



Al Mal UAE Equity Fund prospectus

This document is issued by Al Mal Capital PSC ("Al Mal") in its capacity as Fund Manager of the Al Mal UAE Equity Fund. Reasonable professional care has been taken to ensure that the facts stated herein are true and accurate in all material respects and that there have been no omissions of material facts that would make misleading any statement herein, whether of fact or opinion.

Al Mal is acting on behalf of the Al Mal UAE Equity Fund in connection with the offering of Units pursuant to this Prospectus and will not be responsible to any other person for advising on the suitability of, or for providing best execution in respect of, a subscription for Units.

Prospective investors should be aware that the Fund performance is not guaranteed and an investment in the Fund involves risk of loss.

**Al Mal UAE Equity Fund**

**(The Fund)**

(An open-ended public investment fund established under authority of the Board of Directors of the U.A.E. Central Bank 'Resolution No. 164/8/94)

Under the supervision of the Securities and Commodities Authority

**Prospectus**

For an offering of up to 1,000,000,000 units of AED 1.00 each (subject to increase)

Dated February 6, 2006 / amended on June 7, 2021 / amended on 16 December 2021

Sponsor / Fund  
Manager



Legal Advisor

التصميمي و مستشاركوه  
AL TAMIMI & CO.

Collecting Bank



Auditor



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## **IMPORTANT INFORMATION**

Units will be offered to investors on the basis only of the information contained in this Prospectus, and such additional document(s), if any, as may be issued by the Fund expressly in conjunction with the issue hereof. Any further information or representations made by any dealer or other person must be regarded as unauthorised and must accordingly not be relied upon. The delivery of this Prospectus or the other documents mentioned above or the offer, issue or sale of Units shall not in any way constitute a representation that the information and representations given herein or in such documents are correct as at any time subsequent to the date of such documents.

This Prospectus has been prepared for the purpose of providing the necessary information to enable investors to decide whether or not to invest in the Fund subject to the terms and conditions described hereinunder. This Prospectus has been authorised by the Central Bank, as required of the Central Bank Board of Directors' Resolution No. 164/8/94. In giving this authorisation, the Central Bank does not vouch for the financial soundness or correctness of any of the statements or opinions expressed with regard to the Fund. The Fund Manager reserves the right to withdraw the offer to participate in the Fund on the terms and conditions contained in this Prospectus in the event that the Central Bank revokes, for any reason, its authorisation of the Fund. If the offer to participate in the Fund is withdrawn by the Fund Manager prior to the issue of Units subscribed for, the investors' only remedy shall be a full refund of the entire amount paid into the Fund by such investors.

The Fund is not an independent legal entity but a collective investment vehicle consisting of a portfolio of assets held by the Fund Manager, for the collective benefit of the Unit Holders, and managed by the Fund Management Team on a discretionary basis in accordance with the provisions of this Prospectus and the Subscription Agreement substantially in the form supplemented hereto. Investments in Units of the Fund are therefore suitable for passive investment purposes only.

Before acquiring Units in the Fund, prospective investors should ensure that they have reviewed this Prospectus including the form of the Subscription Agreement attached hereto. Executing the Subscription Agreement to acquire Units in the Fund requires that prospective investors undertake to accept all the provisions of this Prospectus.

## **Restrictions on Distribution, Promotion and Subscription**

The circulation and distribution of this Prospectus and the offering of Units in the Fund in certain jurisdictions may be restricted by law. This document does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorised, or to any person to whom it is unlawful to make such an offer or solicitation or in which the person endeavouring to make

such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer. Persons to whom this Prospectus is addressed are required by the Fund to inform themselves about and observe any such restrictions. It is the responsibility of the potential investors to satisfy themselves as to full compliance with the relevant laws and regulations of any territory in connection with any subscription to the Units of the Fund.

If you are in any doubt about the contents of this Prospectus you should consult your professional advisor.

## **RISK WARNINGS**

The Fund's portfolio is subject to normal market fluctuations as well as the risks inherent in the investment techniques described under "Investment Programme" and there can be no assurance that appreciation will occur or that losses will not be realised. Consequently the value of Units may be subject to volatile movements and may fall as well as rise.

The value of the Units and the income produced by them can fall as well as rise. Investors may not get back the value of their original investment.

Moreover, past performance of the Fund Management Team is not a guarantee of its future performance. The Fund Manager therefore cannot and does not guarantee the performance of the Fund. Prospective Unit Holders should carefully review this Prospectus before deciding whether or not to invest in the Units, and are strongly recommended to note the investment considerations described on pages 35 to 40.

Before acquiring units in the Fund, prospective investors should ensure that they have reviewed this Prospectus. Investors must rely on their own examination of the legal, taxation or investment matters and other consequences of an investment in the Units, including the merits of investing and the risks involved. Investors should not treat the contents of this Prospectus as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers, stockbrokers, bank managers, legal counsellors, and accountants concerning the purchasing, holding or disposal of the Units.

All statements of opinion and views contained in this Prospectus represent the Fund Manager's own assessment and interpretation of information available to it as at the date of this Prospectus. No assurance is given that such statements and views are correct. Investors must determine for themselves what reliance, if any, they should place on such statements and views and the Fund Manager accepts no responsibility in respect thereof. The delivery of this Prospectus shall not under any circumstances imply that there has been no change in the affairs of the Fund Manager or the Fund since the date hereof, or that information herein is correct as of any time subsequent to its date.

The offering of Units of the Fund (hereinafter “the Offering”) have been authorized by the UAE Central Bank pursuant to approval granted by the Central Bank of the UAE reference No.13/210/2006 dated February 6, 2006. However, the Units have not been approved or disapproved by any other regulatory authority in any other jurisdiction, nor has the Fund or the Units been registered with any authority in any other jurisdiction, and no such registration is anticipated.

## **SUMMARY OF PRINCIPAL TERMS**

### **The Fund**

The Fund is an open-ended fund established under the authority of the Board of Directors of the Central Banks’ Resolution No.164/8/94.

### **Objective**

The Fund's objective is to achieve medium to long-term capital growth and a reasonable level of income by investing primarily in equities listed on the ADSM and DFM although, where appropriate, investments may also be made in equities listed on stock exchanges in other GCC countries or elsewhere and in other securities as set out in this Prospectus.

### **Selection of Investments by Fund**

The Fund Management Team will invest in equities listed on the ADSM and the DFM. In addition, the Fund Management Team may determine that it is appropriate to invest in other securities including:

- (a) equities issued by companies which are listed on recognised stock exchanges in GCC or other countries;
- (b) equities issued by companies in the UAE for which listing is proposed in the future but which has not yet been implemented;
- (c) other transferable securities including, without limitation, notes, bonds or other similar products issued by either corporate or sovereign entities;
- (d) units in a collective investment scheme including units in schemes managed or operated by the Fund Manager (provided there is no doubling of charges as a result); and
- (e) cash or cash equivalent.

**Fund Management Team**

Al Mal, as the Fund Manager, alongside with the Advisory Committee, comprise the Fund Management Team and in these roles will collectively undertake all management and administration responsibilities of the Fund.

**Fund Manager**

Al Mal is the Fund Manager and will undertake all management and administrative responsibility for the Fund.

**Advisory Committee**

Al Mal will appoint an Advisory Committee to oversee and supervise the Fund. The Advisory Committee will be constituted by the Fund Manager from members of its Board of Directors and its senior employees.

**Custodian**

Standard Chartered Bank will undertake the role of Custodian of the Fund.

**Fund Size**

It is proposed that the minimum initial overall size of the Fund will be AED 10 million (or such higher amount as the Fund Management Team deems appropriate) although the Fund Management Team will have the discretion to proceed with the investment of the Fund if initial investments fall short of this amount. The maximum size of the Fund will be AED 1 billion or such higher amount as the Fund Management Team deems appropriate.

**Subscription for Units**

During Initial Investment Period investors will have the opportunity to subscribe for Units at AED 1.00 per Unit. Following the Initial Investment Period, investors may subscribe for Units at the then current NAVPU.

