7	23.5	21.4	29.5	30.1
Trade Balance % of GDP	48.7	42.3	37.2	38.0	40.7
Foreign Direct Investment (USDm)	252	296	631	400	NA
Total Revenue (USDbn)	6.4	6.3	8.1	9.5	11.4
Oil Revenue % of total revenue	79.7	68.3	64.2	63.2	72.8

Source: Qatar Central Bank, EIU

Economic Overview

Qatar is one of the fastest growing economies in the GCC region and is ranked amongst the highest GDP per capital nations in the world. Provisional estimates indicate that GDP growth during 2004 was 8.7% on the back of 27.3% growth in the oil sector. Qatar is highly dependent on the oil sector that contributes around 62% of the overall GDP. Qatar's budget has been in the surplus, representing around 4.3% of the total GDP on the back of oil that comprises of 73% of the total revenues.

Dependence on oil

Qatar has traditionally been one of the highly oil dependent countries, but has recently tried to diversify its economic base. This diversification has come in the form of a move towards the gas sector. Qatar has the world's third largest natural gas reserves accounting for around 10% of the total world's gas reserves. With gas reserves that are expected to last for another 650 years, its share to the overall exports is expected to increase significantly. The industrial sector is also another means of diversification for the economy that has grown steadily at around 3.5% from 1998-2002 led mainly by the construction sector. Construction activities are on the rise with many large investment projects in the pipeline.

Foreign Direct Investment

Qatar attracted foreign direct investment of around US\$2.9bn during 1995-2003 – representing around 24% of the total investment in the GCC region. Main investment has been in the industrial sector especially in improving the gas network. An estimated US\$75m is scheduled to be invested in Qatar's hydrocarbon sector over the next 10 years.

Monetary Policy

Qatar's money supply has been growing in line with the strong growth in the overall economy. Money supply growth has increased from 11.8% in 2002 to 20.5% growth in 2004 and has not showed any signs of slowing down. This has had its impact on inflation that increased from 0.24% in 2002 to 7.5% in 2004.

BAHRAIN

Table 15: Key Economic Indicators

	2000	2001	2002	2003	2004
GDP (USDbn in current prices)	8.0	7.9	8.4	9.6	11.0
GDP Growth % (in constant prices)	5.3	4.6	5.2	6.8	5.3
GDP per capita (USD in current prices)	11,429	11,286	12,000	13,714	15,714
Inflation (%)	-0.7	-1.2	-0.5	1.6	4.9
Current Account balance as % of GDP	10.4	2.9	-6.1	-0.3	3.2
Trade Balance % of GDP	22.5	20.3	14.3	17.6	18.8
Foreign Direct Investment (USDm)	364	81	217	517	na
Total Revenue (USDm)	2,778	2,602	2,734	3,038	ns
Oil Revenue % of total Revenue	73.0	68.5	67.3	72.9	na

Source: Bahrain Monetary Agency, EIU

Economic Overview

Bahrain's GDP has been relatively less volatile ranging from 4.3% to 5.3% over the six year period ending in 2004. This is an indication of the healthy investment, consumption and government spending within the overall economy. With increasing contribution from the services sector, oil contribution to the overall economy has remained stagnant at around the 25% level.

Dependence on oil

Bahrain was one of the first GCC countries to discover and extract oil. However, it quickly realized that that it did not have the same quantity of reserves as its Gulf neighbours and diversified into other sectors of the economy mainly in the services sector. While oil revenues constitute the majority of government income, Bahrain's GDP is driven mainly by the services sector that accounts for two-thirds of the GDP. The financial sector is by far the largest contributor within the services sector accounting for 19.2% of GDP in 2003 and grew by 27.3% during the year. Other non-petroleum sectors that contribute to the overall GDP are manufacturing and real estate sectors.

Foreign Direct Investment

One of Bahrain's strength is its high Foreign Direct Investment (FDI) that Bahrain has witnessed during 1995-2003. A total FDI of US\$4.6bn has taken place in Bahrain - the highest in the region representing 39% of the total investment in the GCC. Political stability along with good infrastructure, transportation links and communication resources has kept Bahrain to be an economic hub.

Monetary Policy

Money supply growth, despite slowing down from 10.3% in 2000 to 4.1% in 2003, does not pose any concern for the economy. Interest rates are at comfortable levels with private lending showing no signs to levelling off. Estimated inflation for 2004 stands at around 4.9% as compared to negative inflation of 0.5% in the preceding year.

