

Al Safwa Saudi Index Fund (the "Fund") is being established as an open-ended investment fund in The Kingdom of 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 (the "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").

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.

AL SAFWA SAUDI INDEX FUND

an open-ended investment fund

INFORMATION MEMORANDUM

Audi Capital



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 a high 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.

Date of this Information Memorandum June 22, 2009

Amended on June 10, 2010 as per Audi Capital letter to Capital Market Authority on March 13, 2010

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 a high 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. 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 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. Other than as expressly set forth herein, neither the Fund Manager nor any other person assumes any responsibility for the accuracy or completeness of such publicly-available 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 399/RH dated 19 May, 2008. 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.

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. 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.

The Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") or its third party licensors. Neither S&P nor its third party licensors makes any representation or warranty, express or implied, to the owners of Units of the Fund or any member of the public regarding the advisability of investing in securities generally or in Units of the Fund particularly or the ability of the S&P Saudi Shariah Index (the "Index") to track general stock market performance. S&P's and its third party licensor's only relationship to the Fund Manager is the licensing of certain trademarks and trade names of S&P and the third party licensors and of the Index which is determined, composed and calculated by S&P or its third party licensors without regard to the Fund or the Fund Manager. S&P and its third party licensors have no obligation to take the needs of The Fund Manager or the owners of Units of the Fund into consideration in determining, composing or calculating the Index. Neither S&P nor its third party licensors are responsible for or have participated in the determination of the prices and amount of Units of the Fund or the timing of the issuance or sale of the Fund or in the determination or calculation of the equation by which the Fund is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Fund in Shariah Compliant Company stocks.

NEITHER S&P, ITS AFFILIATES NOR THEIR THIRD PARTY LICENSORS GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P, ITS AFFILIATES AND THEIR THIRD PARTY LICENSORS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE MARKS, THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P, ITS AFFILIATES OR THEIR THIRD PARTY LICENSORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

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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 P.O. Box 9084 King Abdullah Road Riyadh 11413 Saudi Arabia Tel: +9661 4706535 Fax: +9661 4796935
"Administration Agreement"	The Administration Agreement entered into between the fund Manager and the administrator dated 3 March, 2008 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, as more fully described under the heading "Terms and Conditions – Administration Fee".
"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 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 each security in which the Fund invests, as of any day, the price of such security as determined as of the closing time on such day on the Saudi Stock Exchange (Tadawul).
"Commencement Date"	22 June, 2009 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 P.O. Box 9084 King Abdullah Road Riyadh 11413 Saudi Arabia Tel: +9661 4706535 Fax: +9661 4796935
"Custodian Agreement"	The Custodian Agreement entered into between the Fund Manager and the Custodian dated 3 March, 2008 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 Business Day and/or any other 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, commencing 31 December 2009.

"Fund"	The Al Safwa Saudi Index Fund, an open-ended investment fund established in Saudi Arabia in accordance with the Investment Fund Regulations, and approved pursuant to reference no. 399/RH dated 19 May, 2008.
"Fund Board"	The Fund 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 – Fund Board".
"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, Phone: +9661 2199300 Fax: +9661 4627942.
"Index Securities"	The component securities of the S&P Saudi Arabia Shariah Index.
"Information Memorandum"	This Information Memorandum dated 22 June, 2009.
"Initial Closing Date"	22 June, 2009 being the date on which the Fund will cease to accept subscriptions for Units at the Price of SR10 per Unit and effect the initial issuance and distribution and allocation of Units.
"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 under the heading "Terms and Conditions-Management Fees".
"Monthly Fact Sheet"	The report to be prepared and distributed by the Fund on a monthly basis to Unitholders specifying the Net Asset Value per Unit summarizing the Fund's performance and containing such other information as may be 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"	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: a) The Net Asset Value shall include any unrealized profits or losses. b) The amount of any dividend or other distribution 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. c) All securities held by the Fund shall be valued at their Closing Price. d) Management Fees, Administration Fees and Custodian Fees shall accrue and be payable monthly in arrears on the basis of the Fund's Net Asset Value on the relevant Dealing
"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.
"Offering"	The offering of Units of the Fund, as approved by the CMA under reference number 399/RH dated 19 May, 2008.
"Order"	The Financial Services and Markets Act 2000 (Financial Promotion) Order as amended 2001 of the United Kingdom.
"Placement Agents"	Such entities (if any) regulated by local authorities 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 Report"	The report to be prepared by the Fund on a quarterly basis, as more fully described under the heading "Terms and Conditions – Reporting to Unitholders".
"Redemption Amount"	The aggregate amount payable to an investor in respect of Units redeemed by such investor on a particular Dealing Day, which shall be calculated by multiplying the Net Asset Value per Unit as of the Valuation Day preceding such Dealing Day by the number of Units then being redeemed by such investor.

