

SICO SELECTED SECURITIES FUND

(An open-ended retail investment scheme pursuant to the regulations for the operation and marketing of collective investment schemes issued by the CBB as contained in the CBB rulebook, Volume 6, Capital Markets, Collective Investment Undertaking Module authorized under the laws of the Kingdom of Bahrain and created by SICO Funds Company BSC (c), created by an Instrument issued by SICO Funds Company B.S.C. (C) dated 30 March 1998, as amended from time to time)

Offering of up to 50,000,000 Class A Units and 100,000 Class B Units

Fund Company

SICO FUNDS COMPANY B.S.C. (c)

Investment Manager

SECURITIES & INVESTMENT COMPANY BSC (c)

The date of this Information Memorandum as amended from time to time is November 16, 2008.

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

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

NOTICE TO INVESTORS

None of the Ministry of Industry and Commerce of the Kingdom of Bahrain, the Central Bank of Bahrain or the Bahrain Stock Exchange take any responsibility for the accuracy of the statements and information contained in this Prospectus or for the performance of this Fund, nor shall they have any liability to any person for any damage or loss resulting from reliance on any statement or information contained herein.

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

This document is important and should be read in its entirety. Potential investors are advised to seek professional advice in relation to the contents of this Prospectus.

INVESTORS SHOULD BE AWARE THAT THE VALUE OF UNITS MAY DECREASE AS WELL AS INCREASE.

This Prospectus provides a summary of certain information relevant to an investment in SICO Selected Securities Fund. The information in this Prospectus relating to the Memorandum and Articles of Association of SICO Funds Company B.S.C. (C) does not purport to be complete and this Prospectus is qualified by reference to those documents.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus. If given or made, such information or representations must not be relied upon as having been authorized by either the Company or its Directors.

The Units being offered may not be purchased or held by, or for the benefit of, any Non-Qualified Person (as defined hereinafter) at any time. "Non-Qualified Person" means any person to whom a transfer to or holding by such person of Units would:

- (One) be in breach of any law or requirement of any country or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances ;
- (Two) result in the Company or Fund incurring any liability to taxation which the Company or Fund would not otherwise have incurred or suffered ;
- (Three) require the Company or Fund to be registered under any statute, law, or regulation, whether as an investment company or trust scheme ; or
- (Four) cause the Company or Fund to be required to apply for registration or comply with any registration requirements in respect of any of its Units, whether in the United States of America, the United Kingdom or any other jurisdiction.

The Fund Company, the Investment Manager and the Distributor will comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition of and Combating Money Laundering and the various Ministerial Orders and circulars issued with regard thereto and Terrorist Financing from time to time including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institution's Obligations Concerning the Prohibition of and Combating Money Laundering and any other law which may come into force in Bahrain in the future in connection with anti money laundering regulations

Applications for Units are subject to acceptance by SICO Funds Company B.S.C. (C) and Placement Agent(s)

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

Applications for Units are subject to acceptance by the Fund Company.