OMAN

Table 16: Key Economic Indicators

	2000	2001	2002	2003	2004E
GDP (USDbn in current prices)	19.9	19.9	20.3	21.7	24.8
GDP Growth % (in constant prices)	5.5	7.5	2.3	1.9	0.7
GDP per capita (USD in current prices)	8,278	7,977	8,124	8,345	8,844
Inflation (%)	-1.2	-1.1	-0.6	-0.4	0.2
Current Account balance as % of GDP	16.4	10.1	8.7	6.7	1.2
Trade Balance % of GDP	33.7	29.1	27.1	25.9	27.6
Foreign Direct Investment (USDm)	16	83	23	138	na
Total Revenue (USDbn)	6	6.6	7.8	8.6	10.5
Oil Revenue % of total revenue	78.3	77.3	75.6	73.3	66.2

Source: Ministry of National Economy, EIU, Central Bank of Oman Annual Report

Economic Overview

Oman's hydrocarbon sector has been the main contributor to the overall economy. However, due to its limited proven oil reserves (estimated life duration is around 25 years), emphasis on diversifying from oil and investing into Liquidified Natural Gas (LNG) has increased. Provisional estimates for 2004 indicate that Oman's GDP has grown to US\$24.8bn on the back of double-digit growth in the main sectors. During 2004, Oman recorded a budget surplus of around US\$600m on the back of high oil prices enabling the country to make debt repayments. Money supply growth has remained strong despite the reversal in inflation trend that occurred during 2004. Inflation stood at 0.4% as compared to negative inflation recorded during the previous four years.

Dependence on oil

Oman's main contributor to the Gross Domestic Product (GDP) is the petroleum sector accounting for around 42% of the overall GDP and two thirds of the total revenues. Despite emphasis still on the oil sector, non-petroleum activities such as manufacturing and construction have outpaced the growth in the petroleum sector. Oman, apart from oil, has reserves of gas and Liquidified Natural Gas that provide diversity to the overall economy. In addition, the tourism sector is also identified as a sector ripe for development on the back of its strategic location.

Foreign Direct Investment

During the nine-year period 1995-2003, Foreign Direct Investment into Oman has been around US\$554m with the major influx of investment flowing through in 2003. Moreover, Oman has already commenced its work to extend further into other areas such as petrochemicals and fertilizers with an expected investment of around US\$7bn planned over the next couple of years.

Monetary Policy

Oman's monetary position remains at a comfortable level. Interest rates, despite eking recently, still remain relatively low as compared to its regional counterparts. Provisional estimates indicate that inflation for 2004 stood at 0.4% - a reversal from the previous four years where there was negative inflation.

XIX. SUBSCRIPTION AGREEMENT

**SICO GULF EQUITY FUND
Subscription Agreement**

To: *By signing below I/we confirm and acknowledge having received and read a copy of the Information Memorandum (the "Information Memorandum" dated September 26, 2005 relating to SICO Gulf Equity Fund (the "Fund"), the section "Representations and Warranties of the Subscriber" at the end of the this Subscription Form and that the information set out herein is true and correct. Capitalized terms in this Subscription Agreement will have the same meaning given to them in the Information Memorandum.*

1. Registration

Individual

Corporation

First applicant :

Nationality :

Passport/CPR/C.R. No :

Registered Address :

Mailing Address :

Telephone No. :

Fax No. :

E-mail :

Second applicant :

Nationality :

Passport/CPR/C.R. No :

2. Subscription

Investment Amount : Sales Charge (2%):%

3. Details of payment

Wire transfer to Bank Name: Bank of Bahrain & Kuwait BSC
Account Number: 1020085182907818
Account Name: SICO Funds Company III BSC (c). – Administration Account

Cheque Drawn on:
Account Number:
Cheque Number:

4. Reinvestment Option

Reinvest dividend payments

Distribute dividend payments

5. Money Laundering Protection

The Fund, in order to comply with Bahrain's Legislative Decree No. (4) of the year 2001 with respect to Prohibition and of Combating Money Laundering and the various Ministerial Orders issued there under including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institutions' Obligations Concerning the Prohibition of and Combating Money Laundering, requires additional documentation along with the subscription request for Units.

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

For individual applicants:

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

For financial institutions within Bahrain:

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

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

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

6. Signatures

* Not applicable in case of individuals

Signed: _____
Printed
Name: _____
Title*: _____

Signed: _____
Printed
Name: _____
Title*: _____

* Not applicable in case of individuals

For SI CO use only			
Account Officer	No. of Units	Net Asset Value	Certificate No.