"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.
"Saudi Arabia"	The Kingdom of Saudi Arabia.
"Saudi Riyals" & "SR"	Saudi Riyals, being the lawful currency in Saudi Arabia.
"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.
"Shariah Supervisory Board of the Index"	The Shariah Supervisory Board of the Index, which is accredited by Standard & Poor's, and whose role and functions are more fully described under the heading "Terms and Conditions – Shariah Supervisory Board of the Index".
"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 Amount"	The aggregate amount payable by an investor for Units to be subscribed by such investor on a particular Dealing Day, which, for purposes of a subscription on the Initial Closing Date, shall be calculated at a price per Unit of SR10 per Unit and, for purposes of a subscription on any Dealing Day thereafter, shall be calculated at a price per Unit equal to the Net Asset Value per Unit on the Valuation Day preceding such Dealing Day.
"S&P Saudi Arabia Shariah Index"	The S&P Saudi Arabia Shariah Index is published and distributed by Standard and Poor's and tracks selected Saudi companies screened for compliance with Shariah laws.
"Terms and Conditions"	The Terms and Conditions, as amended from time to time, 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. 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 immediately 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"), which are intended as a reference for potential investors, should be read in conjunction with the remaining text of this Information Memorandum, including the Glossary, and the documents referred to herein.

1. The Fund Al Safwa Saudi Index Fund, a contractual collective investment vehicle established in Saudi Arabia under the Investment Fund Regulations issued by 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. 399/RH dated 19 May, 2008.
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.
Website: (www.audicapital.com)
3. Commencement Date 22 June, 2009
4. Initial Closing Date 22 June, 2009
5. Regulator The Fund Manager is an Authorized Person licensed and regulated by the CMA to engage in dealing, advising, managing, arranging and custody activities under license number 06017-37.
6. Date the Terms and Conditions were Issued 22 June, 2009
7. Minimum Initial Subscription SR 10,000
8. Minimum Additional Subscription SR 5,000
9. Currency The base currency of the Fund shall be Saudi Riyals. Any Subscription Amounts received in a currency other than the base currency will be converted into Saudi Riyals at the exchange rates generally applicable for such other currency in the Saudi Arabian market as of the Dealing Day on which the relevant subscription is made.
10. Investment Objective The investment objective of the Fund is to provide investment results that generally correspond to the price and yield performance of the S&P Saudi Arabia Shariah Index. The Fund holds Index Securities and cash and is not actively managed by traditional methods, which typically involve effecting changes in the Fund's portfolio of investments on the basis of judgments made relating to economic, financial, market and other considerations. To maintain the correspondence between the Index Securities in the Fund and the S&P Saudi Arabia Shariah Index, the fund will adjust the Index Securities held in its portfolio from time to time to conform to periodic changes in the identity and/or relative weights of Index Securities in the S&P Saudi Arabia Shariah Index.
There can be no assurance that the Fund will achieve its objective and investment results may vary substantially over time.
11. Principal Investment Strategies The Fund will track, as closely as possible, the performance of the S&P Saudi Arabia Shariah Index. The S&P Saudi Arabia Shariah Index is an unmanaged group of securities whose overall performance is used as a standard to measure the performance of the Shariah compliant companies listed on the Saudi Stock Exchange (Tadawul). Unlike actively managed funds, index (or "passively managed") funds do not buy and sell securities based on research and analysis. Rather, index funds simply attempt to mirror what the target index does, for better or worse. An index fund generally does not match exactly the performance of its target index principally because

of cash held in reserve by the Fund and possible illiquidity, which may make it difficult to acquire all the securities comprising the target index. The Fund is designed for investors seeking a relatively low cost approach to investing and may be suitable for long-term investment in the market.

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 invest more than ten percent (10.00%) of its Net Asset Value in illiquid investments.
- (b) The Fund may not lend to any person.
- (c) The Fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for any obligation or indebtedness of any person.
- (d) The Fund may not acquire any asset that involves the assumption of any liability that is unlimited.
- (e) Subject to strict compliance with Shariah laws, and in particular the Contracts and Products principles of Islamic finance, the Fund may require financing via Islamic products only for the purpose of redeeming Units pursuant to a Redemption Request and the maximum financing of the Fund for such purpose will not exceed ten percent (10.00%) of the total Net Asset Value of the Fund, except in the case of financing from the Fund Manager or an affiliate, in which case the maximum financing of the Fund for such purpose will not exceed twenty five percent (25.00%) of its Net Asset Value. The cost of any Islamic financing Product will be based on prevailing market rates at the time of financing.
- (f) 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 convertible into cash within five (5) Business Days, out of the Fund's portfolio.
- (g) The Fund shall not take legal or management control in any of its investments.
- (h) The Fund will not use leverage or enter in leveraged transactions other than as described in Clause 11(e) above.

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, a Unitholder will recover the full amount invested by it in the Fund.
- (b) **Risk related to Al Shariah Regulations:** Providing that the Fund will apply the Al Shariah Regulations, the selected companies for investments will not comprise all the listed companies in the Saudi Stock Exchange, by which the investment in this Fund shall be more risky. Moreover the Fund may be exposed to another kind of risk represented by the inability of exiting some investments in companies that might not applying the Al Shariah Regulations