**Minimum Subscription**

Initial subscriptions must be for a minimum of AED 40,000 with additional subscriptions by an existing Subscriber during the offer period provided that they are in multiples of at least AED 10,000.



**Initial Fee**

Each Unit Holder will pay to the Fund Manager a fee of up to 2% of the nominal value of the Units subscribed for, payable at the time of subscription.

**Management Fee**

The Fund will pay to the Fund Manager a fee equal to 1.5% of the Net Asset Value annually, to be charged and payable from the assets of the Fund on a calendar quarterly basis, with the first instalment of the Management Fee being calculated on a pro rata basis from the Initial Issue Date to the end of the next calendar quarter.

**Administration Fee**

The Fund will pay to the Fund Manager an administration fee based on the actual costs of administration payable provided that such fee will not exceed 0.3% of the Fund's Net Asset Value annually (calculated before payment of accrued Fees)

**Performance Fee**

The Investment Manager will be entitled to receive a Performance Fee in respect of each Financial year. The Performance Fee will be equal to 20% of the increase in the Net Asset Value Per Unit (NAVPU) at the end of the Financial year compared to the Net Asset Value per Unit at the end of the immediately preceding Financial year above the Hurdle Rate of 10%. The payment of a Performance Fee is subject to the condition that the Net Asset Value per Unit at the end of the Financial year exceeds the High Watermark. The "High Watermark" of a Class is the highest Net Asset Value per Unit of that Class immediately following the date as of which a Performance Fee was last paid (or, if no Performance Fee has yet been paid, the Initial Issue Price). The Hurdle Rate is a Soft Hurdle and is not cumulative from year to year. Thus, any portion of the Hurdle Rate that is not earned for any Performance Period does not need to be recovered in future Performance Period. The High Watermark is reset every five years. The Performance Fee in respect of each Financial year will be calculated by reference to the Net Asset Value per Unit before deduction of any accrued Performance Fee and adjusted for subscriptions, redemptions and distributions during the relevant Performance Period, so these will not affect the Performance Fee payable.

**Custodian Fee**

The Fund will pay to the Custodian a custodial fee quarterly in arrears on the last day of each financial quarter calculated at a rate not to exceed 0.25% of the Net Asset Value of the Fund (calculated before payment of accrued Fees) as at the date of payment.

**Redemption Fee**

A redemption fee, payable on a sliding scale as set out on page 30 will be payable for redemption of Units prior to the end of such two (2) year period. No redemption fee will be payable in respect of a redemption of Units at any time after two (2) years from the date of issue of the relevant Units.

## Costs and Expenses

The Fund will pay:

- (a) the Fund's initial organisational costs, approximately AED 250,000, which were advanced by Al Mal in its capacity as sponsor of the Fund and which will be repaid by the Fund to Al Mal in equal monthly instalments over the first five (5) years of the Fund; and
- (b) expenses associated with investment activities and operation, including brokerage commissions, investment expenses, interest expenses, administrative fees, custodial fees and legal, accounting, audit and reporting expenses and the expenses of publishing its Net Asset Value and other information from time to time.

## Reporting to Unit Holders

The Net Asset Value of the fund on the latest Valuation Date will be made available to unit holder through electronic means on a weekly basis. The Net Asset Value of the Fund on the latest Valuation Date will also be published on the internet web site of Al Mal Capital PSC: [www.amc-im.com](http://www.amc-im.com). The Fund Manager will prepare annual audited financial statements, including balance sheets, income statements and the current Net Asset Value. These will normally be prepared within ninety (90) days after the close of the Financial Year.

## DEFINITIONS OF TERMS USED IN THIS PROSPECTUS

### ADSM

Abu Dhabi Securities Market.

### Advisory Committee

The committee appointed by Al Mal to oversee and supervise the Fund which will be constituted by the Fund Manager from members of its Board of Directors, its senior employees and selected external representation, at the discretion of Al Mal.

<b>AED and Dirham</b>	The currency of the UAE.
<b>Al Mal</b>	Al Mal Capital PSC.
<b>Business Day</b>	A day on which the Fund Manager is open for business in the UAE.
<b>Calendar Quarter</b>	The three monthly period commencing from 1 January each year and ending on 31 March, 30 June, 30 September and 31 December.
<b>Central Bank</b>	The Central Bank of the UAE.
<b>Custodian</b>	Standard Chartered Bank.
<b>DFM</b>	Dubai Financial Market.
<b>EIBOR</b>	The rate offered on the Emirates InterBank Market for deposits of Dirhams for a 1 month term, on or about 11.00 am (UAE time) one Business Day prior to the relevant calculation date, as displayed on Reuters Telerate EIBOR page.
<b>Fees</b>	The management, administration, custodian, advisory committee or performance fees payable under this Prospectus.
<b>Financial Year</b>	The financial year of the Fund will end on 31 December of each year, except for the first Financial Year, which commences upon the Initial Closing Date and ends on the following 31 December.
<b>Fund</b>	Al Mal UAE Equity Fund, the terms of which are set out in this Prospectus.

**Fund Management Team**

- 1) The Fund Manager
- 2) The Advisory Committee
- 3) Other Groups or individuals associated with or employed by Al Mal Capital PSC, to provide Fund Management services, compensated from the fees charged by the Fund.
- 4) All other parties contracted or affiliated with the operation, management, administration, advisorship and running of the Fund.

**Fund Manager**

Al Mal Capital PSC.

**GCC**

The Arabian Gulf Cooperation Council, including the member countries thereof, being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

**Initial Closing Date**

The last day of the Initial Investment Period.

**Initial Investment Period**

The period from 1 March 2006 to 1 April 2006.

**Initial Issue Date**

The first Business Day of each calendar week following the Initial Closing Date.

**Issue Date**

The first Business Day of each calendar week following the Initial Closing Date.

**Minimum Fund Size**

The amount of AED 10 million.

**NAVPU**

The Net Asset Value of the Fund per Unit, being, on any date, the Net Asset Value divided by the number of Units outstanding on that date.

**Net Asset Value**

The Net Asset Value of the Fund determined in accordance with the provisions set out on page 34 of this Prospectus.

**Prospectus**

This prospectus setting out the terms of the Fund

**Redemption Date**

A Valuation Date on which shares may be redeemed.

**Redemption Request**

A request by a Unit Holder to redeem some or all of its Units in the Fund.

<b>Subscriber</b>	A potential investor in the Fund who has submitted a Subscription Agreement but to whom Units have not been issued.
<b>Subscription Account</b>	The account of the Fund with the Custodian to which the investment amounts of Subscribers will be deposited pending the relevant Issue Date
<b>Subscription Agreement</b>	The agreement to be entered into between Al Mal and the Subscribers in relation to the subscription for Units in the Fund.
<b>UAE</b>	The United Arab Emirates.
<b>Unit</b>	A proportion of the Fund issued to, and representing the investment of, a subscriber in the Fund.
<b>Unit Holder Registry</b>	The registry of Unit Holders maintained by the Fund Manager.
<b>Unit Holder</b>	A holder of a Unit in the Fund.
<b>Valuation Date</b>	Every Wednesday of the week. If such a day is not a Business Day, valuation will be moved to the next Valuation Date.
<b>“Year” and “Month”</b>	The Gregorian calendar year and month respectively.
<b>Benchmark</b>	Reference Index: S&P UAE 10% Capped

## SUMMARY OF UAE EQUITY MARKETS

It is intended that the Fund invest primarily in equities listed on the ADSM and the DFM in the UAE. Accordingly, this section of the Prospectus contains a description of those markets and the securities listed therein.

## **UAE Federal Law No.4 of 2000 (the “Federal Securities Law”)**

The Federal Securities Law provides for the establishment of the securities and commodities markets in the UAE (the “Markets”). Following the issuance of Law No. 4 two Markets were established in the UAE; the ADSM and the DFM.