Representatives and Warranties of the Subscriber

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

1. I/We have had the opportunity to review the Information Memorandum (including the section headed "Risk Factor" and "Conflicts of Interests") and to ask questions and receive answers concerning the Fund and the terms and conditions of this information from authorised representatives of the Fund Company and the Placement Agent and agree to be bound by the terms of this Subscription Agreement and the Information Memorandum from time to time. I/We acknowledge that in making a decision to subscribe for Units, I/we have relied solely upon the Information Memorandum and this Subscription Agreement. The Placement Agent made available for our review the Investment Management Agreement, the Administration and Paying Agency Agreement, the Custody Agreement, the Registrar Agreement.
2. I am/we are aware of and understand the risks involved in investing in the Fund.
3. In the case of individual Investors - am/We are 21 years of age or over.
4. I/We have the legal capacity and authority and am/are permitted by applicable law to execute and deliver this Subscription Agreement.
5. I/We have such knowledge and experience in financial and business matters that I am/we are capable of evaluating the merits and risks of my/our acquisition of the Units.
6. (a) I am/We are not a U.S. Person and am/are not acquiring Units on behalf of or for the benefit of, a U.S. Person nor do I/we intend on selling or transferring any Units which I/we may purchase to any person who is a U.S. Person under the laws and regulations in force in the United States and that I was/we were not in the U.S. the time any Units were offered to me/us or at the time I/we executed this Subscription Agreement.
(b) I/We agree that I/we will promptly notify the Fund Company at any time when I/we become a U.S. Person, and I/we agree that in such event the Fund will be entitled to (but will not be obliged to) repurchase or to require me/us to redeem at a price equal to the redemption price per Unit as calculated by the Administrator, as at the date of the repurchase or sale or as at the date of any unauthorized transfer giving rise to such repurchase or sale.
(c) I/We will supply the Fund Company with such other facts as from time to time are deemed reasonably necessary or desirable by the Fund Company to enable the Fund Company to determine that I am/we are not U.S. Person(s).
7. All consents required to be obtained and all legal requirements necessary to be complied with or observed in order for this Subscription Agreement or the issuance of the Units to be lawful and valid under the laws of any jurisdiction to which I am/we are subject have been obtained, complied with and observed.
8. I/We understand that my/our Subscription cannot be withdrawn from the Fund except by way of redemption of the Units in accordance with the terms outlined in the Information Memorandum, that a portion of my/our Subscription may be invested in securities that are illiquid.
9. I/We will repeat these undertakings, representations and warranties to the Fund and the Fund Company on such future occasions as the Fund Company may request, and will provide on request such certificates, documents or other evidence as the Fund may reasonably require to substantiate such undertakings, representations and warranties.
10. I/We will notify the Fund immediately if I/we become aware that any of these undertakings, representations and warranties are no longer accurate and complete in all respects, and agree immediately either to sell or to tender to the Fund Company for redemption a sufficient number of Units to allow the undertaking, representation or warranty to be made.
11. I/We understand that if any of the representations, warranties, agreements or certifications given by me/us in this Subscription Agreement are untrue, the Directors in their sole discretion may require a retroactive redemption of all or part of the Units.
12. I/We understand that the Units have no voting rights and, therefore, I/we will not be able to exercise any management or control functions with respect to the Fund's or the Fund Company's operations.
13. I/We will not duplicate or furnish copies of the Information Memorandum, or divulge any of its contents, to any other person other than my/our investment, legal or tax adviser (who may use such documents solely for purposes related to my/our investment in the Fund).
14. The acceptance of my/our application for Subscription in Units together with the appropriate remittance will not breach any applicable money laundering rules and regulations and I/we undertake to provide verification of our identity and source of funds reasonably satisfactory (on a confidential basis), to the Fund Company, the Placement Agent or the Administrator and Registrar promptly on request and I/we agree to the release of any information provided by me/us to the Bahraini authorities by the Fund Company, the Placement