- anymore, in this case the Fund will be trying to sell such investments as soon as possible.
- (c) **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.
 - (d) **Absence of Operating History:** The Fund is newly formed and has no operating history. The past investment performance of the Fund Manager should not be construed as an indication of the future results of an investment in the Fund.
 - (e) **Dependence on Fund Manager and Key Personnel:** The successful investment of the Fund's assets is significantly dependent 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.
 - (f) **Nature of Index Funds:** Because the investment objectives, policies and strategies of an index fund require it to purchase primarily the securities in an index, the Fund will be subject to the same general risk as the Index Securities. In addition, because an index fund tracks the securities on a particular index, it may have less flexibility than a non-index fund to react to price declines in the securities contained in the index.
 - (g) **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.
 - (h) **Market and Liquidity Risks:** Prospective investors should note that emerging markets, such as Saudi Arabia, 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 investments.
 - (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 Saudi Arabia.
 - (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 unfavourable terms. This may result in substantial losses to the Fund.
 - (k) **Regulatory Risks and Accounting Standards:** The regulatory supervision, legal infrastructure and accounting, auditing and reporting standards in emerging markets, such as Saudi Arabia, may not provide the same degree of protection or information to investors as would generally apply internationally. The accounting procedures related to the assets, depreciation, difference of exchange, tax payables, probable liabilities and accounts consolidation, may be treated in different manner than the procedures universally acknowledged. Moreover probable legalities and taxation changes during the life of the Fund would negatively effect the performance of the Fund. It is too much difficult to expect the impact of any future changes in the regulations and taxation and or any emerged procedures that might be issued by the authorities on the Fund performance.

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. Furthermore, the Units of the Fund are not sponsored, endorsed, sold or promoted by Standard & Poor's. Standard & Poor's does not make any representation regarding the advisability of investing in the Units of the Fund.

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 daily at an annual rate of one and quarter percent (1.25%) of the Net Asset Value of the Fund (before deduction of accrued Management Fee) on the last Valuation Day of the relevant month. Please see " – Summary Financial Disclosure".

13-2 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 and calculated at an annual rate of twentieth of one percent (0.20 %) of the Net Asset Value of the Fund on the last Valuation Day of the relevant month, subject to a minimum of SR 112,500 per annum. Please see " – Summary Financial Disclosure".

13-3 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 SR 112,500 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 two percent (2.00%) of the Subscription Amount 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 and will be in addition to the Subscription Amount payable by such investor. Please see " – Summary Financial Disclosure".

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 are not expected to exceed SR 150,000 per annum. Please see " – Summary Financial Disclosure".

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. Fund Board

The Fund Manager will appoint, subject to approval of the CMA, a Fund 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 Fund Board must be independent directors of the Fund. Each member of the Fund Board will serve in his capacity for a term of two years, renewable for a further term or terms, subject to the approval of the CMA.

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

Mr. Ammar Bakheet (Chairman): Mr. Bakheet is the Head of Asset Management of Audi Capital. Prior to joining the Audi Capital, Mr. Bakheet worked as an Investment Services Manager at RAKBANK, Dubai, UAE. He also worked at SAMBA, one of the leading banks in

Saudi Arabia, as an Assistant General Manager in the investment management unit managing portfolios investing in the Saudi Arabia and other GCC stock markets. He holds an MBA in Finance and Management from Warwick Business School (United Kingdom).

Mr. Rami Jisr (Member): Mr. Jisr holds a Masters degree in Business Administration from INSEAD, France, and a bachelor degree in economics from the University of Texas, Austin. After two years as an analyst in the construction industry in the USA, Mr. Jisr joined Audi Saradar Group in the year 2000. He was since involved in different transactions in Project finance, securitization and proprietary transactions for Bank Audi. In 2005 Mr. Jisr relocated to Riyadh, Saudi Arabia to assist in setting up Audi Capital and be part of its corporate finance team. Mr. Jisr was involved in several transactions in the Saudi market among which are mergers, acquisitions, private placements and Initial Public Offering transactions.

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 (among others) 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 (United Kingdom).

Mr. Osama Al Othman (Independent Member): Mr. Al Othman is a director of Evolve Capital, an alternative asset management firm based in Dubai, UAE. Mr. Al Othman has fifteen years of experience with multinational banks and companies. He started his career as a stock broker with The Saudi American Bank, Riyadh (a joint venture with Citibank in Saudi Arabia) where he was handling private customers' investments in the International equity markets (primarily the United States and the United Kingdom). Thereafter, from 1997 to 2000 he acted as the Financial Manager for Aramco's (The Saudi Oil Company) Gas Expansion Mega Project (US\$ 1billion) where he was based in Calgary, Canada. Mr. Al Othman then worked for The Saudi British Bank - HSBC Investment JV in Saudi Arabia where he spent five years working in product structuring and development before joining Evolve Capital. Mr. Al Othman holds a Bachelors of Science in Industrial Management from King Fahd University of Petroleum & Minerals, Dhahran, Saudi Arabia. Mr. Ziad Al Tunisi and Mr. Osama Al Othman are independent members of the Fund Board. Members of the Fund Board have significant experience in the investment field and are responsible for the Fund's investment policy. More specifically, the Fund 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 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 Fund 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.

The Fund 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 Fund Board will be compensated in the amount of SR 5,000 per meeting attended (plus expenses), provided that the total fees payable to members of the Fund Board shall in the aggregate not exceed SR 80,000 per annum. Members of the Fund 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. It is worth mentioning that the Board Members are also board members of the other investment funds being managed by Audi Capital.

16. 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 and headquarters at Centria Building, P.O. Box 250744, Riyadh 11391, Saudi Arabia.

The Fund Manager is a subsidiary of Bank Audi s.a.l. - Audi Saradar Group, the parent company of the 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, with 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 a broad spectrum of activities involving financial investments and advisory services and provide a complete range of securities-related services and activities, including (but not limited to) brokerage and asset management services, arranging, managing and underwriting services, dealing and advisory and custody activities. The paid-up capital of the Fund Manager is SR 300 million (US\$ 80 million).