This law also created the Emirates Securities and Commodities Authority (“Authority”). The Authority is:

- (a) responsible for recommending, compiling and overseeing the implementation of the rules and regulations governing the operation of the financial markets;
- (b) to provide opportunities to invest savings and funds in securities and commodities to serve the national economy, ensure adequate interaction between supply and demand, protect investors by establishing fair dealing rules and to develop investment awareness by conducting studies and issuing recommendations; and
- (c) empowered to issue regulations regarding its activities, licensing and control of the Markets, listing, revocation and suspension of same, and to also establish by-laws relevant to the Markets, brokers, trading, clearing, settlement and custody, membership in the Markets, disclosure and transparency as well as arbitration.

## **Resolutions**

To further clarify and extend the provisions of the Federal Securities Law, three Cabinet Resolutions were promulgated in July 2000:

- (a) **Cabinet Resolution 11** which addresses the licensing and supervision of Markets and prohibits securities or commodities trading on any market in the UAE unless the Market holds a licence;
- (b) **Cabinet Resolution 12** which governs the listing of securities and provides that no securities may be listed on any securities market without the Authority’s approval, and that trading on Markets is restricted to listed securities; and
- (c) **Cabinet Resolution 13** which governs the internal regulation of the Authority including outlining its objectives, and empowering it to supervise and control the operation of securities and commodities markets in the UAE.

## **Authority Regulations**

In addition, the Authority issued three sets of regulations in late 2000 governing the licencing and regulation of brokers, the rules for market membership, and market transparency:

**Resolution No.1 of 2000 : Broker Regulations** – These include provisions that no one can act as a broker without holding a licence from the Authority, defining brokerage in broad terms that include not only intermediation but also solicitation of the purchase or sale of securities or commodities. The regulations address the procedures for applying for a brokerage licence, the substantive qualifications

with which a broker must comply, the obligations that a broker must observe, and the penalties for non-compliance;

**Resolution No. 2 of 2000: Regulation for Market Membership** – These regulations require all brokers to become members in the UAE securities and commodities markets in which they operate, and further require that all shareholding companies and other issuers of traded securities must become members in the market in which their securities trade. The membership regulations require members to comply with the Law and the regulations issued by the Authority.

**Resolution No. 3 of 2000: Regulation of Market Transparency** – These regulations cover the disclosure and transparency of information govern the activities of the Authority, the securities markets and traded companies. The Authority is prohibited from carrying on commercial business, having a benefit in any project, or owning or issuing securities. Each member of the Board of Directors of the Authority must disclose any securities owned by him, his wife or his minor children. Similar conflict-of-interest rules apply to the members of the Board of Directors of a securities market.

The disclosures and transparency regulations impose upon the securities markets in the UAE the duty to report to the Board of Directors of the Authority information about companies whose securities are listed. Every securities market must maintain a record of transactions regarding securities traded, the prices and quantities of those securities and the total number of transactions. An issuer of securities that wishes to trade the securities on a securities market in the UAE must file an application with the Authority, and such application must be supported by a detailed report issued by the applicant's Board of Directors. Members of the Board of Directors of a listed company or an applicant for listing are liable for the accuracy and completeness of all information submitted to Authority and the relevant securities market. Listed companies have certain ongoing obligations towards the Authority and the securities market on which they are listed. Once listed, a company may not enter a change in the ownership of shares in the company's share register unless the securities market on which the company's securities are traded approves such change. Sanctions may be imposed in the event of insider trading or circulation of false information.

## **Emirate Regulation**

Each of the Abu Dhabi Security Exchange Decree and the Dubai Financial Market Decree impose additional requirements.

## **Abu Dhabi Securities Market**

ADSM was established pursuant to Abu Dhabi Local Law No.3 of 2000 and duly licensed by the Authority. Local Law No. 3 of 2000 established ADSM as a public institution having its own



independent corporate body. ADSM applies the regulations issued by the Authority in relation to membership in the Market, listing, licensing of brokers, transparency and other effective regulations and instructions in addition to any future rules and regulations that may be issued by the Authority. In addition, ADSM requires applicant brokers to have 25% of the required capital in liquid assets, and does not allow brokers to exceed 80% of the amount of the guarantee. ADSM is currently in the process of devising detailed disclosure rules in accordance to Internal Accounting Standards. The number of listed companies is 59: 15 in the banking sector, 15 in the services sector, 12 in the insurance sector, 2 in the hotels sector, and 15 in the industries sector.

Pursuant to Law No. 3 of 2000, ADSM is managed by a board of directors consisting of the chairman, vice chairman and a maximum of nine directors, to be appointed for a period of three years renewable pursuant to a local decree (the "Board").

However, ADSM board consists of seven directors in addition to the Chairman and Vice Chairman.

Law No. 3/2000 vested the following functions in the Board:

- (a) Composing the supervisory and inspection regulations in respect of the activities of the brokers and their dealings and those of the trading room.
- (b) Receiving complaints and taking appropriate procedures in respect thereof in accordance with the provisions of Law No.3/2000 and other applicable laws.
- (c) Obliging listed companies to disclose information and any material developments occurring in any such companies.
- (d) Conducting all acts that assist ADSM in achieving its purposes, or those acts assigned to the Board.

In order to achieve its purposes, ADSM is authorised to effect regulations in respect of the licensed brokers and organizing their activities; requirements for accepting the listing of securities; clearance, settlement, transfer of ownership of securities and supervising the establishing and the functions of the parties handling the clearance and settlement, and the regulations in respect of resolution of disputes arising out of trading in securities.

## **Disclosure and Transparency at Abu Dhabi Securities Market**

ADSM requires that listed companies provide the Market with their annual financial statements, including its annual report, within three months of the end of the financial year and its quarterly statements within thirty days of the end of each quarter.

ADSM listed companies are also required to:

- (a) Abide by all regulations and instructions issued by the Authority and the Market;
- (b) Submit all data, information and statistics requested by the Authority and the Market administration;

- (c) Update the Authority and the Market on any crucial developments, which may affect the prices of the listed securities, as soon as they occur;
- (d) Publish, whenever requested to do so, any information related to its position and activities which ensures fair dealing and confidence of investors.
- (e) Notify the Authority and the Market about shares held by Board Members within fifteen days from the date of commencement of their tenure, and at the end of each financial year, and about trades carried out by the company's directors and executive management.
- (f) Notify the Authority and the Market of the company's Board of Directors decision regarding distribution of profits to the shareholders or the announcement of profits and losses, to obtain the approval for publication thereof.
- (g) Notify the Authority and the Market immediately about the details of sale or purchase of some significant assets which affect the position of the company.
- (h) Notify the Authority and the Market immediately about any changes to the company's Board of Directors and executive management.
- (i) Pay the annual registration and listing fees by due dates.
- (j) Submit to the Authority and the Market all printed material designed for investors as soon as they are issued.
- (k) Provide the Authority and the Market with the documents related to the amendments introduced to the Articles of Association once approved.
- (l) Provide the Authority and the Market with annual, semi-annual and quarterly reports about its activities and business outcome, which reflect their financial position once they are issued.
- (m) Provide the Authority and the Market immediately with the names of the holders or those whose holding with their minor children reaches 5% or more of the company's shares. This commitment shall be abided each time the holding increases by 1% over and above 5%.
- (n) If the shareholder or party whose contribution reaches 5% and more in the company's shares is a bank or financial institution that practices banking, it shall first obtain the approval of the Central Bank.

### **ADSM Execution, Delivery of Securities and Transfer of Title**

Upon the execution of any order on the ADSM System, there shall be formed an unconditional contract between the ADSM Broker of the Seller (on behalf of the Seller). The terms of that contract shall include amongst other things an undertaking by each ADSM Broker on behalf of its respective Investor to do all things and procure the execution and the delivery of all documents necessary to transfer legal title to the securities which are the subject of the executed trade.

## Dubai Financial Market

Local Decree No. 14 of 2000 established the DFM as a public institution, having its own independent corporate body. The DFM was established to provide investors with opportunities to conduct purchase and sale of equities, government bonds and mutual funds. There are 30 listed companies. In the equities division, companies are listed as follows: 7 in the banking sector, 10 in the insurance sector, 4 in the investment sector, and 7 in the services sector and 2 in the industrials sector. DFM has been set up to facilitate the protection of investors against unfair and improper practices. Codes of conduct have been established for brokers and other operators in the DFM with a view to enhance their efficiency and professional performance.

