

The Arabian Opportunities Fund (the “Fund”) is being established as an open-ended investment fund in Saudi Arabia in accordance with the Investment Fund Regulations (the “IFR”) issued by the Board of the Capital Market Authority (the “CMA”) pursuant to its Resolution No. 1-219-2006 dated 3/12/1427H (corresponding to 24/12/2006G). This Information Memorandum (“Information Memorandum”) has been prepared and is being circulated by Audi Capital in its capacity as Fund Manager of the Fund (in such capacity, the “Fund Manager”). This document constitutes the final version of this Information Memorandum as reviewed and approved by the CMA as of 29 August, 2007.

Any and all subscriptions for units of the Fund (“Units”) must be made and will be accepted solely on the basis of this final version of this Information Memorandum and not on any other document.



***Arabian Opportunities Fund***  
an open-ended investment fund

***Information Memorandum***

Recipients of this Information Memorandum should read the whole Information Memorandum before making a decision as to whether or not to invest in the Fund. Capitalized and abbreviated terms have the meanings ascribed to such terms in the “Glossary” section and elsewhere in this Information Memorandum.

Units of the Fund are not deposits or obligations of, or otherwise guaranteed by, any bank sponsoring, selling or otherwise affiliated with the Fund and are not insured by any governmental agency. An investment in Units involves an above-average level of risk, including, without limitation, in respect of those factors described under “Investment Risks” in this Information Memorandum. All potential investors in Units of the Fund should carefully consider all such risks, as well as all other matters they deem relevant and appropriate to their investment decision.

## Important Notice

This Information Memorandum is being delivered to all potential investors in Units of the Fund by the Fund Manager and any Placement Agent for the sole purpose of providing the terms and conditions of an investment in the Fund. Before deciding whether or not to invest in Units of the Fund, prospective investors should carefully review this Information Memorandum in its entirety (including the Appendices attached hereto). In particular, potential investors should note that an investment in the Fund involves an above-average level of risk, including, without limitation, in respect of those factors described under "Investment Risks" in this Information Memorandum. Units of the Fund may decrease, as well as increase, in value and investments in Units of the Fund are suitable for passive investment purposes only. Moreover, past performance of the Fund Manager is not a guarantee of future performance. The Fund Manager cannot and does not guarantee the performance of the Fund. All potential investors in Units of the Fund should carefully consider all such risks, as well as all other matters they deem relevant and appropriate to their investment decision.

The Fund is an open-ended investment fund established in Saudi Arabia in accordance with the Investment Fund Regulations issued by the Board of the Capital Market Authority pursuant to its Resolution No. 1-219-2006 dated 3/12/1427H (corresponding to 24/12/2006G). The Fund is not an independent legal entity but a collective investment vehicle consisting of a portfolio of assets held by the Fund Manager, directly or through nominees, for the collective benefit of investors in Units of the Fund. The Fund will be managed by the Fund Manager on a discretionary basis in accordance with the provisions of this Information Memorandum and each Subscription Agreement, duly completed and signed by an investor in the form attached hereto as Appendix A and accepted by the Fund Manager. By executing a copy of the Subscription Agreement, investors will be deemed to accept all provisions of the terms and conditions set forth in this Information Memorandum.

Any investment in Units of the Fund must be made solely on the basis of this Information Memorandum and not in reliance upon any other document or any representation or warranty by any other person. To the best of the Fund Manager's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is true and accurate in all material respects and there are no other material facts the omission of which would make misleading any statement in this Information Memorandum. All statements of opinion and views, however, contained in this Information Memorandum represent the Fund Manager's own assessment and interpretation of information available to it as at the date of this Information Memorandum. No assurance is given that any such opinions or views are correct. Investors must determine for themselves what reliance, if any, they should place on such opinions and views and the Fund Manager accepts no responsibility in respect thereof.

Other than as expressly set out herein, no representation made or information given in connection with an investment in the Units may be relied upon as having been made or given with the authority of the Fund Manager, and no responsibility is accepted by the Fund Manager, its subsidiaries or associates or any of its directors, officers, employees or agents in respect thereof. The delivery of this Information Memorandum 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.

Certain information contained herein has been obtained from publicly-available sources that the Fund Manager believes are reliable. Neither the Fund Manager, however, nor any other person assumes any responsibility for the accuracy or completeness of such information. Each potential investor must rely on their own examination of all legal, taxation and investment matters, and all other consequences of an investment in the Units, including the merits of investing and the risks involved, as such investor deems relevant and appropriate to its investment decision. Investors should not treat the contents of this Information Memorandum as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers, stockbrokers, bank managers, legal counselors, and accountants concerning the purchase, holding and/or disposal of Units.

The offering of Units of the Fund (hereinafter "the Offering") has been approved by the CMA under reference no. 752 /RH dated 29 August, 2007. The Offering has not, however, 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. In particular, the Units have not been and are not expected to be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or the laws of any state of the United States, and therefore they may not, directly or indirectly, be offered, sold, re-sold, transferred or delivered in the United States, or for the account or benefit of any U.S. Person (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the registration requirements of the U.S. Securities Act and such state securities laws. In addition, the Fund is not registered and is not expected to become registered under the U.S. Investment Company Act of 1940, as amended (the “U.S. Investment Company Act”). Accordingly, ownership and/or transfer of the Units shall be restricted in order to ensure that the Fund is not required to register under the U.S. Investment Company Act. This Information Memorandum may not be used for the purposes of an offer of Units of the Fund to any person in any jurisdiction in which such an offer is not authorized or in which the person endeavoring to make such an offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer. Investors are responsible for satisfying themselves as to the full compliance with the relevant laws and regulations of any applicable jurisdiction in connection with their subscription to Units of the Fund.

Any reproduction or distribution of this Information Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Fund is prohibited, except to the extent such information is otherwise publicly available. Each investor, by accepting delivery of this Information Memorandum, agrees to the foregoing.

The Units are subject to restrictions on transferability. Direct or indirect sale or transfer of Units is expressly prohibited except with the approval of the Fund Manager in its sole discretion. The Fund Manager may require applicants for subscription or transfer of Units to provide appropriate representations, warranties and agreements as a condition thereof.

Prospective investors should be aware that an investment in Units of the Fund should be considered long-term in nature. Although the Fund Manager may contemplate the eventual listing of the Units on a licensed securities exchange in Saudi Arabia or another country, as at the date of this Information Memorandum, the Units are not quoted or dealt in on any securities exchange in any country and the Fund Manager has not undertaken to apply for any such listing or admission to trading. Accordingly, there is not now, nor is there likely to develop, any available public market for the Units. Moreover, the Fund Manager may defer meeting requests for redemption from Unitholders under certain conditions. Accordingly, investors should be aware that they may have to hold Units for a longer period than otherwise desired.

## Directory

Fund Manager

**Audi Capital**

Centria Building  
Prince Mohamed Bin Abdul Aziz Road (Tahlia)  
P.O. Box 250744  
Riyadh 11391  
Saudi Arabia

Fund Administrator

**Sabb Securities Limited**

P.O. Box 9084  
Riyadh 11413  
Saudi Arabia

Legal Counselors

**DEWEY & LE BOEUF**

No. 1 Minster Court  
Mincing Lane  
London EC3R 7YL  
United Kingdom

**Khalid A. Al-thebity Law Firm  
in Affiliation with**

**DEWEY & LE BOEUF**

Sky Towers  
King Fahad Road  
P.O. Box 300807  
Riyadh 11372  
Saudi Arabia

Auditors

**Ernst & Young**

Al Faisaliah Office Tower  
King Fahad Road  
P.O. Box 2732  
Riyadh 11461  
Saudi Arabia

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## Glossary

In this Information Memorandum, the terms and expressions listed below have the meanings set out opposite them, except when the context requires otherwise:

“Acceptance of Subscription”	The Acceptance of Subscription, in the form attached hereto as Appendix B, which will be mailed to an investor as acknowledgment and confirmation of such investor's subscription in the Fund.
“Administrator”	SABB Securities Limited King Abdullah Road   P.O. Box 9084 Riyadh 11413   Saudi Arabia Tel: +966 1 4706535   Fax: +966 1 4706935
“Administration Agreement”	The Administration Agreement entered into between the Fund Manager and the Administrator dated 25 August, 2007 pursuant to which the Administrator will perform certain services as more fully described under the heading “Terms and Conditions – Fund Manager”.
“Administration Fee”	The fee payable to the Administrator in accordance with the Administration Agreement, as more fully described under the heading “Terms and Conditions – Administration Fee”.
“Advisory Board”	The Advisory Board appointed by the Fund Manager in accordance with Article 29 of the IFR, and whose role and functions are more fully described under the heading “Terms and Conditions – Advisory Board; Investment Committee”.
“Arab League”	The League of Arab States, established in 1945 with its permanent headquarters in Cairo, Egypt, comprising the following countries: Saudi Arabia, Egypt, Iraq, Jordan, Lebanon, Syria, Yemen, Libya, Sudan, Morocco, Tunisia, Kuwait, Algeria, United Arab Emirates, Bahrain, Qatar, Oman, Mauritania, Somalia, Palestine, Djibouti, and Comoros.
“Auditors”	Ernst & Young Al Faisaliah Office Tower King Fahad Road   P.O. Box 2732 Riyadh 11461   Saudi Arabia
“Audi Saradar Group”	Bank Audi sal - Audi Saradar Group and each of its subsidiaries and affiliates.
“Business Day”	Any day, excluding Thursdays and Fridays, on which banks are generally open for business in Saudi Arabia
“CMA”	The Capital Market Authority of Saudi Arabia, including, where the context permits, any committee, sub-committee, employee or agent to whom any function of the CMA may be delegated.
“Closing Price”	For securities and assets quoted on a stock exchange, the price as determined as of the closing time on the relevant stock exchange. For securities and other assets of the Fund not quoted on a stock exchange, the cost of the security or other asset, increased or decreased in value (as the case may be) as the Fund Manager shall in its discretion deem appropriate to reach fair value.
“Commencement Date”	1 September, 2007, being the date on which the Fund Manager will begin accepting subscriptions for Units in the Fund.
“Compliance Officer”	The compliance officer appointed by the Fund Manager in accordance with the Authorized Persons Regulations issued by the CMA.
“Custodian”	SABB Securities Limited King Abdullah Road   P.O. Box 9084 Riyadh 11413   Saudi Arabia
“Custodian Agreement”	The Custodian Agreement entered into between the Fund Manager and the Custodian dated 25 August, 2007 pursuant to which the Custodian will perform certain services as more fully described under the heading “Terms and Conditions – Fund Manager”.
“Custodian Fee”	The fee payable to the Custodian in accordance with the Custodian Agreement, as more fully described under the heading “Terms and Conditions – Custodian Fees”.
“Dealing Day”	Each day on which Units may be subscribed or redeemed, being each Monday and Wednesday that is a Business Day and/or any other Business Day that the Fund Manager shall designate as a Dealing Day in its sole discretion due to the occurrence of a public holiday in Saudi Arabia or other exceptional reasons.