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

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

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

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1. DEFINITIONS

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

‘Administrator’	HSBC Bank Middle East Limited, Bahrain Branch or its successors when acting as administrator for the Fund.
‘Application Form’	Application form provided by the Fund Company to be used as means to apply for Units of the Fund.
‘Auditor’	PricewaterhouseCoopers or their successors when acting as auditors for the Fund.
‘BD’	Bahraini Dinars, the lawful currency of the Kingdom of Bahrain.
‘BSE / Exchange’	Bahrain Stock Exchange
‘Business Day’	A day on which the Bahrain Stock Exchange is open for business.
‘CBB’	Central Bank of Bahrain, the erstwhile financial regulator in the Kingdom of Bahrain, earlier known as Bahrain Monetary Authority (BMA)
‘Custodian’	HSBC Bank Middle East Limited, Bahrain Branch or its successors when acting as custodian for the Fund.
‘Dealing Day’	The first business day of each calendar month.
‘Directors’	The directors of SICO Funds Company B.S.C. (C)
‘Fund’	SICO Selected Securities Fund.
‘Fund Company’	SICO Funds Company B.S.C. (C)
‘Investment Manager’	Securities & Investment Company BSC(c)
‘Instrument’	The instrument issued by SICO Funds Company B.S.C. (C) dated 30 March 1998 as amended from time to time.
‘Memorandum and Articles’	The memorandum and articles of association of SICO Funds Company B.S.C. (C)
‘Net Asset Value / NAV’	The net asset value of the Fund as determined in accordance with the principles set out in this Prospectus.
‘Redemption Request Form’	Redemption form provided by the Fund Company to be used as means to redeem Units of this Fund.
‘Registrar and Transfer Agent’	KPMG, Bahrain or their successors when acting as registrars for Units of the Fund.
‘Subscription Price’	(a) the price at which Units are being offered which, in respect of the Initial Offering (i) with respect to Class A Units is BD 0.100 per Unit plus a subscription fee of upto 3% thereon and; (ii) with respect to Class B units the prevailing NAV of Class A Units on the relevant Subscription Day plus a subscription fee of 3 per cent thereon; and (b) with respect to subscriptions beyond the initial Offering means the price calculated for each Class of Units as described in the section 3.8 headed “ <i>Net Asset Value</i> ” plus a subscription fee of up to 3% of the subscription amount;

‘Units’	non-voting units of Class A and Class B in the Fund;
‘Unitholder(s)’	Holder(s) of Units of SICO Selected Securities Fund.
‘Valuation Day’	The last business day of each calendar month.

2. SUMMARY OF TERMS

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus.

The Fund Company	SICO Funds Company B.S.C. (C), a Bahraini fund company approved by the Central Bank of Bahrain (previously known as Bahrain Monetary Agency) and incorporated as a closed joint stock company with Commercial Registration No. 40378, whose registered address is first floor, BMB Center, P.O. Box 1331, Manama, Bahrain.
The Fund	SICO Selected Securities Fund, an open-ended retail investment fund issued by SICO Funds Company B.S.C. (c) through the Instrument dated 30 March 1998 as amended from time to time.
Investment Objective	Medium to long-term capital growth as well as current income from annual dividend distributions through investing in equity and debt securities listed or expected to be listed on the Bahrain Stock Exchange.
Dividend Policy	It is the intention of the Directors to declare dividends on the Units on an annual basis, subject to the approval of the CBB.
Investment Manager	Securities & Investment Company BSC(c), an investment bank licensed by the Central Bank of Bahrain (previously known as Bahrain Monetary Agency) and incorporated as a Bahrain closed shareholding company.
Administrator	means HSBC Bank Middle East Limited, Bahrain Branch or its successor when acting as administrator to the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
Custodian	means HSBC Bank Middle East Limited, Bahrain Branch or its successor when acting as the custodian of the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
Distributor	Securities & Investment Company BSC(c) P.O. Box 1331 Manama, Bahrain
Auditor	PricewaterhouseCoopers P.O. Box 26403 Manama, Bahrain
Legal Counsel	Qays H. Zu'bi, Attorneys and Legal Consultants P.O. Box 2397, Manama,
Registrar and Transfer Agent	KPMG, Bahrain, P.O. Box 710, Manama
Sponsor	Securities & Investment Company BSC(c), an investment bank licensed by the Central Bank of Bahrain (previously known as Bahrain Monetary Agency) and incorporated as a Bahrain closed shareholding company;
Class A Units	Class A Units represent units in the Fund which are acquired by the Investors directly from the Investment Manager;