**Trading System** - DFM is equipped with state of the art automated screen based trading systems and technology to provide maximum liquidity in securities trading through the interaction of supply and demand to determine the fair price of securities. Investors can place their orders with DFM accredited brokers, who enter these orders into the trading system. Then, the system automatically matches buy and sell orders of a particular stock based on the price and quantity of requirements.

The trading system also generates and displays details of current and historical trading activity, including prices, volumes traded and outstanding buy and sell orders. This ensures that investors have the required information to be able to take informed investment decisions. This fully integrated and automated system also ensures speed and accuracy in the transfer of share ownership.

**Clearance & Settlement System (CSS)** - This is a universal automated system used to conduct the daily routine business of clearance and settlement. The trading and CSS systems are electronically linked and the completion of a deal on the trading floor simultaneously modifies securities holders' register in the Clearance & Settlement System with immediate transfer of securities. Investors thus enjoy integrated and secure service to conduct their buy or sell orders. All securities of listed issuers are placed in the Clearance & Settlement System, which eliminates the need for the physical exchange of securities certificate and renders the process safer and more efficient.

**Buying & Selling Securities at DFM** - The buying and selling of securities at DFM may be effected in person, by telephone or by Facsimile. Certain intermediaries now allow online trading facilities to be set up, so that trades may be executed remotely over the Internet.

**Transfer of Shares between the Buyer and the Seller** - Once the order is received the broker will enter it into the trading system. Shares are transferred electronically from the seller's account with his broker to the buyer's account with broker upon successful conclusion of a trade. The buyer is immediately able to sell the shares purchased, either in part or in full. The seller has no access to the shares after the trade is executed.

**Settlement of Funds between the Investor and Broker: Two Day Settlement** - Payments between the broker and the buyer/seller are settled as per their mutual agreement. According to DFM rules and regulations, the seller is entitled to receive his funds two working days after conclusion of the trade (T+2). After such time, the broker must pay the seller the net amount due within 24 hours of receipt of the seller's request for payment.

**Establishing Ownership of Securities** - To establish ownership of securities application is made to the Clearing House, either through the broker or through the DFM Investor Services Desk, for a proof of ownership of your shares by filling in a "Shares Balance Form". A shares balance report will be issued within one hour.

**Compliance with DFM** - To further safeguard the efficiency and integrity of trading, DFM conducts regular inspections and supervises market activity. The Compliance division within DFM has 4 sections:

(a) **Market Control** – which monitors:

- daily trading, including orders and executed deals;
- movements in prices and volumes of shares;
- trading activities of Board of Directors of listed companies and their relatives up to first of kin;
- trading activities of brokers and their relations up to the first of kin; and
- trading activities of other investors and any effects on companies prices, as well as investigating market rumors in liaison with Market Surveillance department.

(b) **Member Inspection** – which monitors broker conduct to ensure integrity of the broker activity and that the best service is given to DFM investors.

(c) **Listed Company Compliance** – which provides investors with all the necessary data concerning Listed Companies.

In particular, on-going compliance requires listed companies to submit quarterly and semi-annual financial statements within 30 days of period end, and annual financial statements within 90 days of year end. Listed companies are also required to notify DFM of any material information that may affect its operations. DFM in its turn will ensure public dissemination of any information it views to be material and could affect the price of the underlying security.

(d) **Market Surveillance** – which monitors insider trading.

## **FUND MANAGER**

**Al Mal:** Al Mal is a Private Joint Stock Company with limited liability incorporated in the Emirate of Dubai, UAE. Details of the registered office and directors of Al Mal are available on request.

**Fund Management Team:** Al Mal, as the Fund Manager, along with the Advisory Committee as noted, comprise the Fund Management Team and in these roles will collectively undertake all management and administration responsibilities of the Fund. The specific responsibilities of each of the parties is detailed herein. Al Mal is the Fund Manager to the Fund.

**Fund Manager:** The responsibilities of the Fund Manager in relation to the management of the Fund are as follows:

- (a) to be responsible for the implementation of the principal investment strategy;
- (b) provide information to and assist the Advisory Committee in respect of its overall supervision of the Fund.

The Fund Manager will exercise its powers as an agent of the Unit Holders, which powers will be vested in the Fund Manager under the Subscription Agreement. Such powers will include: The Fund Manager will exercise its powers as an agent of the Unit Holders, which powers will be vested in the Fund Manager under the Subscription Agreement. Such powers will include:

- (a) to act as agent of the Unit Holders in accordance with this Prospectus and each Subscription Agreement;
- (b) to acquire and hold the assets and income derived from collective investments for the benefit of the Unit Holders;
- (c) to review the performance of the assets of the Fund and to dispose of them on behalf of the Unit Holders;
- (d) to the extent reasonably possible to do so under law, to protect the assets and investments of the Fund and the interests of the Unit Holders in those assets and as investors in the Fund;
- (e) if necessary, to obtain funding from banks on behalf of the Unit Holders for the purposes of the Fund and to create security over assets of the Fund to secure such funding; and
- (f) to do all acts, deeds and things as deemed necessary and incidental to the above, and to ensure the orderly ongoing operation of the Fund.

In addition, the Fund Manager will undertake the day-to-day administration of the Fund by performing the following services for the Fund:

- (a) maintain the Unit Holder Registry;
- (b) administer dividend payments (if any);
- (c) accept and keep safely forms and certificates submitted to it in connection with any issue, redemption or transfer of Units;

- (d) carry out the issue and redemption of Units, including the calculation of the Net Asset Value, on each Issue Date or Redemption Date both per Unit and for the Fund as a whole;
- (e) carry out the procedures associated with the issue of non-certificated Units;
- (f) forthwith on receipt pay to or deposit with the Custodian for the account of the Fund all moneys and securities received on behalf of the Fund;
- (g) within the guidelines laid down by the Fund, deal with and reply to all correspondence and other communications addressed to the Fund in relation to the subscription, exchange, purchase or transfer of Units;
- (h) despatch to the shareholders, auditors of the Fund, the Central Bank, and to any other person entitled to receive the same, copies of such notices, reports, financial statements and other written material supplied to it by or on behalf of the Fund or as may be requested by or on behalf of the Fund;
- (i) attend meetings of the Unit Holders and the Advisory Committee when so required by the Fund and assemble any documentation required at or in connection with such meetings;
- (j) act as may be required by the Fund from time to time as proxy agent;
- (k) supply to the Advisory Committee, upon request, such information in connection with the Fund or any Units therein as may be in its possession or may reasonably be obtained or provided by it;
- (l) provide the auditors with information in relation to the Fund as requested by them;
- (m) carry out general secretarial duties;
- (n) maintain the records and accounts of the Fund; and
- (o) prepare the annual report and accounts of the Fund and any other accounting statements to be sent to the Unit Holders of the Fund; and
- (p) to do all acts, deeds and things as deemed necessary and incidental to the above.

The Fund Manager is authorised to engage third parties to provide services to the Fund, such as attorneys, consultants, independent auditors or such other persons as the Fund Manager may deem necessary or advisable and to do all such other acts as the Fund Manager may, acting within the scope of authority granted to it by the Central Bank, deem necessary or advisable in connection with carrying out the business of the Fund.

The Fund Manager will procure the deposit into the Fund's bank account (after deduction of the fees and charges due and payable to the Fund Manager and/or other professionals) of all income, earnings, dividends, profits and proceeds resulting from the acquisitions, development, utilisation or disposition of the funds and assets.

The Fund Manager and its officers, directors and employees may engage in other investment management activities and other businesses and may render services similar to those rendered to the Fund to others.

The Fund Manager is not liable for any loss or damage, except as a result of gross negligence or wilful default. The Fund shall indemnify the Fund Manager for losses (including legal fees) incurred by it in conjunction with actions on behalf of the Fund, provided that such losses were not the result of its gross negligence or wilful default.