“Financial Year-End”	The end of the financial year of the Fund, being 31 December of each year.
“Fund”	The Arabian Opportunities Fund, an open-ended investment fund established in Saudi Arabia in accordance with the Investment Fund Regulations, and approved pursuant to reference no. 752 /RH dated 29 August, 2007.
“Fund Manager”	Audi Capital, a joint stock company licensed and regulated by the CMA, under license number 06017-37, with its registered office at Centria Building, Prince Mohamed Bin Abdul Aziz Road (Tahlia), P.O. Box 250744, Riyadh, 11391, Saudi Arabia.
“Gulf Cooperation Council”	The group of countries comprising Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain and Oman.
“Information Memorandum”	This Information Memorandum is dated 1 September, 2007.
“Initial Closing Date”	25 September, 2007, being the date on which the Fund will cease to accept subscriptions for Units at the Subscription Price of US\$10 per Unit and effect the initial issuance/ distribution/ allocation of Units.
“Investment Committee”	The Investment Committee designated by the Fund Manager comprising four individuals from among the management personnel of the Fund Manager or its affiliates, each having substantial experience in investment management, and whose role and functions with respect to the Fund are described under the heading “Terms and Conditions – Advisory Board; Investment Committee”.
“Investment Fund Regulations” or “IFR”	The Investment Fund Regulations issued by the Board of the Capital Market Authority pursuant to its Resolution No. 1-219-2006 dated 3/12/1427H (corresponding to 24/12/2006G).
“Local Banks”	All commercial banks located in Saudi Arabia and licensed by the Saudi Arabian Monetary Agency (SAMA) to conduct commercial banking business.
“Management Fee”	The fee payable to the Fund Manager, as more fully described in the Terms and Conditions herein under the heading “Management Fees.
“Monthly Fact Sheet”	The monthly report prepared and distributed by the Fund containing the Net Asset Value per Unit calculated on the last Valuation Day in the relevant month and the Fund’s performance, as well as other information deemed necessary at the Fund Manager’s discretion, as more fully described under the headings “Terms and Conditions – Publication of Net Asset Value” and “Terms and Conditions – Reporting to Unitholders”.
“Net Asset Value”	<p>The Net Asset Value of the Fund, being the Fund’s total assets, including all cash and cash equivalents, less total liabilities, determined at the close of business in Riyadh on the Valuation Day on which the Net Asset Value is calculated consistently applied under the accrual method of accounting, except as set forth below:</p> <ol style="list-style-type: none"> <li>The Net Asset Value shall include any unrealized profits or losses.</li> <li>The amount of any dividend attributable and declared by the Fund shall be a liability of the Fund from the day on which such dividend is declared until the date of payment.</li> <li>Securities and assets held by the Fund and quoted on a stock exchange shall be valued at their Closing Price. Securities and other assets of the Fund for which market quotations are not readily available shall be valued initially at cost and thereafter at their Closing Price, taking into consideration the prices at which recent comparable capital issues or dealings between third parties are known to the Fund Manager to have taken place.</li> <li>Management Fees, Custodian Fees and Administration Fees shall accrue and be payable monthly in arrears on the basis of the Fund’s Net Asset Value on the relevant Valuation Day.</li> <li>Where no method of calculation is stated, or where, in the opinion of the Fund Manager, the method of calculation is unfair or impractical, the Fund Manger shall use such method of calculation as it considers to be fair and reasonable.</li> </ol>
“Net Asset Value per Unit”	The Net Asset Value at the time of calculation divided by the actual number of Units outstanding at that same time.
“OECD”	The group of countries that are full members of the Organization for Economic Co-operation and Development.
“Offering”	The offering of Units of the Fund, as approved by the CMA under reference number 752 / RH dated 29 August, 2007.

“Order”	The Financial Services and Markets Act 2000 (Financial Promotion) Order as amended 2001 of the United Kingdom.
“Placement Agent”	Such agents as may from time to time be appointed by the Fund Manager to assist it in the distribution and purchase of the Fund’s Units.
“Quarterly Reports”	The quarterly reports that will be sent quarterly to Unitholders and made available electronically through the Fund Manager’s website ( <a href="http://www.audicapital.com">www.audicapital.com</a> ), as more fully described under the heading “Terms and Conditions – Reporting to Unitholders”.
“Redemption Price”	The redemption price for Units on any Dealing Day, determined on the basis of the Net Asset Value per Unit on the preceding Valuation Day.
“Redemption Request”	The Redemption Request, in the form attached hereto as Appendix C, which each Unitholder who wishes to redeem Units must execute and deliver to the address specified in the Redemption Request.
“Selling Commission”	The selling commission payable to the Fund Manager or any person or institution selected by the Fund Manager to act as a Placement Agent.
“Special Purpose Vehicle” or “SPV”	Any company or other entity through which an investment may be made by the Fund.
“SR”	Saudi Riyals, being the lawful currency in Saudi Arabia.
“Subscription Agreement”	The Subscription Agreement, in the form attached hereto as Appendix A, which each investor who wishes to subscribe for Units must execute and deliver to the address specified in the Subscription Agreement.
“Subscription Price”	The price at which the Units may be subscribed on any Dealing Day, being equal to US\$10 per Unit on the Initial Closing Date and thereafter, on any Dealing Day, equal to the Net Asset Value per Unit on the preceding Valuation Date.
“Terms and Conditions”	The Terms and Conditions, as amended, included in this Information Memorandum under the heading “Terms and Conditions”, and which the Fund Manager reasonably believes contain the information necessary for investors to make an informed judgment regarding the Fund.
“The Financial Services and Markets Act 2000”	The Financial Services and Markets Act 2000 of the United Kingdom, as amended.
“Unit”	A unit in the Fund.
“Unitholder”	A person, other than the Fund Manager, registered as the holder of one or more Units.
“U.S. Dollars”	United States Dollars, being the lawful currency of the United States of America.
“U.S. Investment Company Act”	The Investment Company Act of 1940 of the United States of America, as amended.
“U.S. Person”	A “United States Person” within the meaning of the U.S. Securities Act, being, generally, a citizen or resident of the United States, a partnership or corporation organized or existing under the laws of any state, territory or possessions of the United States, any estate or trust of which any executor or administrator is a U.S. Person, any estate or trust the income of which is subject to United States income tax regardless of its source, any agency or branch of a foreign entity located in the United States, any non-discretionary account or similar account other than an estate or trust held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States, or any partnership or corporation if (a) organized or incorporated under the laws of any foreign jurisdiction and (b) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined by Rule 501 (a) under the U.S. Securities Act) (Regulation 230.501 (a)) who are not natural persons, estates or trusts.
“U.S. Securities Act”	The Securities Act of 1933 of the United States of America, as amended.
“U.S. Securities and Exchange Commission”	The Securities and Exchange Commission of the United States of America.
“Valuation Day”	Each day as of which the Net Asset Value will be calculated, being each Business Day preceding a Dealing Day.

## Terms and Conditions

The following are the Terms and Conditions of the Fund. The Terms and Conditions of the Fund (“Terms and Conditions”) are intended as a reference for potential investors, they should be read in conjunction with the remaining text of this Information Memorandum, including the Glossary, and the documents referred to therein.

1. The Fund	Arabian Opportunities Fund, a contractual collective investment vehicle established in Saudi Arabia under the Investment Fund Regulations issued by the Board of the Capital Market Authority pursuant to its Resolution No. 1-219-2006 dated 3/12/1427H (corresponding to 24/12/2006G), and pursuant to the approval of the CMA under reference no. 752 / RH dated 29 August, 2007.
2. Head Office Address of Fund Manager	Centria Building Prince Mohamed Bin Abdul Aziz Road (Tahlia) P.O. Box 250744   Riyadh 11391   Saudi Arabia Tel: +9661 2199300   Fax: +9661 4627942   www.audicapital.com
3. Commencement Date	1 September, 2007.
4. Initial Closing Date	25 September, 2007
5. Regulator	The Fund Manager is regulated by the Capital Market Authority in Saudi Arabia.
6. Date the Terms and Conditions were Issued	1 September, 2007
7. Minimum Initial Subscription	US\$10,000
8. Minimum Additional Subscription	US\$5,000
9. Currency	The base currency of the Fund shall be United States Dollars (“U.S. Dollars”). Any subscription amounts received in a currency other than the base currency will be converted into U.S. Dollars at the then exchange rates generally applicable in the Saudi Arabian market.
10. Investment Objective	The objective of the Fund is to achieve capital appreciation primarily through investments in equities listed on the regulated Stock Markets of the members of the Arab League and in tradeable debt instruments of corporate and sovereign issuers from Arab League countries. As of the date of this Information Memorandum, it is envisaged that the Fund’s investments will be restricted to Morocco, Tunisia, Egypt, Jordan, Lebanon, the Palestinian Authority, Kuwait, Oman, Bahrain, Qatar, Saudi Arabia and the United Arab Emirates (Dubai, Abu Dhabi, and DIFX). <i>There can be no assurance that the Fund will achieve its objective and investment results may vary substantially over time.</i>
11. Principal Investment Strategies	<p>The Fund will adhere to a bottom-up, long-term, value oriented investment strategy, seeking to invest in companies with strong balance sheets that are well-positioned within their industry groups. The Fund will pursue a long-term investment strategy research.</p> <p>The Fund will be driven by stock selection with the intention of maximizing returns on an absolute return basis. The Fund Manager will not be constrained by market capitalization or GDP weighted indices, as it believes these constraints will be inherently inefficient in a developing region. The Fund Manager seeks returns on a total return dollar basis and will therefore regularly make an assessment of country and currency risks. It is envisaged that the Fund will comprise between twenty (20) and thirty (30) individual company investments at any one time, although there is no requirement that the Fund to remain within this range. For the purpose of performance measurement the fund will use MSCI Arabia Markets Index as a benchmark.</p> <p>Under normal market conditions, the fund will comply with the following guidelines:</p> <ul style="list-style-type: none"><li>• The fund will, at least, invest sixty percent (60%) of the Fund’s investments in listed securities, including listed equities, Special Purpose Vehicles (SPVs) (as described below) and fixed income instruments of issuers in member jurisdictions of the Arab League.</li><li>• The Fund may invest up to ten percent (10%) of its assets in unlisted equities of companies in these jurisdictions.</li><li>• The Fund may invest twenty percent (20%) of its assets in the tradable debt instruments of corporate and sovereign issuers in these jurisdictions.</li><li>• The Fund may invest up to ten percent (10%) of its assets in SPVs or investment funds, which provide access to markets that would not otherwise be directly available to the Fund.</li><li>• The Fund may from time to time invest in short-term instruments and deposits and otherwise maintain ancillary liquid assets in order to meet repurchase requests as and when they may arise.</li></ul>

## 11. Principal Investment Strategies (continued)

- The Fund may also use, for efficient portfolio management and hedging purposes, options, futures, currency swaps and interest rate swaps. However, the Fund may not use such instruments for leverage or any purposes other than those described above. As such, the Fund may not invest in options or pay margin on futures or other contracts for which the underlying asset values in aggregate exceed the Net Asset Value of the Fund. Under any circumstance the fund will not invest in instruments with unlimited liability.

### Investment Restrictions

Investment of the Fund's assets is subject to certain restrictions determined by the CMA and/or the Fund Manager:

- (a) The Fund may not acquire units of another investment fund if the total units of the acquired investment fund owned by the Fund would exceed ten percent (10%) of the Fund's Net Asset Value or ten percent (10%) of the net asset value of the acquired investment fund at the time of such acquisition.
- (b) The Fund shall not hold in excess of five percent (5%) of the issued securities of any issuer.
- (c) The exposure of the Fund to a single issuer shall not exceed fifteen percent (15%) of the Fund's Net Asset Value, with the exception of cash deposits made with Local Banks, including Shariah-compliant cash deposits.
- (d) The Fund may not hold more than ten percent (10%) of its Net Asset Value in any class of security issued by any single issuer, with the exception of securities issued by the Government of Saudi Arabia and the sovereign debt of OECD countries or countries that are members of the Gulf Cooperation Council.
- (e) The Fund may not invest more than ten percent (10%) of its Net Asset Value in illiquid fund investments.
- (f) No short sale may be made which will have the consequence that the Fund's liability to deliver securities exceeds ten percent (10%) of its total Net Asset Value permitted.
- (g) The Fund may not lend to any person, but it may acquire debt instruments.
- (h) The Fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for any obligation or indebtedness of any person.
- (i) The Fund may not acquire any asset that involves the assumption of any liability that is unlimited.
- (j) The maximum borrowing of the Fund will not exceed ten percent (10%) of its total Net Asset Value except in the case of borrowing from the Fund Manager or an affiliate to meet Redemption Requests, in which case the maximum borrowing of the Fund will not exceed twenty five percent (25%) of its Net Asset Value. The cost of borrowing will be based on prevailing market rates at time of borrowing.
- (k) The portfolio of the Fund may not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full, out of cash or securities which can be converted into cash within five (5) days, out of the Fund's portfolio.
- (l) The Fund shall not take legal or management control in any of its investments.
- (m) The Fund will not use leverage or enter in leveraged transactions.