SABB Securities Limited has been appointed as Custodian and administrator of the Fund, and will execute all custodial services and administrative tasks as described in the Custodian and Administration Agreement.

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 40.

17. Shariah Supervisory Board of the Fund

the Fund has its own Shariah Supervisory Board to ensure all of its transactions comply with Shariah laws, the members are:

Dr. Abdul Sattar Abu Ghuddah: Dr. Abu Ghuddah earned his PhD in Islamic Law from Al Azhar University, Cairo, Egypt. He is a member of several scientific institutions and academies such as the Islamic Fiqh Academy, the Zakat International Organization, the AAOIFI Shari'ah Council, and the Fatwa Board of Kuwait – Ministry of Awkaf and Islamic Affairs. Dr Abu Ghuddah is also a member of several financial institutions, such as the Supervisory Committee

of Al-Baraka Islamic Investment Bank, the Shari'ah Supervisory Committee of Islamic Arab Insurance Company, the Islamic Re-Insurance Company, and acts as the Head or a member of Shari'ah boards in a number of banks and financial institutions and insurance companies. Dr. Abu Ghuddah has published seven (7) volumes of Islamic & Economic research.

Dr. Muhammad Ali Elgari: Dr. Elgari earned his PhD in Economics from the University of California, U.S.A. He is the Professor of Islamic Economic at King Abdulaziz University, Jeddah, Saudi Arabia and Former Director of the Center for Research in Islamic Economics, in the same university. He is an Expert at the Islamic Jurisprudence Academy of the OIC and the Islamic Jurisprudence Academy of the Islamic World League, and a member of the Shari'ah Council of AAOIFI. Dr. Elgari is a member of several Shari'ah Boards of Islamic Banks and Takaful Companies worldwide. He authored several books in Islamic finance and has published numerous articles on the subject in both Arabic and English. Dr. Elgari is the recipient of the Islamic Development Bank prize in Islamic Banking and Finance for the year 1424H (2004).

Sheikh Nizam Yaquby: Sheikh Nizam is a Shari'ah Scholar from Bahrain, an internationally renowned consultant and a Shari'ah expert in Islamic finance. Sheikh Nizam is a member of the Central Bank of Bahrain Shari'ah Council, the AAOIFI Shari'ah Council, the Islamic Rating Agency, the Dow Jones Islamic Index Shari'ah Board and several other Islamic Financial and Banking Institutions. Sheikh Nizam has taught Islamic law and related subjects in Bahrain since 1976 and has lectured worldwide. He has also recently been appointed adjunct professor of Islamic Law and Finance at the International Islamic University in Malaysia.

Dr. Khaled R. Al-Fakih: Dr. Al-Fakih earned his PhD in Islamic Literature from the University of Saint Joseph, Beirut - Lebanon. Dr. Al-Fakih holds both a Certified Internal Auditor (CIA) Certificate issued by the Institute of Internal Auditors (IIA), and a Financial Risk Manager (FRM) Certificate issued by the Global Association of Risk Professionals (GARP). He is also a member of the Shariah board of The National Bank of Sudan, and a member of AAOIFI Sharia Committees.

18. Administrator

SABB Securities Limited
P.O. Box 9084
King Abdullah Road
Riyadh 11413
Saudi Arabia
Tel: +966 1 4706535
Fax: +966 1 4706935

19. Custodian

SABB Securities Limited
P.O. Box 9084
King Abdullah Road
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 prepare Annual Reports, which will contain (among other things) the annual audited financial statements of the Fund, including balance sheets, income statements and the current Net Asset Value per Unit, and such other information as may be deemed necessary or appropriate, at the Fund Manager's discretion, for Unitholders, within ninety (90) days after the Fund's Financial Year-End. It is expected that the Fund's first annual audited financial statements will be available on the Fund Manager's website (www.audicapital.com) within ninety (90) days after 31 December 2009. Upon request by any Unitholder, a copy of the Fund's Annual Report will be mailed, without charge, 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 Fund Manager's website (www.audicapital.com).
22. Financial Year-End
 31 December in each year, commencing 31 December 2009.
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 "Terms and Conditions – Winding-up and Appointment of a Liquidator" above.
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 Fund 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. Moreover, any transfer, sale, assignment, charge, mortgage, pledge or other disposition of any Units with the approval of the Fund Manager shall not be effective until:

- (a) the transferee or assignee of such Units (i) executes 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 (ii) provides all such legal opinions and documentation as the Fund Manager may request to effectuate such transfer or assignment; and
- (b) the Fund Manager registers the transfer of such Units in the Fund's registry of Unitholders. 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 purported transfer, sale, assignment, charge, mortgage, pledge or other disposition of Units otherwise than in compliance with the Terms and Conditions and the 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 recognise any such interest or right.
27. The Participation of the Fund Manager
- On the initial closing Date, the Fund Manager may (but is not obligated to) participate in its sole discretion in the Fund as an investor, and reserves the right to dispose of its participation in full or in part whenever it sees proper. The Fund Manager shall declare its investment by the end of each year.
28. Legal Counsel
- Dewey & LeBoeuf
No. 1 Minster Court
Mincing Lane
London EC3R 7YL
United Kingdom
Khalid A. Al-Thebity Law Firm in affiliation with Dewey & LeBoeuf
Sky Towers, 8th Floor
King Fahad Road
P.O. Box 300807
Riyadh 11372
Saudi Arabia
29. Dealing Day
- Each day on which Units may be subscribed or redeemed, being each Business Day and/or any other 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").
30. Subscription
- Subscription Procedure**
- 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:
- Retain such personal data for prescribed periods after the investor has redeemed its holding in the Fund;

- Transfer such information to the Fund Manager, legal counsel or any other agent of the Fund entitled to receive such information; and
- Transfer such personal data to any person or entity to which the Fund Manager or the Administrator has a legal obligation to disclose such information.