Class B Units	Without prejudice to the definition of Class A Units, Class B Units represent units in the Fund which are acquired by institutional investors through third party distributors i.e a distributor other than Securities & Investment Company BSC(c);
Closing Date	with regard to Class A Units, the Closing Date means the last date for receipt of applications for Class A Units pursuant to the Initial Offering for Class A Units, being March 30, 1998; with regard to Class B Units, the Closing Date means the last date for receipt of applications pursuant to the Initial Offering for Class B Units being December 30, 2008 or such later date as the Directors, acting on their sole discretion, may determine;
Currency	The Fund is denominated in Bahraini Dinars.
Financial Year	means a period of one year starting from January 1 and ending on December 31 of each year;
Commitment	The Investment Manager commits to maintain an investment in the Fund at a minimum rate of 5% of its Net Asset Value.
Subscription	Units may be subscribed for on monthly basis on each Valuation Day, upon application to the Fund Company. The Units will be offered at their respective Net Asset Value on the relevant Valuation Day plus the Subscription Fee.
Redemption	Units may be redeemed on monthly basis on each Valuation Day, subject to the condition that the Fund Company should have received, 10 Business Days prior to the relevant Valuation Day, a duly authorized redemption request in writing. Units will be redeemed at their respective Net Asset Value on the relevant Valuation Day.
Minimum Application	1,000 Units, thereafter in multiples of 1,000 Units.
Valuation Day	The last Business Day of each calendar month.
Dealing Day	The first Business Day of each calendar month.
Business Day	A day on which the Bahrain Stock Exchange is open for business.
Listing	The Fund is listed on the Bahrain Stock Exchange.
Subscription Fee	A maximum of 3% one-off front-end fee of the price of Units subscribed for.
Management Fee	Under the Fund Management Agreement, the Fund will pay the Investment Manager (a) with respect to Class A Units, a fixed fee of 1.0% per annum and (b) with respect to Class B Units a fixed fee of 1.75 % per annum (calculated for these purposes prior to the deduction of management fee) accrued on the Valuation Day and payable quarterly in arrears.
Performance Fee	<p>The Investment Manager will also be entitled to receive from the Fund a performance fee of 20% over and above the hurdle total rate of return of 10% for each class of Units for each Financial Year with the High Water Mark Principle.</p> <p>For the purposes of calculating the subscription prices and the redemption prices of Units on any Valuation Day the Performance fees as at that Valuation Day will be accrued but in calculating the Net Asset Value per Unit as at the end of the relevant year-end for determining the Performance Fee such accrual will be ignored. In the event that Units are redeemed, the performance fee in respect of such Units shall be calculated as at the date of such redemption.</p>

The performance fees would be payable to the Investment Manager within fourteen business days following the end of each Financial Year. The performance fees accrued for Units redeemed during a given year will be paid along with the outstanding Units at the end of the Financial Year.

For purposes of calculating the monthly NAV, performance fee will also be calculated based on the change in the NAV of each class of Units after deduction of all fees and expenses except performance fees. However, this calculation shall be ignored for the purposes of performance fee calculation at the end of each financial year.

It should be noted that as the Net Asset Value per Unit may differ between Classes, separate performance fee calculations will be carried out for separate Classes within a Fund, which therefore may become subject to different amounts of performance fee.

Custody Fee

Under the Custody Agreement, the Custodian will be entitled to receive an annual custodian fee not exceeding 0.30% of the NAV of the assets for the account of the Fund, to be accrued monthly and payable on a pro rata basis on a quarterly basis.

Administration Fee

Under the Administration Agreement, the Administrator will be entitled to receive an annual fee not exceeding 0.20% of the NAV of the assets for the account of the Fund to be accrued monthly and payable on a pro rata basis on a quarterly basis.

Registrar Fee

Under the Registrar Agreement, the Registrar will be entitled to receive a flat fee of BD 1,500 per annum for up to 1,000 Unitholders. Beyond, 1,000 Unitholders, the registrar will be entitled to fees as set out in the Registrar Agreement.

Auditor's Fee

A flat fee of BD 2,000 for preparing an annual audit report and BD 1,600 for reviewing the semi-annual financials of the fund exclusive of any out of pocket expenses incurred by the Auditor.