## 12. Principal Investment Risks

Investing in the Fund involves certain considerations in addition to the risks normally associated with making investments in securities. Accordingly, the Fund is only suitable for investment by investors who understand the risks involved and who are able and willing to withstand the risk of losing money on their investment in the Fund. Investors should pay particular attention to the information included under "Investment Risks" in this Information Memorandum, as well as all other matters they may deem material to their investment decision.

Without limiting the foregoing, investors should consider the following summary of the principal risks of investing in the Fund:

- (a) Investment Risk:** The price of the Units may go down as well as up and there can be no assurance that on redemption, or otherwise, Unitholders will receive back the amount originally invested.
- (b) Potential Conflicts of Interest:** The Fund Manager and its affiliates engage in a broad spectrum of activities involving financial investments and advisory services. Instances may arise in which the interests of the Fund Manager and its affiliates conflict with the interests of the Fund. The Fund Manager will use its best efforts to avoid any such conflict of interest.
- (c) Absence of Operating History:** The Fund is newly formed and has no operating history. The past investment performance of the Fund Manager may not be construed as an indication of the future results of an investment in the Fund.
- (d) Fees and Expenses:** Whether or not the Fund is profitable, it is required to meet certain fixed costs, including organizational expenses, ongoing administrative and operating expenses and Management Fees. The Fund's expenses may, over time, result in substantial losses to the Fund.
- (e) Concentration of Investments:** While the Fund Manager intends to invest in 20 – 30 positions at any one time, the Fund may be invested 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 proportionately greater impact on the Net Asset Value of the Fund than in the case of a diversified fund.

## 12. Principal Investment Risks (continued)

- (f) Counterparty Credit Risks :** Transactions effected by the Fund will not generally comprise transactions on, or be effected under the rules of, leading securities exchanges. The Fund will take the credit risk of the parties with which it trades and may also bear the risk of settlement default.
- (g) Currency Risks:** The Net Asset Value per Unit will be denominated in U.S. Dollars, whereas the underlying investments of the Fund may be acquired, directly or indirectly, in a range of currencies and any income or capital received by the Fund will be denominated in the local currency of investment. prospective investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency.
- (h) Market and Liquidity Risks:** Prospective investors should note that emerging markets are generally less liquid and more volatile than the world's leading securities markets. Such lack of liquidity may result in substantial fluctuations in the Net Asset Value per Unit reflecting factors other than the fundamental attributes of the underlying investment.
- (i) Political Risks:** The value of the Fund's investments may be affected by uncertainties, such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in some or all of the countries in which the Fund may invest.
- (j) Substantial Redemptions:** If there are substantial redemptions within a limited period of time, it may be difficult for the Fund to provide sufficient funds to meet such redemptions without liquidating positions prematurely at an inappropriate time or upon unfavorable terms. This may result in substantial losses to the Fund.

Investors should also be aware that Units of the Fund are not deposits or obligations of, or otherwise guaranteed by, any bank sponsoring, selling or otherwise affiliated with the Fund and are not insured by any governmental agency.

## 13. Fees & Expenses

- 13.1 Management Fee  
The Fund will pay the Fund Manager a management fee ("Management Fee") payable monthly in arrear and calculated at an annual rate of two percent (2%) of the Net Asset Value of the Fund (before deduction of accrued Management Fee) on the last Valuation Day of the relevant month.
- 13.2 Custodian Fee  
The Fund will pay the Custodian a custodian fee ("Custodian Fee") to be accrued on each Valuation Day and payable monthly in arrear at an annual rate of one-tenth of one percent (0.10%) of the Net Asset Value of the Fund on the last Valuation Day of the relevant month, subject to a minimum of US\$30,000 per annum. Please see "Summary Financial Information" below.
- 13.3 Administration Fee  
The Fund will pay the Administrator an administration fee ("Administration Fee") to be accrued on each Valuation Day and payable monthly in arrear at an annual rate of fifteen one-hundredths of one percent (0.15%) of the Net Asset Value of the Fund on the last Valuation Day of the relevant month, subject to a minimum of US\$30,000 per annum. Please see "Summary Financial Information" below.
- 13.4 Selling Commission  
The Fund Manager and any person or institution selected by the Fund Manager to act as a Placement Agent may charge investors a selling commission ("Selling Commission") of up to three percent (3%) of the Subscription Price for such investor's Units. The amount of commission charged, if any, will be determined at the discretion of the Fund Manager or such Placement Agent.
- 13.5 Other Expenses  
The Fund will pay its ongoing operational expenses, such as advisory fees, legal charges, audit, printing, communication expenses, filing fees, administrative costs charged by banks on transactions and applicable brokerage fees, commissions and custody related fees. Such expenses incurred by the Fund shall not exceed US\$50,000 per annum.

## 14. Dealing Costs

The costs of dealing in the assets of the Fund, including brokerage fees, will be paid out of the Fund's assets.

## 15. Winding-up and Appointment of Liquidator

The Fund may be terminated and wound-up by the Fund Manager in its sole discretion, in any of the following events:

- (a) If at any time the Net Asset Value on any two (2) consecutive Dealing Days is less than US\$5 million.
- (b) If the Fund shall cease to be authorized or otherwise officially approved by the CMA.
- (c) If any law shall be passed which renders the Fund illegal, or in the reasonable opinion of the Fund Manager, it shall for any reason become impracticable or inadvisable to continue the Fund.

The Fund Manager shall give all Unitholders four (4) weeks' written notice of termination of the Fund, and shall, within eight (8) weeks thereafter, redeem on the Dealing Day nominated in such notice all (but not some) of the Units not previously redeemed at the respective Redemption Price prevailing on such Dealing Day.

16. Advisory Board; Investment Committee

The Fund Manager will appoint, subject to approval of the CMA, an Advisory Board consisting of up to four (4) individuals. CMA regulations require that at least one third (1/3) of the total number of members, and at least two (2) members, of the Advisory Board must be independent directors of the Fund. Each member of the Advisory Board will serve in his capacity for a term of two years, renewable for further term or terms, subject to the approval of the CMA.

The following sets forth the names of the current members of the Advisory Board, together with summary biographical information:

**Dr. Marwan Ghandour (Chairman):** Between 1990 and 1993, Dr. Ghandour assumed the position of Vice Governor of the Central Bank of Lebanon with primary responsibilities in the area of monetary policy. Since 1994, Dr. Ghandour was a founder and subsequently, Chairman and General Manager of Lebanon Invest SAL, a financial services group in the region. In 2000, he also became member of the Board of Directors of Banque Audi SAL, one of the largest banks in Lebanon. Subsequent to the merger of Lebanon Invest SAL, Banque Audi SAL and Banque Saradar SAL, Dr. Ghandour was elected Chairman of Audi Saradar Investment Bank SAL in 2005. Dr. Ghandour holds a Ph.D. in Economics (Econometrics) from the University of Illinois.

**Mr. Frank Kusse (Independent Member):** Senior manager with more than 23 years of international experience in the financial industry, mainly asset management. Over 15 years experience in general management and business development, both retail and wholesale. Joined Robeco – a leading European independently run asset manager- in January 2007 as member of the Managing Board, responsible for all global sales, marketing, product management and client servicing activities, as well as 2 of Robeco's major subsidiaries, viz. Harbor Funds (in the US) and Canara Robeco (Indian JV). Also temporarily responsible for the entire Mainstream Investment division as of April 2009. Prior to that he worked more than 19 years with ABN AMRO, a leading Dutch bank, in various functions. Started in 1987 as a research analyst, became the investment strategist in 1989 and manager of the research departments in 1990. In 1994 he led ABN AMRO Asset Management's global institutional expansion. From 1999 until 2004 he was CEO of AAAM's Asia Pacific business. From 2004 to 2006 he was globally responsible for all commercial developments and member of the global executive board. Frank Kusse holds a master's in Macro and monetary economics at the Erasmus University Rotterdam. He is member of the Board of SOS Children Village where he also sits in the Global Senate of this USD 800 million charity organization. Besides, he is member of the board of one of the largest school-organization in Holland.

**Mr. Ziad Al Tunisi (Independent Member):** Mr. Al Tunisi is the CFO of Al Faisaliah Group, a Saudi-based conglomerate established in 1970. The group comprises 13 subsidiaries divided into several business units including food and beverage, consumer electronics, entertainment and multimedia and specialty chemicals. Mr. Al Tunisi also assumes the role of Chief Investment Officer (CIO) of Al Faisaliah Group Capital. He holds an M.Sc. in international securities from the University of Reading, UK.

**Dr. Sameh El Torgoman (Independent Member):** Dr. El Torgoman is Chairman of both Obelisk Securities, an Egypt based Brokerage Firm, and Obelisk Asset Management, an Egypt based Asset and Fund Management company. He is also a board member of Dubai International Foreign Exchange (DIFX) in Dubai, United Arab Emirates. For the period from 1997 until 2004, Dr. El Torgoman served as the Chairman of Cairo & Alexandria Stock Exchange. He holds a Doctor of Juridical Sciences from Stanford Law School as well as Master of Law from Harvard Law School. Dr. Sameh El Torgoman and Mr. Ziad Al Tunisi and Mr. Frank Kusse are independent members of the Advisory Board.

Members of the Advisory Board have significant experience in the investment field and are responsible for the Fund's investment policy and investment decisions. More specifically, the Advisory Board's responsibilities shall include:

- (a) approving all material contracts involving the Fund;
- (b) overseeing and, where appropriate, ratifying any conflicts of interest identified by the Fund Manager;
- (c) meeting at least twice annually (and more frequently as reasonably required) with the Fund Manager's Compliance Officer and Money-Laundering Officer, and overseeing the Fund Manager's compliance with all applicable laws and regulations, including, without limitation, the investment restrictions included herein;
- (d) approving any recommendations made by a liquidator appointed pursuant to the IFR, relating to the winding-up or the continuation of the Fund or the Fund Manager, provided that those recommendations do not relate to any allegations by the liquidator of any misconduct or negligence on the part of the Advisory Board members themselves;
- (e) confirming the completeness and accuracy, and compliance with the IFR, of the Terms and Conditions, and for any other document, contractual or otherwise, that includes disclosures relating to the Fund and/or the Fund Manager and its conduct of the Fund;
- (f) ensuring that the Fund Manager carries on its obligations in the best interest of the Unitholders, in accordance with the Terms and Conditions and with the IFR; and
- (g) acting for the benefit of the Fund and its Unitholders, with a fiduciary responsibility to Unitholders, including a duty of loyalty and a duty to exercise reasonable care.

16. Advisory Board; Investment Committee (continued)

The Advisory Board will meet at least quarterly (and more frequently as reasonably required) to review the performance of the Fund and to discuss and advise on matters affecting the interests of the Fund.

Each member of the Advisory Board will be compensated for each meeting he attended (plus expenses), provided that the total fees payable to members of the Advisory Board shall in the aggregate not exceed US\$40,000 per annum. Members of the Advisory Board who are employees of the Fund Manager or any of the Fund Manager's shareholders have waived any entitlement to fees for their services in such capacity.

Investment Committee

It is expected that the Fund Manager will designate an Investment Committee comprising four individuals from among the management personnel of the Fund Manager or its affiliates, each having substantial experience in investment management. The Investment Committee as a whole will have an in-depth understanding of the regional equity market. The Investment Committee will meet on a monthly basis, and whenever the need arises, decide on asset allocation across sectors and companies within those sectors. The Investment Committee may in its sole discretion waive or amend the investment restrictions set out in "Principal Investment Strategies" above, if it believes this to be in the best interests of the Unitholders and after obtaining the necessary approvals from the CMA. The Investment Committee may delegate any or all of its authority to a single person or sub-committee of persons from the management personnel of the Fund Manager.