The fee payable to the Fund Manager is set out under “Fees and Charges” on page 23.

### **Advisory Committee**

The Advisory Committee will oversee and supervise the operation and investment strategy of the Fund.

The Advisory Committee will be constituted by the Fund Manager from members of its Board of Directors and its senior employees. The Advisory Committee may be reconstituted from time to time if the need properly arises. Representatives of substantial Unit Holders may also be invited to become a member of the Advisory Committee.

The members of the Advisory Committee will meet and confer on a regular basis (semi-annually). The Advisory Committee may take decisions by majority vote and record the same by way of a written resolution.

To enable it to discharge its functions efficiently, the Advisory Committee will be entitled to seek, obtain and rely on advice of the Fund Manager, the Fund Advisor and other professionals, and will be indemnified by the Fund for any costs and expenses (including legal fees) reasonably incurred as a result.

The Fund shall indemnify the members of the Advisory Committee for losses (including legal fees) which they may incur in connection with actions on behalf of the Fund, provided that such losses were not the result of gross negligence or wilful misconduct. Any such indemnification payments would reduce the Fund's assets.

**Custodian**

Standard Chartered Bank is the Custodian of the Fund. The Custodian will perform the following services for the Fund:

- (a) register all securities in the name of the Custodian, the Fund or the nominee of either of them and keep such securities in its custody;
- (b) carry out transactions in securities for the Fund;
- (c) maintain banking accounts for the Fund and monitor the operation of those bank accounts;
- (d) collect and deposit in such accounts all payments due to the Fund;
- (e) pay redemptions and dividends (if any);
- (f) deliver to the Fund all notices received;
- (g) pay any obligations of the Fund; and
- (h) all acts, deeds and things as deemed necessary and incidental to the above.

The Custodian is not liable for any loss, except as a result of fraud, gross negligence or willful default. The Fund shall indemnify the Custodian for losses (including legal fees) incurred by it in performing its duties as Custodian of the Fund, provided such losses were not the result of its gross negligence or willful misconduct.

To enable it to discharge its functions efficiently, the Custodian will be entitled to seek, obtain and rely on advice of the Fund Manager and other professionals, and will be indemnified by the Fund for any costs and expenses (including legal fees) reasonably incurred as a result.

As it may be necessary, in relation to certain investments, for the Custodian to delegate the performance of some of its services to another entity, the Custodian shall be permitted to undertake such delegation.

Without limiting the above, the Custodian intends to place listed UAE securities with either the Clearing and Settlement Depository & Registry Services of the ADSM or the Clearing and Depository System of the DFM under the Investor Number for the Fund. Non-listed UAE securities will generally be held by the Custodian or its nominee(s). In other jurisdictions, listed securities will be held for the account of the Fund or the Custodian by a reputable financial institution or authorized clearing house selected by the Custodian in each jurisdiction.



The fee payable to the Custodian is set out under "Fees and Charges" on page 30-31.

**Nominee Company**

It may be necessary, in relation to some of the investments to be made by the Fund, for the Custodian to register the purchase of such investments in the name of a nominee. The Fund and the Custodian will put in place suitable arrangements to protect the investment of the Fund registered in the name of such nominee.

**FUND STRUCTURE****The Fund**

"The Fund is an open-ended fund established under the authority of the Central Bank Board of Directors' Resolution No. 164/8/94.

The Fund is not incorporated under the UAE Commercial Companies Law (UAE Federal Law No. 8 of 1984) and does not confer upon the Unit Holders the rights accorded to shareholders of commercial companies. The Fund should at all times be viewed as a portfolio of assets, established, controlled and at all times managed by the Fund Manager and the Fund Management Team. Participation in the Fund shall be made available to investors for passive investment purposes only. Accordingly, ownership of Units in the Fund does not give rise to or confer upon Unit Holders any proprietary, voting or other rights of control or other interest in the fund's underlying assets, except to the extent set out in this Prospectus.

No application has been made for the listing of the Fund on any stock exchange although, if the Fund Manager determines it to be in the interests of the Fund and its Unit Holders application may be made in the future for listing of the Fund on a UAE, regional or international Stock Exchange (including an exchange established under the DIFC)."

**Objective** The Fund's objective is to achieve medium to long-term capital growth and a reasonable level of income by investing primarily in equities listed on the ADSM and DFM although, where appropriate, investments may also be made in equities listed on stock exchanges in other GCC countries or elsewhere and in other securities as set out in this Prospectus.

**Fund Size** The Fund Manager intends that the Fund initially raise a minimum amount of AED 10 million, which will be divided into Units with a nominal value of AED 1.00 per Unit. The maximum total investment permitted for the Fund shall be AED 1 billion (or such higher amount as the Fund Management Team deems appropriate).

**Subscription for Units** "Units will initially be available to qualifying investors at a price of AED 1.00 per Unit during the Initial Investment Period. The Fund Manager may, in its discretion, extend or accelerate the Initial Investment Period.

Thereafter Units will be offered at the current NAVPU on a continuous basis on each Issue Date.

If, on the Initial Closing Date, the aggregate amount received from Subscribers is less than the Minimum Fund Subscription, the Fund Manager may (a) elect not to proceed with the establishment of the Fund, in which case all amounts received from Subscribers will be returned; or (b) establish the Fund with less than the Minimum Fund Subscription. If the offer to participate in the Fund is withdrawn by the Fund Manager prior to the issue of the Units subscribed for, the Subscribers' only remedy shall be a full refund of the entire amount paid into the Fund by such Subscribers.

Funds received during the Initial Investment Period will be paid into an interest bearing Subscription Account in the name of the Fund pending the closing of that period. On the Initial Closing Date, provided the Minimum Fund Subscription has been received in the Subscription Account or the Fund Manager has otherwise decided to establish the Fund notwithstanding that the Minimum Fund Subscription was not met, the Fund Manager, on behalf of the Fund, will commence the

investment of the Fund in accordance with the provisions of this Prospectus. On the Initial Closing Date, interest paid on the deposits in Subscription Account will be added to the Fund and invested as part of the Fund.

In the event that the Minimum Fund Subscription is not reached by the Initial Closing Date and the Fund Manager decides not to proceed with the Fund, the Investment Manager will, within 7 days of the Initial Closing Date, on behalf of the Fund, ensure that the amount paid by each potential Subscriber into the Subscription Account is returned to that Subscriber together with the interest paid on such amount during the period that it was held in the Subscription Account."

**Minimum Subscription / Additional Subscriptions**

The minimum initial subscription for each investor is AED 40,000. Additional subscriptions may be made during the offer period in multiples of AED 10,000. Subscriptions are used to purchase the largest number of Units possible after deduction of charges as delineated herein. Fractional Units may be issued up to two decimal places.

**Subscriptions**

Units are offered directly by the Fund. For details of subscription procedures, see page 41.

**Dividend Policy**

The Fund's objective is capital appreciation. The Fund does not anticipate paying dividends, Notwithstanding this, dividends may be paid at the discretion of the Fund Manager. It is, however, the intention of the Fund Manager to reinvest the income realized by the Fund which will be reflected in the NAVPU.

**Limited Liability**

Investors invest in the Fund with limited liability and cannot lose more than the amount of their investment.