- Agent, the Administrator the Registrar or its delegate.
15. The person signing this Subscription Agreement on my/our behalf has full power and authority to do so.
 16. I/We understand that the Units will be issued in the form of Certificates and maintained in book form in the register held at the offices of the Registrar, and such register will be and will remain the sole and conclusive proof of ownership of the Units.
 17. I/We acknowledge(s) that due to money laundering requirements operating within their respective jurisdictions, the Fund, the Fund Company, the Placement Agent, the Investment Manager, the Custodian, the Registrar and/or the Administrator may require further identification of the applicant(s) and source of funds before applications for Subscription in Units can be processed.
 18. I/We have been advised of, and hereby consent to, the compensation arrangements payable to any placement agent including the Placement Agent, in respect of my subscription for Units. Without prejudice to the section titled Nominees below, if I am/we are executing this Subscription Agreement as a nominee I/we further represent that I/we have advised my/our client and/or underlying beneficial owner of, and have obtained its/their consent to, such compensation arrangements.
 19. If I am/we are a non-U.S. banking institution (a “**Foreign Bank**”) or if I/we receive deposits from, make payments on behalf of or handle other financial transactions related to a Foreign Bank, I/we represent and warrant to the Fund that:
 - (a) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorised to conduct banking activities;
 - (b) the Foreign Bank employs one or more individuals on a full-time basis;
 - (c) the Foreign Bank maintains operating records related to its banking activities;
 - (d) the Foreign Bank is subject to inspection by the regulatory authority that licensed the Foreign Bank to conduct banking activities; and

Indemnity

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

- (a) any false representation or warranty or breach or failure by me/us to comply with any covenant or agreement made by the undersigned herein or in any other document furnished by the undersigned

- to any of the foregoing in connection with the transaction; or
- (b) any actions for securities or money laundering laws violations instituted by or against me/us which is resolved by judgment against the undersigned; or
 - (c) my/our failure to provide source of funds information.

Additional Know Your Customer and Combat of Money Laundering Considerations

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

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

Authorisation

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

Registration of Units

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

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

Confidentiality

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

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

(d) Nominees (to be filled out in the case of nominees)

I hereby make the following declarations:

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

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

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

Choice of Law and Forum

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

XX. FORM OF INSTRUMENT

The following is the form of Instrument entered into by the Fund Company to create the Units under the laws of Bahrain:

THIS INSTRUMENT is made this September 26, 2005.

By SICO FUNDS COMPANY III BSC (c) (the "**Fund Company**") whose registered office is at First Floor, BMB Centre, Manama, Bahrain.

WHEREAS the Fund Company has by a resolution of its Board of Directors passed on September 26, 2005 created a nominal amount of US\$ 20,000,000 (or such other amount as may be the case pursuant to this Information Memorandum) Investment Units in the SICO Gulf Equity Fund (the "**Fund**"), as unsubordinated obligations of the Fund Company to be constituted as hereinafter provided.

NOW THIS INSTRUMENT WITNESSETH and the Fund Company HEREBY DECLARES as follows: -

1. In this Instrument and the Schedules hereto, unless the subject or context otherwise requires, the following expressions shall have the following meanings: -

"**Administrator**" means SICO Fund Services Company BSC(c) or its successor when acting as administrator to the Fund or such other entity appointed from time to time by the Fund Company;

"**Articles**" means the Articles of Association of the Fund Company, as amended from time to time;

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

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

"**Conditions**" means the conditions set out in the Second Schedule as the same may from time to time be modified in accordance with the terms of this Instrument;

"**Directors**" means the board of directors for the time being of the Fund Company;

"**Investment Manager**" means Securities & Investment Company BSC(c) or its successor when acting as Investment Manager to the Fund or such other entity appointed from time to time by the Fund Company;

"**Net Asset Value**" and "**NAV**" shall have the meaning assigned to it in this Information Memorandum;

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

"**Information Memorandum**" means this Information Memorandum to be dated September 26, 2005, in relation to the offer of the Units in the Fund;

"Registrar" means KPMG, Bahrain or its successor when acting as registrar to the Fund or such other entity appointed from time to time by the Fund Company;

"Unitholder" means the holder or holders of all or any of the Units, being the person or entity who is for the time being entered in the register maintained pursuant to the Conditions as the holder of any Unit; and

"Unit" means one investment Unit of US\$ 100 (one hundred U.S. Dollars) constituted by this Instrument, and accepted under this Information Memorandum.