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:

Audi Capital

Riyadh 11391

Saudi Arabia

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.

In the event that a subscription is in the name of a trust, partnership or corporation, the Articles of Association and By-laws or other governing instruments, as well as the appropriate resolution authorizing the investment in the Units, shall be submitted with the Subscription Agreement, together with a list of authorized signatories and their respective specimen signatures.

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, substantially in the form appended to this Information Memorandum as Appendix B.

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.

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.

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 11:00 am (Riyadh Time) on the Valuation Day preceding the Dealing Day specified as the subscription date in the Subscription Agreement, accompanied by payment of the Subscription Amount specified in the Subscription Agreement plus applicable Selling Commissions (if any). If a Subscription Agreement is received by the Fund Manager after such time, or if a Subscription Agreement is received prior to such time but cleared funds have not been received in payment of the related Subscription Amount, the application made by such Subscription Agreement may be held over until the next Dealing Day.

The minimum subscription by any investor shall be SR10,000, 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 SR 5,000 per application.

Units will be issued only if the Fund Manager has evidence that the Subscription Amount is available, or will be cleared, on the relevant Dealing Day in the Fund Manager's account as specified in the Subscription Agreement.

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.

Upon acceptance of any Subscription Agreement, the Fund Manager will transfer the Subscription Amount received from the relevant investor to the separate account established for the Fund in accordance with Article 31 of the Investment Fund Regulations.

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 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 and/or the Unitholders as a whole; or
- (b) Without limiting the generality of the foregoing, 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.

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 11:00 am (Riyadh time) on the preceding Valuation Day, a duly completed and signed Redemption Request, substantially in the form appended to this Information Memorandum as Appendix C. Any Redemption Request which would reduce the value of a Unitholder's holding below SR 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.

Redemptions shall be made on any Dealing Day at the Net Asset Value per Unit as of the Valuation Day preceding such Dealing Day. The relevant Redemption Amount will be paid to a redeeming Unitholder by no later than the close of business on the second Business Day following the Dealing Day specified for redemption in the relevant Redemption Request. 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 Redemption Amount will be paid in Saudi Riyals to the account designated by the Unitholder in the Redemption Request. No interest will accrue on the Redemption Amount 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.

A Redemption Request submitted to the Fund Manager may not be withdrawn except with the consent of the Fund Manager or in the case of a suspension of redemptions, as more fully described below. If the Redemption Request is received after the deadline for receipt of requests for redemption on any particular Dealing Day, it shall be held over and effected 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 Index Securities 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.

Suspension or Deferral of Redemptions

The Fund Manager may, in its sole discretion, defer meeting Redemption Requests until the next Dealing Day if the total of all 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 and the Fund Manager believes that, in light of the liquidity (or absence of liquidity) of the Fund's investments, deferring Redemption Requests would be in the overall interests of all Unitholders.

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) There has been a suspension of dealing or trading on the Saudi Stock Exchange (Tadawul), 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;
- (b) Whenever 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 and/or the Unitholders as a whole; or
- (c) Without limiting the generality of the foregoing, 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.

In addition, redemption of Units will be automatically suspended in the event that the Fund suspends the calculation of the Net Asset Value of the Fund. Please see “Terms and Conditions – Net Asset Value”.

Any suspension of redemptions will be notified immediately to any Unitholder who has submitted a valid Redemption Request. Such Unitholder will, upon receipt of any such notice, have the right to withdraw its Redemption Request. If the Redemption Request is not withdrawn, the redemption will take place as of the first Dealing Day following the termination of the suspension.

The Fund Manager reserves the right to suspend the execution of Redemption Requests submitted by the Unitholders prior to the announcement of a suspension until after such suspension is lifted. Such right will be exercised in circumstances where the Fund Manager believes that to execute the Redemption Requests during the period of suspension would materially and adversely affect the interests of existing Unitholders. The Fund Manager will take all reasonable steps to bring any period of suspension to an end as soon as possible. However in case the redemption requests have been executed and the redemption proceeds are due for payment in accordance with the terms and conditions of this Information Memorandum, the Fund Manger should pay the proceeds to the beneficiaries.

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 relevant Net Asset Value per Unit if, in the opinion of the Fund Manager, the continued holding of Units by such holder could result in legal, pecuniary, tax, regulatory or material administrative disadvantages to the Fund or its Unitholders.

32. Valuation Day

Each Business Day immediately preceding a Dealing Day.

33. Net Asset Value

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:

- (a) The Net Asset Value shall include any unrealized profits or losses.
 - (b) The amount of any dividend or other distribution 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.
 - (c) All securities held by the Fund shall be valued at their Closing Price.
 - (d) Management Fees, Administration Fees and Custodian Fees shall accrue and be payable monthly in arrears on the basis of the Fund’s Net Asset Value on the relevant Dealing Day
- The Net Asset Value per Unit, as of any Valuation Day, is calculated by dividing the Net Asset Value by the number of outstanding Units on the same Valuation Day.