17. Fund Manager

Audi Capital is a joint stock company licensed by the CMA as an Authorized Person, under license number 06017-37, with its registered office at Centria Building, P.O. Box 250744, Riyadh 11391, Saudi Arabia.

The Fund Manager is a subsidiary of Bank Audi sal - Audi Saradar Group (the "Audi Saradar Group"), a Lebanese-based regional financial group offering commercial, retail, private and investment banking activities, in addition to real estate and consulting services. The Audi Saradar Group has an active presence in Lebanon, Syria, Jordan, Saudi Arabia, Egypt, Sudan, Qatar, United Arab Emirates, France and Switzerland.

The Fund Manager is licensed by the CMA to engage in dealing, advising, managing, arranging and custody activities. The paid-up capital of the Fund Manager is SR 300 million (US\$80 million).

The Fund Manager is headquartered in Riyadh and provides a complete range of securities-related services, including brokerage, asset management, arranging, underwriting, advisory and custody services. The Fund Manager's lines of business include:

- (a) Corporate Finance: activities relating to mergers and acquisitions, initial public offerings, private placements and restructurings, project finance and securitizations;
- (b) Asset Management: fund structuring and management, and discretionary portfolio management services;
- (c) Private Banking: wealth management and investment advisory services to high net worth individuals;
- (d) Brokerage: execution services to private and institutional clients on the local (Saudi Arabia), regional (MENA and GCC) and international (USA and Europe) bourses and exchanges; and
- (e) Private Equity: Creation and sourcing of transactions to match the long term goals and measured risk strategies of investors.

Due to the widespread operations of the Fund Manager and the Audi Saradar Group and their respective affiliates, employees and agents, instances may arise in which the interests of the Fund Manager and its affiliates conflict with the interests of the Fund. Please see "Conflicts of Interest" point 39.

Functions Delegated to Third Parties

The Fund Manager has appointed SABB Securities Limited as Custodian to provide custodial services relating to certain of the Fund's assets. The Custodian is a Saudi Arabian based Authorized Person with authority to perform administrative and custodial services for mutual funds.

Pursuant to the Custodian Agreement entered into between the Fund Manager and the Custodian, the Custodian will receive a Custodian Fee payable monthly in arrear by the Fund, details of which are set out under "Custodian Fee" above. The Custodian Agreement may be terminated by either the Fund Manager or the Custodian on three months notice, or in either case on shorter notice for specified causes.

The Fund Manager has appointed SABB Securities Limited as Administrator to carry out the administration of the Fund's affairs on behalf of and subject to the overall control of the Fund Manager. The Administrator specializes in the provision of administrative services for both open and closed-ended funds.

Administration of the Fund includes, inter alia, clerical and procedural review and acceptance of subscriptions for Units, confirmation of issuance of Units, calculation of the Net Asset Value of the Fund and the Net Asset Value per Unit, receipt and processing of requests for redemption of Units, payment of redemption proceeds, disbursement of expenses, including legal fees, accounting fees and management fees, and administrative correspondence with Unitholders.

Pursuant to the Administration Agreement entered into between the Fund Manager and the Administrator, the Administrator will receive an Administration Fee payable monthly in arrear by the Fund. The Administration Agreement may be terminated by the Fund Manager or the Administrator on three months notice, or on shorter notice for specified causes.

18. Custodian	SABB Securities Limited King Abdullah Road   P.O. Box 9084 Riyadh 11413   Saudi Arabia Tel: +966 1 4706535   Fax: +966 1 4706935
19. Administrator	SABB Securities Limited King Abdullah Road   P.O. Box 9084 Riyadh 11413   Saudi Arabia Tel: +966 1 4706535   Fax: +966 1 4706935
20. Auditor	Ernst & Young Al Faisaliah Office Tower King Fahad Road   P.O. Box 2732 Riyadh 11461   Saudi Arabia Tel: +9661 2734740   Fax: +9661 2734730
21. Annual Reports	The Fund will provide, without charge, annual audited financial statements, including balance sheets, income statements and the current Net Asset Value per Unit. These should be prepared within ninety (90) days after the Fund's Financial Year-End, and the Fund's first annual audited financial statements will be available within ninety (90) days after 31 December 2007. Upon request by any Unitholder, a copy of such annual report will be mailed to such Unitholder at its last address shown in the register of Units maintained by the Fund Manager. Prospective investors may request a copy of the latest annual report by visiting the website of Audi Capital ( <a href="http://www.audicapital.com">www.audicapital.com</a> ).
22. Financial Year-End	31 December in each year, commencing 31 December 2007.
23. Structure	The Fund is an open-ended investment fund. The life of the Fund is indefinite, subject to the right of the Fund Manager to terminate the Fund under certain circumstances by redeeming all outstanding Units. Please see "Winding-up and Appointment of a Liquidator" below.
24. Dividends	The Fund does not intend to pay any dividends or other distributions to Unitholders in respect of their Units. Instead, it is expected that the Fund will generally accumulate all income and capital gains for reinvestment in the Fund. The Fund reserves the right, however, to return funds to Unitholders from time to time in an effort to manage the growth and size of the Fund's assets as determined by the Advisory Board. Dividends, if any are declared, may be paid only from net realized gains (including dividends received by the Fund on its investments).
25. Taxation	The Fund Manager provides no advice with respect to the tax liability pertaining to acquiring, holding, redeeming or otherwise disposing of Units. Prospective investors who are in any doubt about their tax position should seek professional advice in order to ascertain the consequences to them of acquiring, holding, redeeming or otherwise disposing of Units under the relevant laws of the jurisdiction(s) to which they are or may be subject, including Saudi Arabia. Without prejudice to the foregoing, the Fund Manager notes that it has been advised by its accountants that, under current tax legislation in Saudi Arabia, investment funds are technically subject to taxation on the same basis as capital companies. The Saudi tax authorities are not, however, currently imposing taxes against investment funds or unitholders. As at the date of this Offering Circular, it is not clear when or to what extent, if any, the Fund or Unitholders may become subject to tax in Saudi Arabia. No stamp duty or similar tax is payable in Saudi Arabia on the issue, transfer or redemption of Units.
26. Transfer of Units	Direct or indirect sale or transfer of Units is expressly prohibited except with the approval of the Fund Manager in its sole discretion. With approval of the Fund Manager, Units may be transferred, sold, assigned, charged, mortgaged, pledged or otherwise disposed of; however, a transferee or assignee of any Units shall not become a substitute Unitholder without: <ul style="list-style-type: none"> <li>(a) Executing an agreement in form and substance satisfactory to the Fund Manager to be bound by the Terms and Conditions, and any amendments thereto, and to be subject to all obligations of the transferring or assigning Unitholder with respect to the Units to which such Unitholder was substituted, and providing such legal opinions and documentation as the Fund Manager may request to effectuate such transfer or assignment; and</li> <li>(b) The Fund Manager registering the transfer of Units in the Fund's registry of Unitholders.</li> </ul>

26. Transfer of Units (continued)	<p>The transferor/assignor and transferee/assignee of any Units shall be jointly and severally liable to the Fund for all reasonable expenses (including lawyers' fees and expenses) in connection with any transfer or proposed transfer of Units, whether or not such transfer is completed. Any substituted Unitholder admitted to the Fund must affect registration in the Fund's registry of Unitholders in order to succeed to all rights of the transferring or assigning Unitholder with respect to the Units to which such Unitholder was substituted. Upon registration, such transferee/assignee Unitholder shall be treated as having made all the required investment made by, and received all distributions received by, the transferring or assigning Unitholder of such Units.</p> <p>Any purported transfer, sale, assignment, charge, pledge or other disposition of Units otherwise than in compliance herewith and with the Terms and Conditions and Subscription Agreement will be void and the purported transferee shall have no interest in or right to the Fund's assets, profits or distributions and neither the Fund Manager nor the Fund shall be required to recognize any such interest or right.</p>
27. Legal Counsel	<p>DEWEY &amp; LE BOEUF  No. 1 Minster Court   Mincing Lane  London EC3R 7YL   United Kingdom  Khalid A. Al-Thebity Law Firm in affiliation with LeBoeuf, Lamb, Greene &amp; MacRae  Sky Towers, 8<sup>th</sup> Floor  King Fahad Road   P.O. Box 300807  Riyadh 11372   Saudi Arabia</p>
28. Investment in the Fund by the Fund Manager	<p>The Fund Manager intends to invest five million U.S. Dollars (US\$5 million) to seed the Fund. The Fund Manager shall disclose at each Financial Year-End the total amount of its investment in the Fund.</p>
29. Dealing Day	<p>Each Monday and Wednesday that is a Business Day and/or any other Business Day that the Fund Manager shall designate as a Dealing Day in its sole discretion due to the occurrence of a public holiday in Saudi Arabia or other exceptional reasons (each, a "Dealing Day").</p>
30. Subscription	<p><u>Subscription Procedure</u></p> <p>By agreeing to invest in the Fund, investors acknowledge and accept that the Fund Manager and the Administrator may hold and process personal data to properly record the investor's interest in the Fund in accordance with relevant laws and regulations in effect in Saudi Arabia, and to advise the investor of matters relating to its investment in the Fund, including the Net Asset Value per Unit, as well as changes to Fund documentation, and either of the Fund Manager or the Administrator may, in order to fulfill its duties to the Fund and to comply with regulatory requirements:</p> <ul style="list-style-type: none"> <li>• Retain such personal data for prescribed periods after the investor has redeemed his/her holding in the Fund;</li> <li>• Transfer such information to the Fund Manager, legal counsel or any other agent of the Fund entitled to receive such information; and</li> <li>• Transfer such personal data to any person or entity to which the Fund Manager and Administrator have a legal obligation to disclose such information.</li> </ul> <p>Each application for subscription of Units of the Fund shall be made by delivering an executed Subscription Agreement to the address specified in the Subscription Agreement. If such application is being made by a corporate investor, it shall include a certified copy of the current authorized signatory list of the corporate investor. The Subscription Agreement and other required documentation should be delivered to the following address:</p> <p>Audi Capital  P.O. Box 250744  Riyadh 11391   Saudi Arabia</p> <p>The Subscription Agreement may be completed by a duly authorized officer or agent on behalf of an investor. Any person signing the Subscription Agreement in a representative capacity should type or print, on the last page of the Subscription Agreement, the name of the investor, the name of the person signing the Subscription Agreement and the capacity in which he or she is signing.</p> <p>No certificates will be issued with respect to Units. The Fund Manager will acknowledge and confirm each investment by mailing the relevant investor a duly completed and signed Acceptance of Subscription, in the form appended to this Information Memorandum as Appendix B.</p> <p>The Fund Manager will require verification of the identity of applicants and the source of funds and will defer any application pending receipt of satisfactory evidence.</p>

### 30. Subscription (continued)

All inquiries regarding the completion of the application documents, including the Subscription Agreement, should be directed to the Fund Manager. All investors should note, however, that none of the Fund, the Fund Manager or the Administrator can or will advise investors as to the appropriateness of the information they provide in completing the Subscription Agreement, and, accordingly, all investors are urged to consult with their own independent legal, tax and financial advisors prior to subscribing for any Units.

A form of the Subscription Agreement is appended to this Information Memorandum as Appendix A.

Units may be subscribed on each Dealing Day in accordance with the procedures described herein. Applications for first time or additional subscriptions shall be made by executing and delivering the Subscription Agreement to the address specified in the Subscription Agreement not later than 3:00 pm (Riyadh Time) at least two Business Days prior to the relevant Dealing Day, accompanied by payment of the Subscription Price plus applicable fees and commissions. If an application is received by the Fund Manager after such time, or if an application is received prior to such time but cleared funds have not been received in payment thereof, the application may be held over until the next Dealing Day.