2. Words denoting persons shall include corporations, the masculine gender shall include the feminine, and the singular shall include plural and vice versa. Reference to a schedule is to a schedule to this Instrument.
3. Capitalized, but not defined, terms in this Instrument shall be given the meaning assigned to them in this Information Memorandum.
4. In the event of contradiction between the terms of this Instrument and this Information Memorandum, this Information Memorandum shall prevail.
5. The total nominal amount of each Unit is US\$ 100 (hundred U.S. Dollars). The Units, when issued, shall rank *pari passu* equally and rateably without discrimination or preference.
6. Each Certificate shall be signed by two Directors or by an authorized signatory of the Administrator or by any other person or persons appointed by the Directors to sign, and shall bear a serial number.
7. The NAV payable in respect of the Units outstanding, shall be repaid on the liquidation of the Fund or, if that is not a Business Day, the directly succeeding Business Day. No interest is payable to Investors in this case.
8. Monies representing the NAV, payable in respect of the Units, shall be payable against surrender of the relevant Certificate, at the principal place of business of the Administrator in Bahrain, or such other place as may be notified to Unitholders from time to time in accordance with the Conditions.
9. The provisions of the Articles shall be binding on all Unitholders.
10. To the extent deemed practicable by the Directors, Units shall have the same attributes as bonds issued under the Commercial Companies Law and the relevant regulations of the BSE.
11. The provisions of this Instrument shall be for the benefit of and binding on Unitholders as the same may be registered from time to time.
12. Dates and periods of time are according to the Gregorian calendar.
13. This Instrument and the Units shall be governed by and construed in accordance with the laws of the Kingdom of Bahrain and any dispute in connection with the enforceability or interpretation of the

Instrument shall be referred to arbitration in accordance with Bahrain's arbitration laws in force at the time of such dispute.

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

Director
SICO FUNDS COMPANY III BSC (C)

Director
SICO FUNDS COMPANY III BSC (C)

FIRST SCHEDULE

Form of Unit Certificate

SICO GULF EQUITY FUND

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

Unitholder No.: _____

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

This Certificate is issued on: _____

.....
Director

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

.....
Chairman

SECOND SCHEDULE

Conditions of the Units

1. Register

1.1 A Register of the Unitholders (the "**Register**") will be kept by the Registrar and a copy held by the Administrator, both as appointed by the Fund Company from time to time, and there shall be entered in such Register:

- (a) the names and addresses of the holders for the time being of the Units;
- (b) the Principal amount of the Units held by each Unitholder;
- (c) the date upon which the name of each such Unitholder is entered in the Register in respect of the Units standing in his name;
- (d) the serial number comprised in each Certificate issued; and
- (e) the date on which any transfer is registered and the name and address of the transferee.

1.2 Any change of the name or address of any Unitholder shall forthwith be notified to the Registrar and thereupon the Register shall be altered accordingly.

1.3 Any Unitholder shall be at liberty at all reasonable times during the office hours of the Administrator and/or the Registrar to inspect the Register.

1.4 Except as required by law, the Fund Company will recognize each Unitholder as the absolute owner of the Units in respect of which he/she/it is registered, and shall not be bound to take notice or see to execution of any trust whether express, implied or constructive, to which any Unit may be subject. A receipt duly given in accordance with the provisions of this Instrument, for any monies payable in respect of any Unit or the payment by cheque or warrant sent by post pursuant to Condition 7.5 herein, shall be a good discharge to the Fund Company notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to, or in such Unit or monies. No notice of any trust, whether express, implied or constructive, shall be entered in the Register in respect of any Unit.

1.5 Every Unitholder will be recognized by the Fund Company as entitled to his Units free from any equity, set-off or counter-claim on the part of the Fund Company against the original, or any intermediate holder of such Units.

2. Certificates

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

- 2.2 If any Certificate is worn out, defaced or mutilated, then upon production thereof to the Registrar, the Registrar may cancel the same and may issue a Certificate in lieu thereof. If any Certificate is lost or destroyed, then upon proof thereof being given to the satisfaction of Directors and, in the case of a lost Certificate (in default of proof of destruction thereof), on such terms as to evidence, and indemnity and the payment of the out-of-pocket expenses of the Registrar in investigating such evidence as the Fund Company or the Administrator may deem adequate, a new Certificate in lieu thereof may be given to the person entitled to such lost or destroyed Certificate. Any entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register.
- 2.3 If any portion of a holding of Units is to be transferred, then upon presentation and surrender of the Certificate representing such holding together with payment of the expenses incurred in connection therewith, the Fund shall issue new Certificates (the aggregate Principal Amounts of which shall be equal to the Principal Amount of the original Certificate) in such denominations as may be required.

3. Units

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

4. Absence of Transferability of Units

It is not anticipated that there will be any public market for the Units. The Units may not be directly or indirectly sold, transferred or assigned, by operation of law or otherwise, in whole or in part, without the prior written consent of the Investment Manager, which may be granted or withheld in its sole discretion. Any attempt to transfer Units, other than by way of redemption in the manner described in this Information Memorandum, constitutes a tender to the Investment Manager for the redemption of Units.