The Fund Manager is empowered temporarily to suspend the calculation of the Net Asset Value, which will automatically lead to the suspension of subscriptions and redemptions for Unitholders, and may do so in any of the following events:

- (a) Tadawul is closed other than for, or during, holidays, or if dealings therein are restricted or suspended;

- (b) When, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Fund, disposal of the assets of the Fund is not reasonably practicable without being seriously detrimental to the interests of Unitholders or if, in the opinion of the Fund Manager, a fair price cannot be calculated for those assets; or
- (c) If the Fund Manager has given notice of the impending termination of the Fund (please see “Terms and Conditions – Winding-up and Appointment of Liquidator” and “Terms and Conditions – Termination”).

Any suspension of the calculation of the Net Asset Value of the Fund shall be notified immediately to Unitholders.

In addition, the Fund Manager shall have the right to postpone any Dealing Day or Valuation Day for one Business Day without the requirement to give notice to the Unitholders when, in the opinion of the Fund Manager, a significant portion (which is likely to be ten per cent. or more) of the assets of the Fund cannot be valued on an equitable basis and such difficulty is expected by the Fund Manager to be overcome within that period.

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| 34. Subscription Amount | The aggregate amount payable by an investor for Units to be subscribed by such investor on a particular Dealing Day, which, for purposes of a subscription on the Initial Closing Date, shall be calculated at a price per Unit of SR10 per Unit and, for purposes of a subscription on any Dealing Day thereafter, shall be calculated at a price per Unit of the Net Asset Value per Unit on the Valuation Day preceding such Dealing Day. |
| 35. Redemption Amount | The aggregate amount payable to an investor in respect of Units redeemed by such investor on a particular Dealing Day, which shall be calculated by multiplying the Net Asset Value per Unit as of the Valuation Day preceding such Dealing Day by the number of Units then being redeemed by such investor. |
| 36. Publication of Net Asset Value | A Monthly Fact Sheet, specifying the Net Asset Value per Unit calculated on the last Valuation Day in the relevant month, shall be made available to the Unitholders electronically on the Fund Manager's website (www.audicapital.com). The Net Asset Value per Unit shall also be published every Dealing Day on the Fund Manager's website (www.audicapital.com), the Saudi Stock Exchange (Tadawul) website, Bloomberg, and/or Reuters, or by any other electronic means. |
| 37. Winding-up and Appointment of Liquidator | <p>The Fund may be terminated and wound-up by the Fund Manager in its sole discretion, in any of the following events:</p> <ul style="list-style-type: none"> (a) If at any time the Net Asset Value is less than SR 5 million for sixty (60) consecutive Dealing Days; or (b) If the Fund shall cease to be authorized or otherwise officially approved by the CMA; or (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. <p>To the extent legal and practicable, the Fund Manager shall give all Unitholders written notice of any such termination of the Fund, and shall, after 60 days, redeem on the Dealing Day specified in such notice all (but not some) of the Units not previously redeemed at the Net Asset Value per Unit as of the Valuation Day preceding such Dealing Day.</p> |
| 38. Termination | 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" 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.

The Fund Manager may not otherwise terminate the Fund without first obtaining the consent of the CMA. To the extent legal and practicable, the Fund Manager shall give all Unitholders written notice of any such termination of the Fund, and shall, after 60 days, redeem on the Dealing Day specified in such notice all (but not some) of the Units not previously redeemed, in each case, at the Net Asset Value as of the Valuation Day preceding such Dealing Day.

39. Reporting to Unitholders

Annual Reports

The Fund will prepare Annual Reports, which will contain (among other things) the annual financial statements of the Fund, as examined by the Fund's Auditors, which will be made available to Unitholders electronically on the Fund Manager's website (www.audicapital.com), and, at the request of a Unitholder, mailed, without charge, to such Unitholder at its last address shown in the register of Units maintained by the Fund Manager, within ninety (90) days after the end of each Financial Year-End.

Monthly Fact Sheets

In addition, the Fund Manager will prepare Monthly Fact Sheets, which will be made available to Unitholders electronically on the Fund Manager's website (www.audicapital.com), and which will specify the Net Asset Value per Unit calculated on the last Valuation Day in the relevant month, summarize the Fund's performance over the relevant month and contain such other information as may be deemed necessary at the Fund Manager's discretion.

Daily Net Asset Value per Unit

The Net Asset Value per Unit will also be published every Dealing Day on the Fund Manager's website (www.audicapital.com), the Saudi Stock Exchange (Tadawul) website, Bloomberg and/or Reuters or by any other electronic means. .

40. 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 securities-related services and activities, including (but not limited to) brokerage and asset management services, arranging, managing and underwriting services, dealing 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. However the Fund Manager undertakes to work for the best interest of both parties by applying best market practices during the selling process.