3. THE FUND AND THE FUND COMPANY

The Fund

SICO Selected Securities Fund is an investment vehicle that offers investors easy access to investment in securities listed or expected to be listed on Bahrain Stock Exchange in a well researched and managed style.

The Fund was created by an Instrument dated 30 March 1998, issued by SICO Funds Company B.S.C. (c), a limited liability joint stock company under the laws of the Kingdom of Bahrain. The Instrument, upon a recommendation by the Directors of the Fund Company and a resolution by the Unitholders' meeting convened on 27 May 2001, was amended to primarily change the status of the Fund from closed-ended to open-ended. The Instrument has been further amended to classify the Fund as a retail fund pursuant to the regulations for the operation and marketing of collective investment schemes issued by the CBB as contained in the CBB rulebook, Volume 6, Capital Markets, Collective Investment Undertaking Module and to introduce certain other amendments.

The Fund Company

SICO Funds Company B.S.C. (C), a Bahraini fund company approved by the Central Bank of Bahrain and incorporated in 1998 as a Bahrain Exempt Investment Share Company with Commercial Registration No. 40378, whose registered address is first floor, BMB center, P.O. Box 1331, Manama, Bahrain. The Fund Company has the right to issue different shares and funds.

The establishment of the Fund Company and its Memorandum and Articles have been approved by the Ministry of Commerce in Bahrain in accordance with the Bahrain Commercial Companies Law No. 28 for 1975 and Ministerial Order No. 25 for 1977 (as amended), and the erstwhile Central Bank of Bahrain. Pursuant to Bahrain Law, the fixed duration of the Company is 25 Gregorian calendar years from the date of registration of the Fund Company at the Registry of Commerce. This period may be extended by resolution of the Fund Company's shareholders with the prior approval of the Ministry of Commerce and the CBB.

The authorized Share Capital of the Company is 20,000 Bahraini Dinars divided into 200,000 shares. Except for 1 share all the Fund Company's shares are owned by Securities & Investment Company BSC(c). The personal liability of the shareholders of the Fund Company for its debts or obligations is limited to the amounts they have subscribed to the capital of the Company.

In accordance with the Instrument, the Company will set up and maintain the following contracts (in accordance with the terms of such contracts):

- a) Fund Management Agreement with Securities & Investment Company BSC(c).
- b) Distribution Agreement(s) with the Fund Distributor(s).
- c) Custodian Agreement with HSBC Bank Middle East Limited, Bahrain Branch
- d) Registrar and Transfer Agent Agreement with KPMG, Bahrain
- e) Administration Agreement with HSBC Bank Middle East Limited, Bahrain Branch

These contracts will be available for inspection by Unitholders, during normal office hours, at the registered office of SICO Funds Company B.S.C. (C) Also available for inspection by Unitholders will be the updated Prospectus, the Memorandum and Articles of Association of the Fund Company and the Instrument.

4. INVESTMENT POLICY

Investment Objective

The Fund's investment objective is medium to long-term capital growth as well as current income from annual dividend distributions achieved by investing primarily in equity securities listed or expected to be listed on the Bahrain Stock Exchange. The Fund may also invest in debt securities listed on the Exchange.

Investment Strategy

The Investment Manager will be utilizing a research driven and an active approach for managing the Fund. The Investment Manager will intensively analyze the available companies for investment within each sector of the Exchange to come up with a list of attractive companies. In brief, this analysis would entail studying the historic performance, the management, shareholding structure, competitiveness and the future prospects of the companies.

Upon identifying the list of attractive companies, the stocks would be analyzed from a fundamental as well as technical point of view, which would include an assessment of the valuation levels, liquidity and the timing of the investment. With regard to investment in debt securities, due consideration will be given to the solvency of the issuer of such securities.