The minimum subscription by any investor shall be US\$10,000, provided that the Fund Manager may accept a lower subscription in its absolute discretion. Additional subscriptions may be made in any amounts subject to a minimum of US\$5,000 per application.

Units will be issued only if the Fund Manager has evidence that subscription funds are available, or will be cleared on the relevant Dealing Day.

Funds received prior to the relevant Dealing Day will be held in a non-interest bearing account until they are applied towards subscription on the relevant Dealing Day.

#### Suspension of and Refusal to Accept Subscriptions

The Fund Manager may, in its sole discretion, suspend the issuance of Units upon the occurrence of any of the following circumstances:

- (a) Whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Fund Manager (including but not limited to acts of God, fire, strikes, insurrections, riots, embargoes or changes in law or in regulations of the CMA or any other governmental, civil or military authority), disposal of the assets of the Fund or other transactions in the ordinary course of business involving the sale, transfer, delivery or withdrawal of the Fund's investments is not reasonably practical without being detrimental to the Fund and/or the interest of Unitholders as a whole; or
- (b) When disposal of the assets of the Fund or other transactions in the ordinary course of the Fund's business involving the sale, transfer, delivery or withdrawal of the Fund's investments is, in the opinion of the Fund Manager, not in the best interests of the Fund.

The Fund Manager may, in its sole discretion, refuse to accept any application to subscribe to Units.

### 31. Redemption

#### Redemption Procedure

Units may be redeemed on each Dealing Day, subject to the condition that the Fund Manager should have received at the address specified in the Redemption Request, not later than 3:00 pm (Riyadh time) at least two Business Days prior to such Dealing Day, a duly completed and signed Redemption Request, a form of which is appended to this Information Memorandum as Appendix C.

Any Redemption Request which would reduce the value of a Unitholder's holding below US\$10,000 may be treated, at the discretion of the Fund Manager, as a request for redeeming the Unitholder's entire holding in the Fund.

Redemption proceeds will be paid to Unitholders by no later than the close of business on the fourth Business Day following the later of the Valuation Day or the time at which the Fund Manager has all, if any, of the appropriate instruments and authorizations to transfer the redeemed Units. Redemption Requests may be sent by fax or cable (followed by a signed original), airmail or courier, to the address specified in the Redemption Request.

The proceeds of redemption will be paid in U.S. Dollars to the account designated by the Unitholder in the Redemption Request. No interest will accrue on the redemption proceeds pending the payment date. Payments will only be made after the original Redemption Request has been received by the Fund Manager. Neither the Fund Manager nor the Administrator will be responsible for errors in any of the chosen transmissions.

### 31. Redemption (continued)

A Redemption Request submitted to the Fund Manager may not be withdrawn except with the consent of the Fund Manager. If the Redemption Request is received after the deadline for receipt of requests for redemption for any particular Dealing Day, it shall be held over and affected on the next succeeding Dealing Day, on a priority basis.

The Fund Manager will use its best efforts to accommodate all Redemption Requests. The nature of the markets in which the assets of the Fund will be invested, however, is such that the liquidation of positions to meet Redemption Requests may not be possible or may be restricted.

The Fund Manager shall be entitled to redeem any or all of the Units if the Fund Manager determines in its sole discretion that it is in the best interest of the Fund to do so. Redemptions shall be made at the Redemption Price on the relevant Dealing Day.

#### Suspension or Deferral of Redemptions

The Fund Manager may, in its sole discretion, defer meeting requests for redemption from Unitholders until the next Dealing Day if:

- (a) The total of all Unitholders' Redemption Requests to be satisfied on any one (1) Dealing Day amounts to a total of ten percent (10%) or more of the Net Asset Value of the Fund; or
- (b) There has been a suspension of dealing or trading on any of the principal markets in which the securities or other assets held by the Fund are dealt or traded, either in general or in relation to assets of the Fund that the Fund Manager reasonably believes to be material to the Net Asset Value of the Fund.

If any Redemption Requests are not satisfied in full in any such case, the balance of all such Redemption Requests will be carried forward and fulfilled pro rata, subject to the same restrictions on redemption and rights of the Fund Manager as described above, on the next Dealing Day. Redemption Requests carried forward will be given priority over Redemption Requests received thereafter.

The Fund Manager may, in its sole discretion, suspend the redemption of Units upon the occurrence of any of the following circumstances:

- (a) Whenever, as a result of events, conditions or circumstances beyond the control or responsibility of the Fund Manager (including but not limited to acts of God, fire, strikes, insurrections, riots, embargoes or changes in law or in regulations of the CMA and/or any other governmental, civil or military authority), disposal of the assets of the Fund or other transactions in the ordinary course of business involving the sale, transfer, delivery or withdrawal of the Fund's investments is not reasonably practical without being detrimental to the Fund and/or the interest of Unitholders as a whole; or
- (b) When disposal of the assets of the Fund or other transactions in the ordinary course of the Fund's business involving the sale, transfer, delivery or withdrawal of the Fund's investments is, in the opinion of the Fund Manager, not in the best interests of the Fund.

#### Compulsory Redemption

The Fund Manager may, in its sole discretion, by giving five (5) Business Days prior written notice, request the transfer or effect the compulsory redemption of all (but not some) of the Units registered in the name of a Unitholder at the prevailing Redemption Price per Unit if, in the opinion of the Fund Manager, Units are:

- (a) held or being acquired directly or indirectly for the account of a U.S. Person; or
- (b) the subscription for or holding of Units by such holder could result in legal, pecuniary, tax, regulatory or material administrative disadvantages to the Fund or its Unitholders.

The Fund Manager may request such evidence and/or undertakings as it deems necessary to satisfy itself that a prospective investor or a Unitholder is not a U.S. Person. If such evidence and/or undertakings are not provided, the Fund Manager may invoke these provisions.

### 32. Valuation Day:

Each Sunday and Tuesday that is a Business Day.

33. Net Asset Value	<p>The Net Asset Value of the Fund, being the Fund's total assets, including all cash and cash equivalents, less total liabilities, determined at the close of business in Riyadh on the Valuation Day on which the Net Asset Value is calculated consistently applied under the accrual method of accounting, except as set forth below:</p> <ul style="list-style-type: none"> <li>(a) The Net Asset Value shall include any unrealized profits or losses.</li> <li>(b) The amount of any dividend attributable and declared by the Fund shall be a liability of the Fund from the day on which such dividend is declared until the date of payment.</li> <li>(c) Securities and assets held by the Fund and quoted on a stock exchange shall be valued at their Closing Price. Securities and other assets of the Fund for which market quotations are not readily available will be valued initially at cost and thereafter at their Closing Price, taking into consideration the prices at which recent comparable capital issues or dealings between third parties are known to the Fund Manager to have taken place.</li> <li>(d) Management Fees, Custodian Fees and Administration Fees shall accrue and be payable in arrears on the basis of the Fund's Net Asset Value on the relevant Valuation Day.</li> <li>(e) Where no method of calculation is stated, or where, in the opinion of the Fund Manager, the method of calculation is unfair or impractical, the Fund Manger shall use such method of calculation as it considers fair and reasonable.</li> </ul>
34. Subscription Price	Units subscribed on the Initial Closing Date shall be subscribed at a price of US\$10 per Unit; after the Initial Closing Date, the Subscription Price per Unit on any Dealing Day shall be equal to the Net Asset Value per Unit on the preceding Valuation Day.
35. Redemption Price	The redemption price for Units on any Dealing Day shall be determined on the basis of the Net Asset Value per Unit on the preceding Valuation Day.
36. Publication of Net Asset Value	A Monthly Fact Sheet, detailing the monthly Net Asset Value per Unit and the Fund's performance, as well as other information deemed necessary at the Fund Manager's discretion, may be published monthly in local and regional Arabic and English newspapers. The Net Asset Value per Unit may also be published every Valuation Day on the Tadawul website, Bloomberg, Reuters, or by any other electronic means.
37. Termination	<p>The Fund may be terminated by the Fund Manager without the consent of the CMA if any of the events described in "Winding-up and the Appointment of a Liquidator" above, has occurred. In such cases, the Fund Manager shall notify the CMA and Unitholders as soon as possible of the occurrence of such event and the termination of the Fund.</p> <p>The Fund Manager may not otherwise terminate the Fund without first obtaining the consent of the CMA. In such cases, Unitholders will be given at least sixty (60) calendar days' notice of the Fund Manager's intent to terminate the Fund.</p>
38. Reporting to Unitholders	<p><u>Annual Reports</u></p> <p>The Fund will send annual reports to its Unitholders containing financial statements examined by the Fund's Auditors generally no later than ninety (90) days from the end of each Financial Year-End.</p> <p><u>Monthly Fact Sheets</u></p> <p>In addition, the Fund Manager will prepare a Monthly Fact Sheet that will be made available to Unitholders through direct mailing and through other electronic means, and which will detail the monthly Net Asset Value per Unit and the Fund's performance, as well as other information deemed necessary at the Fund Manager's discretion.</p> <p><u>Bi-weekly Net Asset Value per Unit</u></p> <p>The Net Asset Value per Unit, calculated on the basis described herein, will be updated bi-weekly and made available electronically through the Fund Manager's website (<a href="http://www.audicapital.com">www.audicapital.com</a>).</p>

### 39. Conflicts of Interest

The Fund Manager and its affiliates engage in a broad spectrum of activities involving financial investments and advisory services and provide a complete range of services and activities relating to the securities business, including (but not limited to) brokerage and asset management services, arranging and underwriting services and advisory and custody services. Instances may arise in which the interests of the Fund Manager and its affiliates conflict with the interests of the Fund. The Fund Manager will use its best efforts to avoid any such conflict of interest.

The following sets forth certain potential conflicts of interest scenarios:

- (a) The Fund Manager or any of its affiliates sometimes represent potential purchasers and sellers, including management, Unitholders, institutions and professional leveraged buyout investors, in financings, acquisitions or other similar transactions, and will continue to accept such assignments following the establishment of the Fund. In such cases, clients of the Fund Manager and its affiliates may prohibit the Fund Manager and its affiliates (including the Fund) from investing in the target entity, or the Fund Manager may decline to recommend or offer the Fund the opportunity to invest in such entities.
- (b) In the regular course of business, the Fund Manager or any of its affiliates may be engaged to act as financial adviser to entities in connection with the sale of such entities, or subsidiaries or divisions thereof, and will continue to accept such engagements following the establishment of the Fund. In such cases, the seller may require the Fund Manager and its affiliates to act exclusively on its behalf, thereby precluding the Fund Manager and its affiliates from recommending or offering to the Fund the opportunity to invest in the entity being sold. There also may be certain seller assignments in which the seller permits the Fund to act as a buyer, which would nevertheless present certain conflicts of interest on the part of the Fund Manager and its affiliates.
- (c) The Fund Manager may perform fund management, investment management, investment advisory and other services for clients other than the Fund. Conflicts of interest may arise in allocating management time, services or functions among the entities for which such services are provided. The Fund Manager will devote such time to the affairs of the Fund as it, in its sole discretion, determines to be necessary for the proper conduct of the business of the Fund.

The procedures for dealing with conflicts of interest will be made available to a Unitholder upon request.

#### 41. Changes to the Terms and Conditions

The Fund will notify the Unitholders in writing of any material changes to the Terms and Conditions by providing the Unitholders with a summary of those changes at least sixty (60) calendar days in advance of the date on which those material changes will take effect.

#### 42. Complaints Procedure

The procedure for handling Unitholder complaints will be made available to a Unitholder upon its request.

#### 43. Governing Law

The Terms and Conditions shall be subject to the laws of Saudi Arabia.

#### 44. Compliance with the Investment Fund Regulations

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

#### 45. Summary Financial Disclosure

The Addendum to the Terms and Conditions, which will be updated at least annually, contains the following financial information:

- (a) Fees and Expenses;
- (b) Dealing Costs;
- (c) Compensation of members of the Advisory Board.