**INVESTMENT PROGRAMME**

<b>Objective</b>	The Fund's objective is to achieve medium to long-term capital growth and by investing primarily in equities listed on the ADSM and DFM although, where appropriate, investments may also be made in equities listed on stock exchanges in other GCC countries or elsewhere and in other securities as set out in this Prospectus.
<b>The Fund's Approach</b>	Investment decisions will be made based on the underlying business fundamentals (bottom up approach) of the relevant companies and will take account of current and projected financial, economic, regulatory and social conditions. Companies will be analyzed and screened and must meet or surpass certain criteria set by the Fund Manager from time to time. The Fund intends to hold a diversified portfolio of equities across sectors. The Fund Manager will also seek to invest in companies with a spread of risk and return profiles.
<b>Selection of Investments by the Fund</b>	<p>The Fund Manager and the Advisory Committee, will invest in equities listed on the ADSM and the DFM.</p> <p>In addition, and under the same guidelines and coordination, the Fund Advisor may determine that it is appropriate to invest in other securities including:</p> <ul style="list-style-type: none"> <li>(a) equities issued by companies which are listed on recognised stock exchanges in GCC or other countries;</li> <li>(b) equities issued by companies in the UAE for which listing is proposed in the future but which has not yet been implemented;</li> <li>(c) other transferable securities including, without limitation, notes, bonds or other similar products issued by either corporate or sovereign entities;</li> <li>(d) units in a collective investment scheme including units in schemes managed or operated by the Fund Manager (provided there is no doubling of charges as a result); and</li> <li>(e) cash or cash equivalent.</li> </ul>
<b>Monitoring of Investments</b>	The Fund Manager will be responsible for the management of the Fund and monitoring its performance on a daily basis.
<b>Leverage</b>	The Fund may borrow to take advantage of investment opportunities or to meet redemption requests from investors, provided that total borrowings by the Fund, at any time, do not exceed 20% of its Net Asset Value.
<b>Currency Hedging Issues</b>	The Fund may hedge currency and other risks related to its investments provided that the Fund Manager believes it to be necessary or advisable to do so to protect the Fund but may not do so if for speculative purposes.
<b>Investment Restrictions</b>	<p>Investments in equities listed in UAE stock exchanges shall not be below 70% of the Net Asset value of the Fund.</p> <p>Investments in equities listed in the GCC stock exchanges (Excluding UAE exchanges) or elsewhere can not exceed 30% of the Net Asset value of the Fund.</p>

- (a) Companies listed outside the GCC, shall have a minimum of 50% of their revenue stream coming from the GCC
- (b) Investments in unlisted companies or companies which are to list in the following twelve (12) months shall not exceed 10% of the Net Asset Value of the Fund.
- (c) Investments in the shares of a particular company shall not (unless the investment in the company in excess of this amount has been approved by the Advisory Committee):
- (a) exceed 10% of the total market capitalization for that company;
  - (b) exceed 10% of the Net Asset Value of the Fund ;
  - (c) breach any provisions of its constitutional documents; or
  - (d) breach any applicable law or regulation.
- Investments in sovereign and other public securities issued by any one sovereign entity, with the exception of the UAE, shall not exceed 25% of the Net Asset Value of the Fund.
- In addition, the Fund may:
- (a) retain cash deposits or invest in good quality assets which may be easily liquidated (such as corporate or sovereign loans, bonds, floating rate notes or other commercial paper, promissory notes or bills of exchange or fixed income securities) in order to ensure it can meet the redemption requirements of investors or opportunities to invest that may arise;
  - (b) vote as a shareholder in companies in which it has invested and otherwise act as a shareholder to protect the Fund's position as a shareholder in that company as determined by the Fund Manager;
  - (c) if the Fund Manager determines, in its absolute discretion, that it is necessary or advisable to do so and notwithstanding any other requirements or restrictions relating to the Fund, at any time liquidate some or all of the investments of the Fund
  - (d) invest in swap transactions within a maximum exposure of 20% within a 10% maximum exposure to each counterparty
- It is not intended that the Fund have any interest in any immovable property or tangible moveable property.

## Benchmark

The fund is not an indexed fund but the S&P UAE 10% Capped is a benchmark that investors can track to monitor the fund's performance.

## FEES AND CHARGES

**Organizational Costs:** The Fund's initial organizational costs, amounting to approximately AED 250,000 were advanced by Al Mal in its capacity as sponsor of the Fund and will be repaid by the Fund to Al Mal in equal monthly instalments over a five (5) year period commencing from the Initial Issue Date.

**Initial Fee:** An initial fee of up to 2% of the amount subscribed will be paid to the Fund Manager from each subscription in relation to the introduction of the subscriber. The Fund Manager may waive a portion of such fee, in its discretion.

**Redemption Fee:** A redemption fee will not be payable in respect of a redemption of Units at any time after two (2) years from the end of the Initial Investment Period or the Issue Date for the

relevant Units (whichever is later). A redemption fee will be payable, calculated on a sliding scale as set out on page 31, for redemption of Units prior to the end of such two (2) year period.

**Management Fee:** The Fund will pay to the Fund Manager a fee equal to 0.375% of the Fund's Net Asset Value (calculated before payment of accrued Fees) payable quarterly on the first day of each Calendar Quarter commencing on the Initial Closing Date and calculated as at the day of payment (equal to 1.5% on an annual basis).

**Administration Fee:** The Fund will pay to the Fund Manager an administration fee based on the actual costs of administration payable quarterly in arrears on the last day of each Calendar Quarter commencing on the Initial Issue Date and calculated at the date of payment provided that such fee will not to exceed 0.1% of the average of the Funds Net Asset Value annually (calculated before payment of accrued Fees).

**Custodian Fee:** The Fund will pay to the Custodian a custodial fee quarterly in arrears on the last day of each financial quarter calculated at a rate not to exceed 0.25% of the Net Asset Value of the Fund (calculated before payment of accrued Fees) as at the date of payment. The Custodian will not receive any incentive fee from the Fund. The Fund will give one full month's notice to investors of any increase in the fees payable to the Custodian. No such increase shall take effect prior to the next Redemption Date following the date of such notice.

**Operating Expenses:** The Fund pays its expenses associated with investment activities and operation, including brokerage commissions, investment expenses, interest expenses, administrative fees, custodial fees and legal, accounting, audit and reporting expenses and the expenses of publishing its Net Asset Value and other information from time to time.

## REDEMPTION AND TRANSFER OF UNITS

### Investment Horizon

The Fund is not an appropriate vehicle for short-term investment, as its investment objectives are set on a medium to long-term basis.

### Redemptions

Investors in the Fund shall be allowed to redeem their units on a Redemption Date. Units shall be redeemed at the Fund's Net Asset Value calculated as of the relevant Redemption Date, provided that the Fund Manager has received a Redemption Request at least two weeks prior to the Redemption Date. Any Redemption Request received after 1.00pm (UAE time) on any day shall be treated as having been received on the next Business Day. The Fund may also mandatorily redeem the Units held by an investor at any time on thirty days' notice if such investor ceases to hold the minimum required level of investment in the Fund. A form of Redemption Request is available from the Fund Manager.

**Redemption Fee**

Upon redemption of any Units in the Fund, a redemption fee will be paid to the Fund Manager from the redemption proceeds calculated as follows:

- (a) for redemption within the period commencing from the later of the Initial Closing Date or the date of subscription for the relevant Units and ending one (1) year after such date, an amount equal to 2% of the redemption proceeds;
- (b) for redemption within the period commencing from the later of the day which falls one (1) year after the Initial Closing Date or the date of subscription for the relevant Units and ending two (2) years after such date, an amount equal to 1% of the redemption proceeds; and
- (c) for redemption of any Units at any time following two (2) years from the Initial Closing Date or the date of subscription for the relevant Units, no redemption fee will be payable.

**Limits on redemption**

The Fund Manager will attempt to accommodate all Redemption Requests. However due to the size and nature of the markets in which it is proposed to make investments it may not be possible to liquidate the positions necessary to meet all Redemption Requests within the time requested. Accordingly, if Redemption Requests on any Redemption Date equal or exceed 10% of the outstanding Units, the Fund Manager may elect to restrict the total number of Units to be redeemed to 10% of the outstanding number of Units. Redemption Requests will be accepted and executed on a pro rata basis in proportion to the size of each Redemption Request. Alternatively, in the event that Redemption Requests as at any Redemption Date exceed 10% of the outstanding Units, or it is not possible to liquidate assets to effect the Redemption Requests on that Redemption Date, the Fund Manager may, if possible in relation to a Unit Holder, offer to action a Redemption Request by paying some or all of the redeeming Unit Holders in kind from the assets of the Fund, with transfer costs being for the account of the redeeming Unit Holders. Any Units not redeemed in accordance with a Redemption Request on a Redemption Date will be redeemed on the next succeeding Redemption Date in priority to any Redemption Requests received thereafter, but otherwise subject to the same

restrictions on redemption and rights of the Fund Manager as set out above.