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.
- (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.
- (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. Voting Rights | Any voting rights attributed to the Fund because of securities included in its portfolio of assets shall be exercised by the Fund Manager after consultation with the Compliance Officer and in accordance with the overall policies approved by the Fund Manager in consultation with the Compliance Officer in this regard. |
| 42. Changes to the Terms and Conditions | The Fund will notify the Unitholders in writing of any material changes to the Terms and Conditions, after the approval thereof by the CMA, 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. |
| 43. Complaints Procedure | The procedure for handling Unitholder complaints will be made available to a Unitholder upon its request. |
| 44. Governing Law | The Terms and Conditions shall be subject to the laws of Saudi Arabia. |
| 45. 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. |
| 46. Summary Financial Disclosure | <p>The Addendum to the Terms and Conditions, which will be updated at least annually, contains the following financial information:</p> <ul style="list-style-type: none"> (a) Fees and Expenses; (b) Dealing Costs; (c) Compensation of members of the Fund Board. |

Addendum to the Terms and Conditions

Summary Financial Disclosure

Table of Fees and Expenses

Fees	Amount	How & When Paid
Management Fee	1.25% p.a.	Paid monthly in arrear as a percentage of the Net Asset Value of the Fund.
Administration Fee	0.20% p.a (subject to minimum of SR 112,500 p.a)	Paid monthly in arrear as a percentage of the Net Asset Value of the Fund.
Custodian Fee	SR to minimum of 100,000 p.a (SR 112,500)	Paid monthly in arrear as a percentage of the Net Asset Value of the Fund.
Selling Commission	Up to 2.00% of the Subscription Amount	Paid by the Unitholder by deduction from the Subscription Amount.
Auditor Expense	SR 50,625 p.a.	Paid as the expense is incurred and deducted from the Fund's assets.
Fund Board Compensation (Aggregate)	Up to SR 80,000 p.a.	Paid as the expense is incurred and deducted from the Fund's assets.
Miscellaneous Expenses	SR 50,000 p.a.*	Paid as the expense is incurred and deducted from the Fund's assets.

*These amounts are estimates only based on assumptions believed to be reasonable as of the date hereof. The aggregate of auditor, legal and miscellaneous expenses are not expected to exceed SR 150,000 per annum.

Eligibility and Screening Criteria

1- Sector-Based Screens

Business activities related to the following are excluded: Alcohol, Tobacco, Gambling, Pornography, Pork, Advertising and Media, Financials activities that are not comply with the Islamic Shariah, Trading of gold and silver in the form of future contracts.

2- Cash Screens

The Fund is not allowed to invest in companies their ratios of accounts Receivables to Market value of Equity (12 Month average) is more than 49%.

The Fund is not allowed to invest in companies their ratios of (Cash + Interest Bearing Securities) to Market value of Equity (12 Month average) is more than 33%.

3- Leverage Screens

The Fund is not allowed to invest in companies their ratios of debt to Market value of Equity (12 Month average) is more than 33%.

4- Revenue Share from Non-Compliant Activities

The Fund is not allowed to invest in companies realizing revenues from non-compliant activities (Non-Permissible Income other than Interest Income) more than 5% of the total revenues.

5- Dividend Purification Ratio

This ratio is provided to investors for purification purposes, it is calculated as:

Dividends * (Non Permissible Revenue / Total Revenue)

The Fund Manager will be reviewing regularly the compliance of the above Eligibility Criteria.

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. 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 share 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 RISKS

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. 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, on redemption or otherwise, 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 should 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 and provide a complete range of securities-related services and activities, including (but not limited to) brokerage and asset management services, arranging, managing and underwriting services, dealing 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.
- (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.

- (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.

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.

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 Saudi Arabia.

The economy of Saudi Arabia where the Fund will invest its portfolio 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

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, such as Saudi Arabia, 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 investments. 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 the Saudi Stock Exchange (Tadawul) 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.

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, such as Saudi Arabia, 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.

AL SAFWA SAUDI INDEX 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 22 June, 2009 (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 Al Safwa Saudi Index Fund ("Fund") offered by Audi Capital ("Fund Manager").

Fund Manager

Audi Capital

Centria Building

Prince Mohammad Bin Abdul Aziz Road (Tahlia)

P.O. Box 250744, Riyadh 11391- Saudi Arabia

To: Audi Capital
 PO Box 250744
 Riyadh 11391
 Saudi Arabia
 Fax: +961 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

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 SR
- Plus Selling Commission (if any) SR
- Total Amount to be Paid by Subscriber SR
- (b) Subscription Date/ Dealing Day
- (c) Reinvestment Option* (Please Select)
- Reinvest my dividend payments into additional Units in the Fund
- Distribute my dividend payments

*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.

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

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 Placement 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 Placement Agent)

- Copy of Articles of Association (copy must be certified by the Ministry of Commerce and Industry or original must be witnessed by the Placement Agent)
 - Copy of Bylaws (if applicable) (copy must be certified by the Ministry of Commerce and Industry or original must be witnessed by the Placement 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 Placement 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 Placement 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 with Audi Capital, Account No....., the full Subscription Amount for the units covered by this subscription agreement. In case the account is in a currency other than Saudi Riyals, 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 its account with Audi Capital, please take note of the following transfer details:

Beneficiary’s Bank:	Saudi British Bank (SABB)
IBAN Number:	SA384500000086006897900
Address:	Riyadh – Saudi Arabia
Beneficiary’s Name:	Al-Safwa Fund Subscription Account
Swift Code:	SABBSARI
Details:	Subscription favor client no...
For final credit:	[Subscriber’s Name & Account Number with Audi Capital]

7. SIGNATURE(S)

Signed	Signed
Name	Name
Title	Title
Name of Entity*	Name of Entity*
Capacity*	Capacity*
Date	Date

The Applicant acknowledges that, if this Subscription Agreement is accepted, the Fund Manager will transfer the Subscription Amount received from the Applicant to the separate account established for the Fund in accordance with Article 31 of the Investment Fund Regulations.