# Addendum to the Terms and Conditions

## Summary Financial Disclosure

**Table of Fees and Expenses**

<b>Fees</b>	<b>Amount</b>	<b>How &amp; When Paid</b>
Management Fee	2% p.a.	Paid monthly in arrear as a percentage of the Net Asset Value of the Fund.
Custodian Fee	0.10% p.a. (subject to a minimum of US\$30,000 p.a.)	Paid monthly in arrear as a percentage of the Net Asset Value of the Fund.
Administration Fee	0.15% p.a. (subject to a minimum of US\$30,000 p.a.)	Paid monthly in arrear as a percentage of the Net Asset Value of the Fund.
Selling Commission	Up to 3% of the subscription amount	Paid by the Unitholder and deducted from the subscription amount.
Auditor Expense	US\$15,000 p.a.	Paid as the expense is incurred and deducted from the Fund's assets.
Advisory Board Compensation (Aggregate)	Up to US\$ 40,000 p.a.	Paid as the expense is incurred and deducted from the Fund's assets.
Miscellaneous Expenses	US\$15,000 p.a. <sup>1</sup>	Paid as the expense is incurred and deducted from the Fund's assets.

<sup>1</sup>) This amount is an estimate only and is based on assumptions believed to be reasonable as of the date hereof. The aggregate of auditor, legal and miscellaneous expenses shall not exceed US\$50,000 per annum.

## Offering and Sales Restrictions

The circulation and distribution of this Information Memorandum may be restricted by law in certain jurisdictions. Persons in possession of this Information Memorandum are requested to inform themselves of and observe all such restrictions. Potential investors are urged to consult with their stockbroker, accountant, bank manager or another professional adviser. This Information Memorandum does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is not authorized.

The Units have not been approved or disapproved by the U.S. Securities and Exchange Commission or any state securities commission in the United States or any other regulatory authority in any other jurisdiction. Nor has any such regulatory authority passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense.

The Units are subject to restrictions on transferability and resale. In particular, this Information Memorandum contains provisions designed to prevent the holding of Units by U.S. Persons under circumstances that would cause the Fund to violate U.S. law and permit the Fund to compulsorily redeem any Units as necessary or appropriate to comply with U.S. law. More generally, this Information Memorandum provides that all transfers of Units are subject to the approval of the Fund Manager in its sole discretion.

In particular, the Units have not been and are not expected to become registered under the U.S. Securities Act, or the laws of any state of the United States, and therefore they may not, directly or indirectly, be offered, sold, re-sold, transferred or delivered in the United States, or for the account or benefit of any U.S. Person (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the registration requirements of the U.S. Securities Act and such state securities laws. In addition, the Fund is not registered and is not expected to become registered under the U.S. Investment Company Act. Based on interpretations of the 1940 Act by the staff of the U.S. Securities and Exchange Commission relating to non-U.S. investment entities, if the Fund has more than 100 beneficial owners of its Units who are U.S. Persons (as defined in Regulation S under the U.S. Securities Act), it may become subject to registration under the U.S. Investment Company Act unless all subscribers who are U.S. Persons are also "Qualified Purchasers" under the U.S. Investment Company Act at the time of subscription. Accordingly, ownership and/or transfer of the Units shall be restricted in order to ensure that the Fund is not required to register under the U.S. Investment Company Act. In light of the foregoing, the Fund may require applicants for subscription to provide appropriate representations, warranties and agreements as a condition of subscription to the Units, and the Fund Manager in its sole discretion may refuse to approve any application for subscription and/or transfer of the Units.

For the purposes of United Kingdom legislation, this Information Memorandum may not be distributed to any persons in contravention of Section 21 of The Financial Services and Markets Act 2000. Accordingly, this Information Memorandum and the investment activity to which it relates may only be communicated in the United Kingdom to investment professionals, such persons having professional experience in matters relating to investments and of participating in unregulated schemes and who fall within Article 19 of The Financial Services and Markets Act 2000 (Financial Promotion) Order as amended 2001 (the "Order"), certified high net worth individuals falling within Article 48 of the Order, high net worth companies or high net worth unincorporated associations falling within Article 49 of the Order, and sophisticated investors, such persons falling within Article 50 of the Order. In addition, as the Fund is not categorized as a "recognized collective investment scheme" in the United Kingdom, it may not be, and is not being, offered in the United Kingdom in circumstances that would contravene Section 238 of The Financial Services and Markets Act 2000. Accordingly, this Information Memorandum may only be distributed to persons of a kind described in Articles 14, 18, 21, 22, and 23 of The Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001.

For the purposes of the Order and of The Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, a person qualifies as:

- A certified high net worth individual if he holds a current certificate of high net worth signed by an accountant or the individual's employer and the individual has signed, within the preceding 12 months from the date of this Information Memorandum, a statement confirming that he is exempt from the restriction on financial promotion in Section 21 of The Financial Services and Markets Act 2000 and that he either has annual income of not less than £100,000 or net assets to the value of not less than £250,000;
- A sophisticated investor if such person has a current certificate signed by an authorized person to the effect that he is sufficiently knowledgeable to understand the risks associated with the description of the investment activity;
- A high net worth company if it is a body corporate which has called up Unit capital or net assets of, in the case of a body corporate which has more than 20 members or which is a subsidiary undertaking of a parent undertaking which has more than 20 members, not less than £500,000 or, in the case of any other body corporate, not less than £5 million;
- A high net worth unincorporated association or partnership if it has assets of not less than £5 million;
- A high value trust if the aggregate value of the cash and investments which form part of the trust's assets has £10 million or more or has been £10 million or more at any time during the year immediately preceding the date of this Information Memorandum.
- Persons who are not investment professionals, certified high net worth persons, sophisticated investors, a high net worth company or high net worth unincorporated association as referred to above should not rely on the information contained in this Information Memorandum.

## Investment Risks

*An investment in the Fund carries with it a high degree of risk, given the nature of the investment and the investment strategies of the Fund. These risks include, but are not limited to, the risks referred to below. The Fund Manager recommends that an investment in the Fund should not constitute a substantial proportion of an investment portfolio and cautions that such an investment may not be appropriate for all investors. No assurance can be given that Unitholders will realize a profit on their investment. Moreover, Unitholders may lose some or all of their investment. The statements of risk set forth below do not purport to be a complete explanation of the risks involved in an investment in the Fund. In addition, as the Fund's portfolio of investments develops and changes over time, an investment in the Units may be subject to additional and/or different risk factors. Potential investors should review this Information Memorandum in its entirety and consult with their own professional advisors before deciding whether to make an application for subscription for Units. Attention is drawn to the following specific risks (although investors should be aware that this risk discussion is not meant to be exhaustive):*

### **Investment Risk**

The Net Asset Value per Unit may fall as well as rise and no assurance can be given that the Fund's investment strategies will be successful under all or any market conditions. Moreover, as a result of the nature of the Fund's investment activities, the results of the Fund's operations may fluctuate substantially from period to period and, accordingly, the performance results of a particular period will not necessarily be indicative of results of future periods. In addition, restrictions on investments in certain jurisdictions may limit the liquidity of the Fund's investments. As a result of all of the foregoing (among other things), there can be no assurance that the Fund will achieve its investment objective or that a Unitholder will recover the full amount invested by it in the Fund.

### **Absence of Operating History**

The Fund is a newly formed entity and has no operating history upon which investors can evaluate the Fund's likely performance. The past investment performance of the Fund Manager or its principals may not be construed as an indication of the future results of an investment in the Fund. The Fund's investment program should be evaluated on the basis that there can be no assurance that the Fund Manager's assessments of the prospects of investment will prove accurate or that the Fund will achieve its investment objectives.

### **Dependence on Fund Manager and Key Personnel**

The successful investment of the Fund's assets is significantly dependent, among other things, upon the skills and experience of the professional personnel of the Fund Manager. There can be no assurance that any such person will continue to serve in his or her current position or continue to be employed by the Fund Manager, as the case may be. Furthermore, although the officers of the Fund Manager will devote as much time as they believe is necessary to assist the Fund in achieving its investment objectives, none of them expects to devote substantially all of his or her working time to the affairs of the Fund.

### **Potential Conflicts of Interest**

The Fund Manager and its affiliates engage in a broad spectrum of activities involving financial investments and advisory services. Thus, in the future, there may be instances in which the interests of the Fund Manager and its affiliates conflict with the interests of the Fund.

Affiliates of the Fund Manager sometimes represent potential purchasers and sellers in financing, acquisition or other similar transactions, including management, shareholders, institutions and professional leveraged buyout investors, and will continue to accept such assignments after the establishment of the Fund. In such cases, the clients of the Fund Manager and its affiliates may prohibit the Fund Manager and its affiliates (including the Fund) from investing in the target company, or the Fund Manager may decline to recommend or offer the Fund the opportunity to invest in such companies.

In the regular course of business, affiliates of the Fund Manager may be engaged to act as financial adviser to corporations in connection with the sale of such corporations, or subsidiaries or divisions thereof, and will continue to accept such engagements after the establishment of the Fund. In such cases, the seller may require the Fund Manager and its affiliates to act exclusively on its behalf, thereby precluding the Fund Manager and its affiliates from recommending or offering to the Fund the opportunity to invest in the entity being sold. There also may be certain seller assignments in which the seller permits the Fund to act as a buyer, which would nevertheless present certain conflicts of interest on the part of the Fund Manager and its affiliates.

The Fund Manager may perform fund management, investment management, investment advisory and other services for clients other than the Fund. Conflicts of interest may arise in allocating management time, services or functions among the entities for which such services are provided. The Fund Manager will devote such time to the affairs of the Fund as it, in its sole discretion, determines to be necessary for the proper conduct of the business of the Fund.

### **Fees and Expenses**

Whether or not the Fund is profitable, it is required to meet certain fixed costs, including organizational expenses, ongoing administrative and operating expenses and Management Fees. The Fund's expenses may, over time, result in substantial losses to the Fund.

### **Risk Control Framework**

No risk control system is free from error or possible failures, and no assurance can be given that any risk control framework employed by the Fund Manager will achieve its objectives. Target risk limits developed by the Fund Manager may be based on historical patterns of returns and correlations for the securities and instruments in which the Fund invests. No assurance can be given that such historical patterns will provide an accurate prediction of future patterns.

### **Concentration of Investments**

While the Fund Manager intends to invest in 20 – 30 positions at any one time, the Fund may be invested 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 proportionately greater impact on the Net Asset Value of the Fund than in the case of a diversified fund.

### **Lack of Identified Investments**

The Fund does not presently have any substantial commitments to invest in the securities of any particular issuers and the Fund's ability to participate in initial public offerings or other securities offerings is not guaranteed. As a result, the uncertainty and risk of investing in the Fund increases to the extent that prospective Unitholders are unable to evaluate for themselves the economic merit of the Fund's investments and must rely on the ability of the Fund Manager to find and determine appropriate investment opportunities and to select the particular investments to be made by the Fund.

### **Political and Economic Risks**

The value of the Fund's investments may be affected by uncertainties, such as political and economic developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in some or all of the countries in which the Fund may invest.

The economies of the countries where the Fund may invest may differ significantly from the economy in more developed countries. The performance of the Fund may be affected by changes in economic and market conditions.

### **Market and Liquidity Risks**

The success of the Fund's investment program depends to a great extent on the Fund Manager's ability to assess correctly the future course of price movements of securities in the markets where it wishes to invest. There can be no assurance that the Fund Manager will accurately predict these movements. In any event, as with any public security trading fund, the value of an investment is likely to fluctuate on a day-to-day basis with movements in the securities markets where the investments trade, as well as in response to the activities of the individual issuers whose securities are held by the Fund, and there can be no assurance that appreciation will occur.