### **Suspension of Redemptions**

The directors of the Fund are empowered to suspend determination of the Net Asset Value when:

(i) dealings on markets are suspended; (ii) dealings in collective investment schemes in which the Fund holds an interest are suspended; (iii) disposals of investments by the Fund would not be reasonably practical and might seriously prejudice Unit Holders; (iv) an accurate valuation of investments is unavailable; and (v) normal rates of exchange are not available. No issue or redemption of Units will take place during any period when the calculation of Net Asset Value is suspended. Requests for redemption may be revoked during the period of suspension. Requests not revoked will be effected on the first Redemption Date following the end of the suspension.

### **Funding of Redemptions**

In order to finance redemptions, the Fund may borrow directly from banks on a short-term, bridging finance basis. Such borrowings (net of any cash and short-dated monetary instruments) will be limited to 20% of the Net Asset Value of the Fund as at the most recent Valuation Date. The total limit of redemptions should not exceed 20% of the portfolio since the last Net Asset Value calculation.

### **Remittance Cost**

The cost of remitting redemption proceeds will be for the account of the Unit Holder.

### **Transfers**

Units may not be transferred without the written consent of the Fund Manager. The Fund Manager shall not unreasonably withhold their consent where they are satisfied that the transferee is eligible to hold Units in the Fund, and that no other interest of the Fund is likely to be adversely affected as a result of the transfer.

## **GENERAL**

### **Unit Holders Rights**

The Fund is authorised to issue to Subscribers Units in the Fund. The Unit Holders may be asked to approve changes to the Fund as provided in the Prospectus or if the Fund Manager determines that a proposed change



may have the effect of significantly altering the investment policy of the Fund or may modify or abrogate the rights attaching to the Units. Any approval by the Unit Holders will be on the basis of a majority vote by such Unit Holders that respond to a written request by the Fund Manager for their approval. The Unit Holders will be given a minimum period of 30 days notice to respond to such a request

### **Winding-up or Dissolution**

The Fund Manager and the Advisory Committee may, at any time, determine that it is in the best interests of the Fund, the Unit Holders or the Fund Manager that the Fund be wound up.

Upon such determination being made the Fund Manager will advise the Unit Holders in writing that such determination has been made and will set out the Fund Manager's plans for the liquidation of the assets of the Fund and distribution of the Fund assets to the Unit Holders.

Upon a winding-up of the Fund, the proceeds from the liquidation of the assets of the Fund shall be applied:

- (a) first, in paying to any party any unpaid fees, costs or expenses payable by the Fund and then unpaid;
- (b) second, in paying to the Unit Holders the balance of the proceeds, which balance shall be apportioned between such Unit Holders pro rata to the number of Units held by each of them.

### **Restrictions on Sale, Transfer and Assignment**

A Unit Holder shall not be entitled to sell or transfer any Units held by it without the consent of the Fund Manager, which may be withheld in its sole discretion.

The Fund Manager will not consent to a transfer of Units and the Units may not be transferred, directly or indirectly in the United States, its territories or possessions or areas subject to its jurisdiction or to any "United States Persons" ie: a citizen or resident of the United States or its territories or possessions, any company organized under the laws of or existing in the United States or its territories or possessions, any corporation or other entity organized under the laws of or existing in the United States or its territories or possessions, any estate or trust the income of which is subject to United States

federal income tax regardless of its source or to any other investor to whom the sale or transfer of the Units would be unlawful in the United States. The Fund has and intends to exercise, the right of mandatory redemption of any Units sold or acquired in contravention of the foregoing prohibition.

**Net Asset Value**

The Net Asset Value of the Fund is determined as of each Valuation Date in Dirhams and is equal to the assets of the Fund, less the liabilities so attributed, determined in accordance with generally accepted accounting principles in the UAE, including any unrealized profits and losses on its open positions. More specifically, the Net Asset Value of the Fund is equal to the sum of all cash, cash equivalents, the fair value of all other assets of the Fund, less all liabilities of the Fund, including accrued liabilities, irrespective of whether such liabilities may in fact never be paid (again, all as attributed to the class concerned), in each case as determined by the Fund Manager in accordance with generally accepted accounting principles in the UAE.

**Reports to Unit Holders**

The most recently available books and records of the Fund will be maintained at the offices of the Fund Manager in Dubai. Unit Holders, or their authorized representatives, have the right at all times during normal business hours to have access to and copy such books and records, provided that they represent that they are doing so for a just, non-commercial purpose.

Within 15 days of the end of each Calendar Month, the Fund will prepare a report containing information relating to its Net Assets and the Net Asset Value of a Unit as of the end of such month. In addition, audited annual financial statements will be prepared not more than 4 months after the close of the Fund's Financial Year. Copies of these reports will be mailed to Unit Holders at their registered address.

In accordance with the requirements of the Securities and Commodities Authority the Fund will also:

- (a) publish biannual Financial Reports reviewed by the independent external auditor; and
- (b) Annual Financial Report audited by the independent external auditor. Reports, notices and information in relation to the Fund may be

found at the Fund Manager's website for this Fund being [www.amc-im.com](http://www.amc-im.com).

### **Auditors**

The accounts of the Fund will be audited annually by a firm of auditors appointed by the Board. The auditors are required to state whether in their opinion the accounts give a true and fair view and that all information and explanations required by them, have been obtained. The auditors' report will be sent to Unit Holders as part of the audited annual accounts.

### **Communications to Unit Holders**

Communications to investors will be sent to their registered addresses recorded in the Unit Holders Registry.

### **Communications to the Fund**

Communications to the Fund should be addressed to the Fund Manager.

## **INVESTMENT CONSIDERATIONS**

The foregoing list of "Investment Considerations" does not purport to be a complete explanation of the risks involved in an investment in the Fund. Prospective Subscribers should read the entire Prospectus and consult with their own advisors before deciding to subscribe.

An investment in the Fund involves significant risks which prospective investors should consider before participating in the Fund. The Fund will be a new entity and will have no track record or operating history. There can be no assurance that the Fund's rate of return will be realized or that significant capital losses will not occur. The Fund's returns may be unpredictable and, accordingly, its investment program is not suitable as the sole investment vehicle for an investor. An investor should only invest in the Fund as part of an overall investment strategy, and then only if the investor is able to withstand a total loss of its investment. Prospective investors should carefully consider each and every risk involved herein, and all other information contained in this Prospectus. In considering participation in the Fund, an investor should be aware of certain considerations which include, but are not limited to, the following:

- **General**

The value of an investment in the Fund may fluctuate. There is no guarantee nor can any assurance be given that the targeted returns of the Fund will be met, that any other strategic objectives of the Fund will be achieved, or that investors will receive a return of all or any part of their investment. The projections concerning potential rates of return and future performance of the investments described herein represent estimates prepared on the basis of assumptions described in this Prospectus. Actual results may vary considerably from the projections. An investment in the Fund could result in a loss for an investor of part or whole of the investment.

- **Use of Leverage**

The Fund Management Team may borrow up to 20% of the Net Asset Value of the Fund to assist in the financing of the Fund's investments. Accordingly, in the event of insolvency of the Fund, a financier would have priority over the Investors in respect of the cash flow and assets of the Fund. The Fund Management Team will act in a responsible and prudent manner in relation to any financing transaction and any leveraging shall only be made with the authority of the Fund Management Team, however entering into financing transactions will expose the Fund to increased risk in respect of these obligations including rising interest rates, economic downturn and inability to comply with obligations to the financier. Any financing transaction may be secured by the assets of the Fund that will be at risk if there is a breach of the terms of the relevant financing agreements.