* 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 (capitalized terms used herein and not otherwise defined have the respective meanings ascribed thereto in the Information Memorandum), 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, Saudi Arabia, 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:

3.1 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.

3.2 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 the Fund, this Subscription Agreement and the Information Memorandum.

3.3 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.

4. The Applicant:

- 4.1 Is eligible, in accordance with all applicable laws and regulations and the Terms and Conditions of the Fund, to subscribe for and hold Units.
 - 4.2 If a U.S. Person, is both an “accredited investor” (as defined in Rule 501 of Regulation D under the U.S. Securities Act) and a “qualified purchaser” (as defined in Section 2(a)51 of the U.S. Investment Company Act) and is not subject to the United States Employee Retirement Income Security Act of 1974, as amended.
 - 4.3 Will supply the Administrator and the Fund Manager with such other information and facts as from time to time are deemed reasonably necessary or desirable by the Administrator or the Fund Manager (as the case may be) to enable them to determine that the Applicant is and continues to be eligible, in accordance with all applicable laws and regulations, the Terms and Conditions of the Fund and this Subscription Agreement and the Information Memorandum, to hold Units.
5. The Applicant understands the minimum initial subscription is SR10,000 and the additional amounts that may be subscribed are the multiples of SR5,000.
 6. 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 Saudi Riyals, and must be paid net of all deductions, withholdings, banking charges or other taxes or levies.
 7. 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 which, for purposes of a subscription on the Initial Closing Date, shall be calculated at a price per Unit equal to SR10 per Unit, and, for purposes of a subscription on any Dealing Day thereafter, shall be calculated at a price per Unit equal to the Net Asset Value per Unit on the Valuation Day preceding such Dealing Day. 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.
 8. 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.
 9. 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.
 10. 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.

11. 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..
12. 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 defer meeting Redemption Requests and limit the total number of Units which may be redeemed on any given Dealing Day to ten percent (10.00%) 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 and the Fund may defer Redemption Requests if there has been a suspension of dealing or trading on the Saudi Stock Exchange (Tadawul), 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. 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.
13. 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.
14. 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:
 - 14.1 Represent the Applicant's interest as a Unitholder in all aspects before all competent regulatory and government authorities, departments and agencies;
 - 14.2 Acquire, hold and register securities on behalf of the Unitholders in the name of the Fund or the Fund Manager;
 - 14.3 Deal with banks to obtain funding, subject to the provisions of the Information Memorandum;
 - 14.4 Do all acts, deeds and things necessary or incidental to the Collective Investments and for the acquisition and/or disposition of assets;
 - 14.5 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;
 - 14.6 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;
 - 14.7 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; and
 - 14.8 Do all reasonable acts, deeds and things reasonably possible under law to protect the rights and interests of the Unitholders as collective investors.
15. The Applicant represents and warrants 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 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 agrees to the release to the CMA of any information provided by it to the Fund, the Fund Manager or the Administrator.

16. 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 relevant authority with jurisdiction in the Kingdom of Saudi Arabia, for final resolution.

Additional Know Your Customer and Combat of Money Laundering Considerations

17. The Applicant represents, warrants and undertakes on a continuous basis with respect to this subscription and any subsequent subscription(s) of Units by it:

17.1 The Applicant is purchasing the Units with lawfully acquired funds for investment; and

17.2 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 anti-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.

For Official Use Only

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

AL SAFWA SAUDI INDEX FUND
Acceptance of Subscription

Fund Manager
Audi Capital
 Centria Building
 Prince Mohammad Bin Abdul Aziz Road (Tahlia)
 P.O. Box 250744, Riyadh 11391- Saudi Arabia

To: **Applicant**
 (Please insert the name and address of the Applicant)

The Fund Manager hereby accepts the subscription of the above-named Applicant for Units in the Fund as set forth in the Applicant's Subscription Agreement dated on the terms and conditions contained in the Subscription Agreement and the Information Memorandum. 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 SR
- Plus Selling Commission (if any) SR
- Total Amount to be Paid by Subscriber SR
- (b) Subscription Date/ 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

Al Safwa Saudi Index Fund

AL SAFWA SAUDI INDEX FUND
Redemption Request

Fund Manager
Audi Capital

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

To: **Audi Capital**
PO Box 250744
Riyadh 11391
Saudi Arabia
Fax: +961 4627512

*I/We registered holder(s) of Units of Al Safwa Saudi Index Fund hereby apply to redeem of the said Units on the Dealing Day following receipt of this Redemption Request by the Fund Manager, provided that this Redemption Request is received by the Fund Manager not later than 11:00 am (Riyadh time) on the Valuation Day preceding such Dealing Day; it being understood that such redemption shall be made at the Redemption Amount calculated by multiplying the Net Asset Value per Unit as of such Valuation Day by such number of Units to be redeemed.

UNITHOLDER DETAILS

Full Name(s)

Address

Telephone

Facsimile

E-mail

Nationality

Occupation

(h) Passport/National Civil ID/ Iqama/CR Number

REDEMPTION INSTRUCTIONS

Please credit my account number , with the Redemption Amount in respect of the Units to be redeemed as requested hereby. In case the account is in a currency other than Saudi Riyals, the exchange rate applicable for such other currency in the Saudi Arabian market as of the relevant Dealing Day will be applied to the Redemption Amount for credit to the investor's account in such other 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

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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.