5. Redemption

- 5.1 The Fund Company shall have power to impose such restrictions and Conditions as it considers necessary (including, without limitation, delivery of any Certificates or other documents by any transferor or transferee) for the purpose of ensuring that none of the Units of the Fund are acquired, beneficially owned or held by any person in breach of any law or requirement of any country or governmental authority, including Bahrain and the BMA respectively, by a person who by virtue of any such law is not qualified to hold such Units or by any person whose holding of those Units might in the opinion of the Directors cause or be likely to cause a pecuniary or tax disadvantage to the Fund or any shareholder.
- 5.2 The Fund shall be entitled compulsorily to redeem all of the Units so held in accordance with the provisions and procedures contained in this Instrument and the Articles of Association and Memorandum of Association.
- 5.3 Units, which are compulsorily redeemed, shall forthwith be treated as cancelled.
- 5.4 The Fund is an open-ended fund and the Units may be redeemed on a monthly basis on each Redemption Day.

5.5 If prior to the expiry of the initial period of the Fund the Shareholders of the Fund Company shall desire to liquidate the Fund Company then the Units shall be redeemed at the NAV upon such date as the liquidator shall determine.

6. Payments

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

6.2 All payments will be made by the Fund Company after the deduction or withholding of any amounts, which the Fund Company is required to deduct or withhold for, or on account of, any present or future tax.

6.3 If any Unitholder fails or refuses to accept payment of the monies repayable in respect of Units held by him, the Fund Company shall be at liberty to deposit in the Unitholder's bank account or if not available in the account of the Fund Company acting on behalf of the Fund, the amount due to such Unitholder and, upon such deposit or payment being made, those Units shall be deemed to have been repaid and satisfied in accordance with the provisions hereof. Such account shall not bear interest.

7. Income Distribution

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

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

7.3 The Directors may deduct income from any distribution or other monies payable to a Unitholder on or in respect of a Unit any sum of money then payable by him to the Fund.

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

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

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

- 7.6 No income payable in respect of a Unit shall bear interest against the Fund.
- 7.7 If, as a result of cheques or warrants for income or money payable in respect of a Unit sent by the Fund Company to the Unitholder being returned undelivered to the Fund Company or left uncashed on two consecutive occasions, the Fund Company is aware that such cheques or warrants have not been received by that Unitholder, the Fund Company shall no longer be obliged to send by post any income or other money payable in respect of that Unit to that Unitholder until he notifies the Fund Company of another address. In such a case the returned cheques, warrants or money will be entered into a separate account. Any income not claimed within ten years from the date declared will be forfeited by the Unitholder.
- 7.8 The Directors may, before recommending any income distribution, set aside out of the Fund's profits and carry to reserve such sums as they think proper which shall be applicable for any purpose of the Fund's business or invested on behalf of the Fund in such investments as the Directors deem fit. The Directors may divide the reserve into separate accounts and consolidate wholly or partly any separate accounts into the reserve fund. The Directors may also, without placing the same to reserve, carry forward any profits, which they think it prudent not to divide.
- 7.9 The Fund Company may by Directors' resolution specify that any distribution, allotment or issue to Unitholders shall be paid or made to the persons registered as the Unitholders at the close of business on a particular date, notwithstanding that it may be a date before or after that on which the resolution is passed, and thereupon the distribution, allotment or issue shall be paid or made to the Unitholders in accordance with their respective holdings registered on that date.

8. Notices

- 8.1 Any notice or other document shall be given or sent to any Unitholder by sending the same through the post in a prepaid letter addressed to such Unitholder at his address appearing in the register. Any notice given by post shall be deemed to have been served twenty-four hours (five days if by airmail) after the time when it is posted and, in proving such service shall be sufficient to prove that the envelope containing the notice was properly addressed and stamped and posted.
- 8.2 Notwithstanding Condition 8.1 above, notices regarding the Units will be valid if published in one local Arabic and one local English daily newspaper printed in Bahrain. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

XXI. DIRECTORY

Fund Company

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

Investment Manager and Placement Agent

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

Custodian and Administrator

SICO Fund Services Company BSC (c)
Second Floor, BMB Centre,
P.O. Box 1331, Manama,
The Kingdom of Bahrain.

Registrar

KPMG, Bahrain
Fifth Floor, Hedaya House-2
P.O. Box 710, Manama,
The Kingdom of Bahrain.

Auditor

PricewaterhouseCoopers
Fourth Floor, BMB Centre,
P.O. Box 21144, Manama,
The Kingdom of Bahrain.

Legal Advisor

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