- **Nature of an Investment Fund**

The investments in this Fund are not deposits or other obligations of any bank or other financial institution, and are not guaranteed by any bank or other financial institution. Any investment in this Fund is therefore subject to investment risks, including the possible loss of the amount invested.

- **Lack of Operating History**

The Fund is a new fund in the development stage with no operating history and is therefore difficult to evaluate. The success of the Fund, and its ability to generate profits depends on the management and the financial and managerial expertise of the Fund Manager. Investors will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the Fund Manager in making investment decisions. Investors are required to conduct their own due diligence before committing themselves to this investment opportunity.

- **Failure of Investors to Meet Subscription Obligations**

It is possible that one or more of the investors may be unable or unwilling to advance the balance of the investment they agree to subscribe. This could lead to the Fund not receiving the total amount of subscriptions committed and as a result the Fund may default on its obligations thereby incurring liability.

- **Outsourced Advisory Services**

The Fund Management Team includes advisors who are retained for services but are not employed by Al Mal. Their participation in the ongoing activities and success of the Fund will be governed by a contractual arrangement, subject to numerous conditions and renewal from time to time. Should the contract be broken, voided or not renewed, the Fund Advisor's expertise may no longer be available to the Fund, with potentially less favourable results in future.

- **Attraction and Retention of Key Personnel**

The failure to attract and retain key personnel could significantly affect the business. The success of companies in the private investment and investment banking industry depends to a considerable extent on the skills and knowledge of the key personnel.

- **Regulations**

Future developments in UAE Government and Central Bank regulations and supervision may adversely affect securities markets in the region, by imposing restrictions on trading or transferring securities. Restrictions may also be imposed by Emirates Securities and Commodities Authority, the ADSM or DFM.

Additionally, despite legislation to encourage foreign investment, the legal systems in some GCC and Middle Eastern countries is undergoing rapid change and in others remains underdeveloped, leading to significant risks for investors, including risks relating to the ownership and transferability of assets and the enforcement of proprietary rights.

- **Accuracy of Government Statistics**

The accuracy of statistical information on securities varies from country to country and often cannot be verified. Such information should, therefore, be treated with due caution.

- **Cost Over-runs**

Projections of expenses have been tested against the experience of similar initiatives elsewhere and are considered to be adequate. However, this may be affected by various factors such as inflation, competition among other things.

- **Vulnerability to Market Conditions**

The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Fund Manager will be able to predict accurately these price movements. Listed securities are exposed to market volatility and other associated risks, which may impair the price of securities, irrespective of a listed company's actual performance.

- **Emerging Markets**

Investing in emerging market securities involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include: i) the risk of nationalization or expropriation of assets or confiscatory taxation; ii) social, economic and political uncertainty including war; iii) dependence on exports and the corresponding importance of international trade; iv) price fluctuations, less liquidity and smaller capitalization of securities markets; v) currency exchange rate fluctuations; vi) rates of inflation (including hyperinflation); vii) governmental involvement in and control over the economies; viii) differences in auditing and financial reporting standards which may result in the

unavailability of material information about issuers; ix) less extensive regulation of the securities markets; x) longer settlement periods for securities transactions in emerging markets; xi) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors.

- **Foreign Exchange Risk**

Any investment in the Fund will be denominated in Dirhams and therefore will be subject to any fluctuation in the rate of exchange between Dirhams and the currency of the Unit Holders own jurisdiction and currency in which investment are made. Such fluctuations may have an adverse effect on the value or income of an investment in the Fund.

- **Term of Investment and Redemption Costs**

The Fund's portfolio will be concentrated in securities with a view to medium to longterm capital increases. In addition, there are redemption fees payable in respect of redemption of an investment within three years of the investment being made. Accordingly, an investor should consider the investment to be a medium to long-term commitment.

- **Non-Disclosure of Positions**

In an effort to protect the confidentiality of its positions, the Fund will not disclose its positions to investors on an ongoing basis, although the Fund, in its sole discretion, may permit such disclosure on a select basis to certain investors if the Fund determines that there are sufficient confidentiality agreements and procedures in place. Further, the Fund may not disclose its investments positions in its annual financial statements, if it determines that such confidential treatment is desirable.

- **Non-Participation in Management**

Investors in the Fund will be Unit Holders and will have no right or power to participate in the management of the Fund or of any of its assets. All aspects of management of investments are entrusted to the Fund Management Team. Investors will have no opportunity to control the day-to-day operation of the Fund, including the investment and disposition decisions.

- **Ownership of Fund Assets**

Fund assets may be required to be held in the name of Al Mal as the Fund Manager or Custodian or in the name of nominees appointed by the Fund Manager or the Custodian. Care will be taken to ensure that the Fund assets are separately identified as being held on behalf of the Fund and its investors and, to the extent possible, to protect those assets in the event of the insolvency of any party holding Fund assets. However it is possible, under the laws of the UAE or another relevant jurisdiction, that a court may not protect the assets of the Fund from the liquidators of any such party in the unlikely event that the Fund Manager, the Custodian or a nominee becomes insolvent.

- **Capital Markets Risk**

By investing in stocks, the Fund exposes the Investor to certain risks, including volatility of the UAE and other GCC equity markets, which could cause a sudden decline in a holding's share price,

or an overall decline in the stock exchange. As with any equity trading fund, the value of an investment is likely to fluctuate on a day-to-day basis with movements in the stock exchange, as well as in response to the activities of the individual companies whose stocks are held by the Fund. By investing in the Fund, an Investor could therefore lose money. While the Fund Management Team believes that the Fund's program will moderate this risk to some degree, no guarantee or assurance is made that the Fund's program will be successful.

Although the Fund's return is likely to vary over time with changes in the stock exchange, the Fund is not an index fund, and changes in the Fund's NAVPU will not precisely track changes in the general stock exchange. For example, to the extent that the Fund invests heavily in certain market sectors as opposed to tracking the general market index, the Fund may be more volatile than the general market index.

The Fund might at any time invest in fewer securities than a "diversified" mutual fund. As a result, events that affect a few - or even one - of the Fund's investments may have a greater impact on the value of the Fund's units than for a diversified fund. There will likely be shares held through nominees or trustees on behalf of the Fund. The use of nominees represents a potential legal risk.

- **Illiquidity of Fund's Investments**

There may also be possible problems related to the level of liquidity and the efficiency of the UAE stock exchanges. The UAE stock exchanges are relatively new and the absence of volume history will keep the market's liquidity under certain doubts. Investors are advised that compared to other mature markets, liquidity in the UAE market is perceived to be somewhat low. Accumulation and disposal of certain securities may therefore be difficult or not possible at the time the Fund would wish to deal and may involve dealing at unfavorable prices.

- **Taxation**

Prospective investors should consult legal advisors in the countries of their citizenship, residence and domicile to determine the possible tax or other consequences of purchasing, holding and redeeming Units under the laws of their respective jurisdictions.

**THE FOREGOING INVESTMENT CONSIDERATIONS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE INVESTORS SHOULD READ ANY SUPPLEMENTAL DOCUMENTATION PROVIDED, IF ANY, IN THEIR ENTIRETY BEFORE DETERMINING WHETHER TO COMMIT TO THE FUN**

## DIRECTORY

### **Fund Manager**

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### **Legal Advisors**

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### **Administrator, Registrar and Custodian**

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### **Auditors**

PricewaterhouseCoopers  
United Arab Emirates  
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## SUBSCRIPTION PROCEDURE

To subscribe for Units, an investor must submit a Subscription Agreement to the Fund Manager and transfer funds in the amount of the investor's subscription to the Fund Manager's account with the collecting bank (as noted in the Subscription Agreement), to be received no later than 1.00pm (UAE time) on the Business Day which falls at least two clear Business Days prior to the relevant Issue Date.



Any interest earned on accepted subscriptions prior to the relevant Issue Date will be rebated to the investor.

The form of the Subscription Agreement is attached as an Appendix to this Prospectus.

No certificates will be issued for the Units. Investors will, however, receive written confirmation from the Fund Manager of the number of Units issued by the Fund to the investor, and may verify such balance at any time by contacting the Fund Manager.