Prospective investors should note that emerging markets are generally less liquid and more volatile than the world's leading securities markets. Such lack of liquidity may result in substantial fluctuations in the Net Asset Value per Unit reflecting factors other than the fundamental attributes of the underlying investment. Market illiquidity or a decrease in market liquidity for the instruments in which the Fund invests may impair the Fund's ability to adjust its positions. It may not always be possible for the Fund to execute a buy or sell order on exchanges at the desired price or to liquidate an open position due to market conditions, including the operation of daily price fluctuation limits. Illiquid markets and/or investments could make it impossible for the Fund Manager to realize profits or limit losses. In addition, trading on a particular exchange could be suspended or restricted preventing the Fund from executing trades or closing out positions on terms that the Fund Manager believes are desirable. The size of the Fund's positions may magnify the effect of a decrease in market liquidity for such instruments.

Both illiquidity and any failure to accurately predict market movements may adversely affect the Fund Manager's ability to execute trade orders at desired prices in a declining market.

### **Counterparty Credit Risks**

Transactions effected by the Fund will not generally comprise transactions on, or be effected under the rules of, leading securities exchanges. The Fund will take the credit risk of the parties with which it trades and may also bear the risk of settlement default.

### **Currency Risks**

The Net Asset Value per Unit will be denominated in U.S. Dollars, whereas the underlying investments of the Fund may be acquired, directly or indirectly, in a range of currencies and any income or capital received by the Fund will be denominated in the local currency of investment. While the Fund Manager intends to maintain hedges to minimize currency exposure against the U.S. Dollar, there can be no assurance that such hedges will be effective and changes in exchange rates may therefore favorably or unfavorably affect the Net Asset Value. Furthermore, the Fund may incur costs in connection with conversions between various currencies and in entering into hedging transactions.

In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency.

### **Substantial Redemptions - No Market for Shares**

The Fund Manager has the right to suspend or limit redemptions in certain circumstances.

Moreover, if there are substantial redemptions within a limited period of time, and the Fund Manager does not suspend or limit such redemptions, it may be difficult for the Fund to provide sufficient funds to meet such redemptions without liquidating positions prematurely at an inappropriate time or upon unfavorable terms. This may result in substantial losses to the Fund.

### **Regulatory Risks and Accounting Standards**

The regulatory supervision, legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of protection or information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards. This may affect the valuation of the assets in which the Fund invests. Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. In addition, securities markets in which the Fund invests may be subject to comprehensive statutes, regulations and margin requirements. The effect on the Fund of any future regulatory or tax changes, or related actions of regulators, is impossible to predict.

### **Other Risks**

The Fund may make investments through SPVs in which its interest may be that of a minority shareholder and accordingly the Fund's ability to make decisions affecting such vehicles and underlying investments may be limited. In addition, some or all of the assets of the Fund may from time to time not be held in the possession of the Custodian but directly by a third party pursuant to an express agreement with the Fund.

## Arabian Opportunities Fund Subscription Agreement

By signing this Subscription Agreement, I/we, the undersigned applicant (the "Applicant"), having received, read, understood and accepted the Information Memorandum dated 1 September, 2007 (the "Information Memorandum"), including the Terms and Conditions contained therein (the "Terms and Conditions"), and the "Representations and Warranties of the Applicant" section included in this Subscription Agreement, hereby irrevocably and unconditionally agree to subscribe for the number of Units specified herein in the Arabian Opportunities Fund ("Fund") offered by Audi Capital ("Fund Manager").

Fund Manager  
**Audi Capital**  
Centria Building  
Prince Mohamed Bin Abdul Aziz Road (Tahlia)  
P.O. Box 250744 | Riyadh 11391 | Saudi Arabia  
Fax: +9661 4627512

### 1. Applicant / Joint Applicant Details (please print or type)

First Applicant:     Individual                       Institution

(a) Full Name(s) \_\_\_\_\_

(b) Address \_\_\_\_\_  
\_\_\_\_\_

(c) Telephone \_\_\_\_\_

(d) Facsimile \_\_\_\_\_

(e) e-mail \_\_\_\_\_

(f) Nationality \_\_\_\_\_

(g) Occupation \_\_\_\_\_

(h) Passport/National Civil Id/Iqama/CR Number \_\_\_\_\_

Second Applicant:     Individual                       Institution

(a) Full Name(s) \_\_\_\_\_

(b) Address \_\_\_\_\_  
\_\_\_\_\_

(c) Telephone \_\_\_\_\_

(d) Facsimile \_\_\_\_\_

(e) e-mail \_\_\_\_\_

(f) Nationality \_\_\_\_\_

(g) Occupation \_\_\_\_\_

(h) Passport/National Civil Id/Iqama/CR Number \_\_\_\_\_

# Appendix A – Subscription Agreement Form

## 2. Communications Address

Please indicate below the address to which communications and notices regarding the Fund should be sent (if different from the above)

- (a) Address \_\_\_\_\_  
\_\_\_\_\_
- (b) Telephone \_\_\_\_\_
- (c) Facsimile \_\_\_\_\_
- (d) e-mail \_\_\_\_\_

## 3. Subscription Details

- (a) Subscription Amount                      US\$ \_\_\_\_\_  
Less Selling Commission (if any)        US\$ \_\_\_\_\_  
Net Subscription Amount                    US\$ \_\_\_\_\_
- (b) Subscription Date \_\_\_\_\_
- (c) Reinvestment Option<sup>1</sup> (Please Select)
- Reinvest my dividend payments into additional Units in the Fund
- Distribute my dividend payments

## 4. Applicant's Bank Account Details

Dividends or other distributions (if any) by the Fund, including refunds (if any) paid with respect to the refusal of this offer to subscribe or any part thereof in the Units, are to be paid into my/our bank account, details of which are as follows:

- (a) Bank \_\_\_\_\_
- (b) Address \_\_\_\_\_  
\_\_\_\_\_
- (c) Telephone \_\_\_\_\_
- (d) Facsimile \_\_\_\_\_
- (e) Account Name \_\_\_\_\_
- (f) Account Number \_\_\_\_\_
- (g) SWIFT Code \_\_\_\_\_
- (h) ABA \_\_\_\_\_

<sup>1</sup>) The Fund does not intend to pay any dividends or other distributions to Unitholders in respect of their Units. The Fund reserves the right, however, to return funds to Unitholders from time to time.

## 5. Required Documents

Failure to provide any documentation listed below may result in the application being delayed or rejected. Applicants may be advised of further documentation requirements deemed appropriate by the Fund Manager. The following documents must be submitted along with this Subscription Agreement:

- (a) For individual applicants:
- Copy of government issued form of identification (e.g. National Civil Identification or Iqama)
  - Copy of relevant pages of valid passport (for foreign individuals, copy must be legalized by the Embassy of Saudi Arabia in the country of residence or original passport must be witnessed by the selling agent )
- (b) For local institutional applicants (in Saudi Arabia):
- Copy of Commercial Registration Certificate (copy must be certified by the Ministry of Commerce and Industry or original must be witnessed by the selling agent)
  - Copy of Articles of Association (copy must be certified by the Ministry of Commerce and Industry or original must be witnessed by the selling agent)
  - Copy of Bylaws (if applicable) (copy must be certified by the Ministry of Commerce and Industry or original must be witnessed by the selling agent)
  - Shareholders/Board of Directors Resolution approving subscription in the Fund
  - Shareholders/Board of Directors Resolution approving authorized signatories to sign the Subscription Agreement (including list of authorized signatories)
- (c) For foreign institutional applicants (outside Saudi Arabia) (all documents must be legalized by the Embassy of Saudi Arabia in the country of incorporation):
- Copy of Certificate of Registration (copy must be certified by the relevant government authority or original must be witnessed by the selling agent)
  - Copy of Memorandum or Articles of Association or other constitutional documents (copy must be certified by the relevant government authority or original must be witnessed by the selling agent)
  - Shareholders/Board of Directors Resolution approving subscription in the Fund
  - Shareholders/Board of Directors Resolution approving authorized signatories to sign the Subscription Agreement (including list of authorized signatories)
- 

## 6. Method of Payment

I hereby authorize Audi Capital to debit from my account: \_\_\_\_\_ the full subscription amount for the units covered by this subscription agreement. In case the account is in a currency other than USD, prevailing exchange rates will apply to execute the conversion needed to cover the subscription amount. In case the subscriber wishes to transfer the subscription amount into his account with Audi Capital, please take note of the following transfer details:

### For transfers within the Kingdom of Saudi Arabia:

Bank: Saudi British Bank (SABB)  
Account No: 086-005170-160  
Address: Riyadh – Saudi Arabia  
In favor of: Arabian Opportunities Subscription Account  
For final credit: [Subscriber's Name & Account Number with Audi Capital]

### For transfers from outside the Kingdom of Saudi Arabia:

Bank: HSBC Bank, New York  
Address: 140 Broadway, 11<sup>th</sup> floor, NY 10005-1180  
Account No: 001-03007-8  
SWIFT Code: MRMDUS33  
ABA: 021001088  
Account Name: SABB HOR Main account  
In favor of: Arabian Opportunities Subscription Account. Account No: 086-005170-160  
For final credit: [Subscriber's Name & Account Number with Audi Capital]

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## 7. Signature(s)

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Name of Entity\* \_\_\_\_\_

Capacity\* \_\_\_\_\_

Date \_\_\_\_\_

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Name of Entity\* \_\_\_\_\_

Capacity\* \_\_\_\_\_

Date \_\_\_\_\_

\* Not applicable in case of individuals

## ***Representations and Warranties of the Applicant(s)***

By its signature of this Subscription Agreement, each Applicant hereby declares, undertakes, represents and warrants to the Fund and the Fund Manager, as follows:

1. The Applicant has read and understood the contents of the Information Memorandum, including (but not limited to) the statements set forth under the captions “Terms and Conditions” and the “Investment Risks”; has asked questions and received answers concerning the Fund, the Terms and Conditions and this Subscription Agreement from authorized representatives of the Fund Manager; and accepts, agrees and undertakes to be bound by this Subscription Agreement and by the Terms and Conditions, which are deemed to be incorporated herein. Notwithstanding the opportunity to ask questions and receive answers from the Fund and the Fund Manager in connection with its subscription for Units, the Applicant further acknowledges that neither the Fund nor the Fund Manager can or will advise investors as to the appropriateness of the information they provide in completing their Subscription Agreements, and, accordingly, all investors are urged to consult with their own independent legal, tax and financial advisors prior to subscribing for any Units.
2. The Applicant is a sophisticated investor with sufficient knowledge and experience in business and financial matters in general and, in particular, regarding the political and economic conditions prevailing in, and the characteristics of the markets of, the Arab League countries where the Fund intends to invest, and is capable of independently investigating and evaluating the risks involved in purchasing and owning investments such as the Units. The Applicant, in making a decision to subscribe for Units, has relied solely upon the Information Memorandum and this Subscription Agreement. The Applicant is subscribing for Units as contemplated by this Subscription Agreement solely on the basis of its own independent appraisal of the information set forth in the Information Memorandum and has carefully reviewed and considered, and/or will carefully review and consider, all such other information and matters as the Applicant deems appropriate in determining whether to purchase Units, without relying upon any representation or warranty, express or implied, made to it by the Fund or the Fund Manager or any other person with respect thereto; and the Applicant shall continue to be solely responsible for making its own independent appraisal of all such matters in the future and will not hereafter rely on the Fund or the Fund Manager or any other person to confirm or inquire on its behalf as to the adequacy or completeness of any information or to assess or keep under review on its behalf any such information or the status of the Units.
3. The Applicant understands that capitalized terms used herein and not otherwise defined have the respective meanings ascribed thereto in the Information Memorandum.
4. The Applicant:
  - 4.1 If a natural person, has the requisite power, authority and legal capacity to enter into this Subscription Agreement and to acquire Units in accordance with the terms and conditions of this Subscription Agreement and the Information Memorandum.
  - 4.2 If a juristic person, is presently duly organized, validly existing and in good legal standing in the jurisdiction of its organization and has the power and received all the necessary authorization, if any, requisite for such juristic person to enter into this Subscription Agreement and to acquire Units in accordance with the terms and conditions of this Subscription Agreement and the Information Memorandum.
  - 4.3 Undertakes that 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 the Applicant is subject have been obtained, complied with and observed.
5. The Applicant:
  - 5.1 Is not a U.S. Person and is not subscribing for the Units on behalf of, or for the benefit of, a U.S. Person nor does it intend on selling or transferring any Units which it may subscribe for to any person who is a U.S. Person and that it was not in the United States of America at the time that any Units were offered to it or at the time it executed this Subscription Agreement.
  - 5.2 Agrees that it will promptly notify the Fund Manager at any time when it becomes a U.S. Person, and agrees that in such event the Fund will be entitled to (but will not be obliged to) require the Applicant to redeem at a price equal to the prevailing Redemption Price per Unit as at the date of the sale or as at the date of any unauthorized transfer giving rise to such sale.
  - 5.3 Will supply the Administrator and Fund Manager with such other information and facts as from time to time are deemed reasonably necessary or desirable by the Administrator and Fund Manager to enable them to determine that the Applicant is not a U.S. Person.
6. The Applicant understands the minimum initial subscription is US\$10,000 and the additional amounts that may be subscribed subject to a minimum of US\$5,000 (collectively, the “Subscription Amount”).
7. The Applicant understands that payment of the Subscription Amount and Selling Commission, if any, must be received by the Fund Manager at the time of delivery of this Subscription Agreement and that any such amounts must be in U.S. Dollars, and must be paid net of all deductions, withholdings, banking charges or other taxes or levies.
8. The Applicant understands that this Subscription Agreement represents an irrevocable offer on the Applicant’s side to subscribe for Units corresponding to the Subscription Amount specified herein at the relevant Subscription Price, and that the Fund Manager reserves the right, in its sole discretion, to accept or reject this offer to subscribe and to allocate Units to and among prospective investors as the Fund Manager in its sole discretion may determine and see fit. The Applicant understands that this offer to subscribe for Units hereby made will constitute, if accepted, a binding legally enforceable agreement between the Applicant and the Fund Manager concerning the subject matter of this Subscription Agreement.

9. The Applicant understands that the Units will be maintained in book entry in a register of Unitholders held at the offices of the Fund Manager and that such register will be and will remain the sole and conclusive proof of ownership of the Units. The Fund Manager will not take notice of any trust in respect of ownership of Units in the Fund or any transfer of title of the Units unless the transfer has been effected in accordance with the provisions of the Terms and Conditions and this Subscription Agreement.
10. The Applicant understands and acknowledges that there is no established secondary market for the Units at the time of subscription and that the Units have not been and may not be registered or listed on any stock exchange in any jurisdiction in the near future.
11. The Applicant understands and acknowledges that Units may be transferred only with the written approval of the Fund Manager and otherwise subject to the Terms and Conditions. The Fund Manager will be entitled, in its sole discretion, to approve or refuse a proposed transfer of Units without any obligation to give any reasons. If approved by the Fund Manager, transfers of Units will only be made to a transferee who has duly completed and executed a transfer agreement in form and substance satisfactory to the Fund Manager and containing representations, warranties and agreements similar to those contained in this Subscription Agreement and who has provided such legal opinions and documentation as the Fund Manager may request to effectuate such transfer.
12. A person or legal entity becoming entitled to a Unit or Units as a consequence of death or bankruptcy of a Unitholder or otherwise by operation of law or judicial decision shall not be entitled in respect of the Unit or Units to exercise any of the rights or privileges of a Unitholder, until such person or legal entity is registered as a Unitholder in the register of Unitholders maintained by the Fund Manager.
13. The Applicant understands that its subscription cannot be withdrawn from the Fund except by way of redemption of Units in accordance with the Terms and Conditions, and that a portion of its subscription may be invested in securities that are illiquid. The Applicant further understands that the Fund may from time to time suspend or limit redemptions; in particular, the Fund may limit the total number of Units, which may be redeemed at a given time, to ten percent (10%) of the Net Asset Value of the Fund in circumstances where the Fund Manager believes that, in light of the liquidity (or absence of liquidity) of the Fund's investments, such an action would be in the overall interests of all Unitholders. In addition, redemptions of Units will be automatically suspended in the event that the Fund suspends the calculation of the Net Asset Value of the Fund.
14. The Applicant understands that the Units have no voting rights and, therefore, the Applicant will not be able to exercise any management or control functions with respect to the Fund's or the Fund Manager's operations.
15. The Applicant expressly and irrevocably appoints the Fund Manager to act during the life of the Fund as the Applicant's portfolio manager and agent and empowers the Fund Manager, in its capacity as the Applicant's agent, to invest, subject to the provisions of the Information Memorandum: (a) the funds subscribed by the Applicant hereunder collectively with funds subscribed by other Unitholders; and (b) the income derived from such collective investments, subject to the provisions of the Information Memorandum (collectively referred to as "Collective Investments"). Without prejudice to the foregoing, the Fund Manager is authorized and empowered, to do and carry out the following on behalf of the Applicant to:
  - 15.1 Represent the Applicant's interest as a Unitholder in all aspects before all competent regulatory and government authorities, departments and agencies.
  - 15.2 Acquire, hold and register securities on behalf of the Unitholders in the name of the Fund or the Fund Manager.
  - 15.3 Deal with banks to obtain funding, subject to the provisions of the Information Memorandum.
  - 15.4 Do all acts, deeds and things necessary or incidental to the Collective Investments and for the acquisition and/or disposition of assets.
  - 15.5 Appear before all courts of all categories and appoint lawyers in connection with claims and demands relating to the Collective Investments and/or the Fund's assets.
  - 15.6 Appear before the appropriate authorities and admit and execute sale deeds and/or other conveyances, documents and papers in connection with the acquisition, sale or other disposition for value of the Fund's assets.
  - 15.7 Take or carry out all steps, legal formalities and other procedures, to the extent reasonably possible under law, to protect the Collective Investments and the Fund's assets.
  - 15.8 Do all reasonable acts, deeds and things reasonably possible under law to protect the rights and interests of the Unitholders as collective investors.
16. The Applicant undertakes that the acceptance of its application for subscription in Units together with the appropriate remittance of the Subscription Amount and Selling Commission (if any) will not breach any applicable money laundering rules and regulations and the Applicant further undertakes to provide verification of its identity and source of funds reasonably satisfactorily (on a confidential basis) to the Fund, the Fund Manager or the Administrator promptly on request and the Applicant agrees to the release to the CMA of any information provided by it to the Fund, the Fund Manager or the Administrator.
17. This Subscription Agreement shall be governed by and construed in accordance with the laws of Saudi Arabia. Any dispute that may arise between the parties out of or in connection with this Subscription Agreement shall be settled amicably. If, however, the parties are unable to amicably resolve their differences within thirty (30) days from the date any dispute arises, each party shall have the right to bring the dispute to 'The Committee for the Resolution of Securities Disputes', the authority with jurisdiction in the Kingdom of Saudi Arabia, for final resolution.

### **Additional Know Your Customer and Combat of Money Laundering Considerations**

18. The Applicant represents, warrants and undertakes that the following representations and warranties are deemed to be continuous with respect to this subscription and any subsequent subscription(s) of Units:
- 18.1 The Applicant is purchasing the Units with lawfully acquired funds for investment; and
- 18.2 To the extent the Applicant is subscribing for or holds Units on behalf of, or hereafter offers interests in Units otherwise held by it to, its clients, the Applicant represents, warrants and undertakes with respect to such Units that:
- (a) the Applicant will, upon request from time to time by or on behalf of the Fund, the Fund Manager, the Administrator or the Custodian, provide such certifications, documents or other evidence with respect to such clients as may reasonably be required by the Fund, the Fund Manager, the Administrator or the Custodian (as the case may be) in order to substantiate the representations made by the Applicant herein, particularly (but without limitation) in respect of applicable money laundering, tax or similar requirements; and
  - (b) the Applicant has satisfied itself that, in connection with its subscription or holding of Units on behalf of any such client, all legal requirements and other formalities in the country in which such client is resident have been fully satisfied, including that any governmental or other consents which may be required in connection therewith have been obtained.

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#### **For Official Use Only**

Office:	Code:
Investment Supervisor:	Checked by:
Processed by:	Authorized Signatory & Stamp:
Date:	Remarks:

**Arabian Opportunities Fund**  
*Acceptance of Subscription*

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Fund Manager  
**Audi Capital**  
Centria Building  
Prince Mohamed Bin Abdul Aziz Road (Tahlia)  
P.O. Box 250744 | Riyadh 11391 | Saudi Arabia  
Fax: +9661 4627512

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Name: \_\_\_\_\_ *[Please insert the name and address of the Applicant]*

The Fund Manager hereby accepts the subscription as set forth in the Applicant's Subscription Agreement dated \_\_\_\_\_ on the terms and conditions contained in the Subscription Agreement. In accordance with the Applicant's instructions, the Fund Manager confirms the issuance of the following Units:

- (a) Unitholder Number \_\_\_\_\_
- (b) Number of Units Issued \_\_\_\_\_
- (c) Subscription Amount US\$ \_\_\_\_\_  
Less Selling Commission (if any) US\$ \_\_\_\_\_  
Net Subscription Amount US\$ \_\_\_\_\_
- (d) Dealing Day \_\_\_\_\_

If there are any alterations to the particulars given please advise by return mail quoting the Uniholder number.

SIGNED by/ for and on behalf of:  
Arabian Opportunities Fund

## Appendix B – Acceptance of Subscription Form

### Arabian Opportunities Fund Redemption Request

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Fund Manager  
**Audi Capital**  
Centria Building  
Prince Mohamed Bin Abdul Aziz Road (Tahlia)  
P.O. Box 250744 | Riyadh 11391 | Saudi Arabia  
Fax: +9661 4627512

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\*I/We \_\_\_\_\_ registered holder(s) of \_\_\_\_\_  
Units in Arabian Opportunities Fund hereby apply to redeem \_\_\_\_\_ of the said Units at the Redemption Price prevailing on the next Dealing Day following receipt of this Redemption Request by the Fund Manager provided that the Redemption Request is received by the Fund Manager not later than 3:00 pm (Riyadh Time) at least two Business Days prior to the next Dealing Day.

#### Unitholder Details

Full Name(s) \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Telephone \_\_\_\_\_

Facsimile \_\_\_\_\_

e-mail \_\_\_\_\_

Nationality \_\_\_\_\_

Occupation \_\_\_\_\_

Passport/National Civil Id/Iqama/CR Number \_\_\_\_\_

## Appendix C – Redemption Request Form

### Redemption Instructions

Please credit my account no. \_\_\_\_\_, the redemption amount. In case the account is in a currency other than US Dollars, prevailing exchange rate will apply to credit the amount in the account's currency.

### Please Sign Below

Please ensure that all the registered Unitholders or authorized signatories sign this Redemption Request.

Name of signatory/signatories

Signature(s)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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

### For Official Use Only

Office:	Code:	Investment Supervisor:
Authorized Signatory & Stamp:	Date Request Received:	Dealing Day Units will be Redeemed:
No. of Units Before Redemption:	No. of Units Redeemed:	No. of Units after Redemption:
Total Amount Paid to Unitholder:		

### Note:

1. If the Redemption Request is made by joint Unitholders, each registered Unitholder must sign this form.
2. If the Redemption Request is made by institutional Unitholders, their authorized signatories must sign this form.
3. If this Redemption Request is signed under a Power of Attorney, such Power of Attorney or a duly certified copy thereof must accompany this form.
4. If this Redemption Request is not fully completed to the satisfaction of the Fund Manager, this form may not be accepted.