Investment Policy and General Restrictions

The Fund will invest principally, but not exclusively, in equity and debt securities listed on the Bahrain Stock Exchange denominated in Bahrain Dinars, US Dollars, or any other currency in which those securities are traded. Equity securities listed on the Bahrain Stock Exchange include equity securities of public shareholding companies registered in Bahrain (may be listed elsewhere) and other equity securities of public shareholding companies registered elsewhere and are listed or cross-listed on the Bahrain Stock Exchange. Debt securities include those instruments issued by Bahraini companies and/or the Bahrain Government and its agencies.

Additionally, the Fund may invest up to 10% of the Fund's net asset value in unlisted equity and debt securities. The recommended split between unlisted equity and debt would be 50% each in that the maximum exposure that the Fund would be allowed to have to unlisted equity would be 5% whereas the limit for unlisted debt would also be 5%.

The Investment in unlisted securities would be restricted to Bahraini companies only. Additionally, investment in unlisted securities would not be made unless a clear exit route is determinable at the time of the investment. All investments in unlisted securities would be made with emphasis on the overall liquidity position of the Fund.

- a) The maximum allowed investment in any single issuer (including both equity and debt securities) shall not exceed 10% or the weight of the security in the benchmark (whichever is higher) of the Fund's Net Asset Value at the time the investment is made;
- b) The Fund shall not investment more than 20% of the Fund's assets with a single group of connected parties;
- c) The Fund shall invest not more than 20% of its assets in cash and cash equivalents;
- d) The Fund shall not deal short or on margin;
- e) The Fund shall not make any investments that would expose it to unlimited liability;
- f) The Fund may borrow a maximum of 10% of its Net Asset Value at the time the borrowing is made and will be effected only as a temporary measure to finance operations including redemption of Units.

5. INVESTMENT CONSIDERATIONS AND RISK FACTORS

The combination of a strictly applied investment policy, a rigorous approach to investment selection and a continuing monitoring and reporting program is intended to provide investors with enhanced returns. However, there are also risks involved in this investment. The following is intended as a summary of certain investment considerations and risks associated with this investment, but is not exclusive and must be supplemented by the investor's own analysis of, among other things, such investor's personal or corporate financial circumstances.

General

The Net Asset Value per Unit may decrease as well as increase. There can be no assurance that the Fund will achieve its investment objective or that a Unitholder will recover the full amount invested in it. The capital return and income of the Fund are based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, the Fund's return may be expected to fluctuate in response to changes in such appreciation or income. An investment in the Fund should be viewed by applicants as a medium to long term investment.

Management

The success of companies in the investment services sector such as SICO Funds Company B.S.C. (C) and its Fund depends to a considerable extent on the skills and knowledge of the key personnel. Further, the Investment Manager is entirely responsible for investing and reinvesting all the assets of the Fund. Therefore, Unitholders will be reliant entirely on the Investment Manager and will not be able to direct the Fund's operations or investments. The Fund's results are independent of, and cannot be inferred from, the previous results obtained by collective investment schemes managed by the Investment Manager.

Price Fluctuations

The prices of securities listed on the stock exchanges of emerging markets (such as Bahrain) may be subject to sharp fluctuations and sudden declines and no assurance can be given as to the future performance of listed securities in general. Prospective investors should therefore be aware that the value of Units and the income derived from them may fluctuate.

In addition, the Fund may invest a portion of its assets in securities that are in the process to be listed. The potentially illiquid nature of these investments may result in the Fund not being able to dispose of such investments at the optimum price or within a reasonable time at a reasonable price.

Forced Liquidation

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

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

6. DETERMINATION OF NET ASSET VALUE

The Administrator will determine the Net Asset Value for each of Class A and Class B Units expressed in Bahraini Dinars, as at the close of business on each Valuation Day in accordance with generally accepted international accounting standards using the following formula: (a) the total assets of the Fund less the total liabilities divided by (b) the total number of outstanding Units of the Fund prior to such Valuation Day, and after the NAV per Unit for each of Class A and Class B is accrued of the Performance Fee (if any), the resultant NAV per Unit will be applied for subscription and redemption. For the avoidance of doubt, the only difference in the valuation of NAV for Class A and Class B Units will be the amount of base management fee payable by holders of Class A and Class B Units respectively. In the event that Units are redeemed, the Performance Fee in respect of such Units shall be calculated and become payable as at the date of such redemption. For the purposes of the determination of the Fund's NAV with respect to each of Class A and Class B Units, the assets of the Fund are separate from the assets of the Fund Company and from the assets of other collective investment schemes created or marketed by the Fund Company.

To the extent feasible, investment income, interest payable (if any), fees and other liabilities (including contractual fees) will be accrued monthly

The assets of the Fund will be valued as follows:

- a) Listed securities will be valued at the last available closing price, as long as the last trade on such security is dated not more than 60 days prior to a Valuation Day.;
- b) Non-listed securities, as well as those listed securities that did not trade for more than 60 days prior to a Valuation Day, will be valued at their probable net realization value as determined by the Investment Manager;
- c) Cash, liquid assets and money market instruments will be valued at face value plus any accrued interest.

The updated NAV per Unit for each of Class A and Class B Units shall be published on the Investment Manager's website on a monthly basis on the third business day at 12:00 p.m. Bahrain Time.

The Investment Manager / Sponsor cannot determine the value of the Fund's assets. However, the assets of the Fund will be valued based on directions from time to time of the Directors.

3.9. Reporting

The Fund's fiscal year will commence on 1st January each year and end on 31st December each year.

The Fund Auditor, PricewaterhouseCoopers, or its successors when acting as auditors for the Fund, shall review the Fund's interim financial information as of 30th June of each fiscal year, which includes a review of the calculation of Net Asset Value as of that date. Unaudited interim accounts will be sent to the Unitholders and the CBB within two months of the end of the period to which they relate.

The Auditor shall also carry a full year audit as of the end of each fiscal year and shall produce a report on the Fund's accounts on an annual basis.

Annual audited accounts for the Fund for each fiscal year will be sent through post to the address of the Unitholder, as it appears in the Fund Register, within four months from the end of each fiscal year. Audited reports will also be sent to the CBB within the same time period.

The Net Asset Value as of each Valuation Day will be announced to the Bahrain Stock Exchange on the Dealing Day following the last Valuation Day. The Net Asset Value will also be published in at least two Bahraini newspapers and will be posted to the Investment Manager's web site 'www.sico-bahrain.com'.

The Investment Manager will produce a quarterly report on the status and performance of the Fund. This report will be sent through post to the address of the Unitholder as it appears in the Fund Register.

7. MANAGEMENT AND ADMINISTRATION

The Directors

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

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

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

Shakeel Sarwar is the Head of Asset Management at SICO and has over thirteen years of investment industry experience in Bahrain, Saudi Arabia, the U.K and Pakistan with some of the world's leading financial institutions. Shakeel joined SICO in 2004 and is involved in managing the asset management business. Before joining SICO, Shakeel was part of Riyadh Bank's Asset Management Department that managed over US\$3 billion in Saudi equities. He also worked for four years with ABN Amro Asia Securities in the United Kingdom and Pakistan researching and selling Pakistani equities. Shakeel holds an MBA degree in Banking and Finance

Najla Al Shirawi is the Chief Operating Officer in SICO. Prior to taking up this role, she was the Head of Investment and Treasury. During the course of her work with SICO, Najla was part of the team that incorporated SICO Funds Company B.S.C.(c), and structured the SICO Selected Securities Fund. Najla holds a Bachelor Degree in Civil Engineering and a Master of Business Administration in Finance.

Investment Manager

The Fund Company has appointed SICO as the Investment Manager pursuant to an Investment Management Agreement dated January 13, 2004.

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

SICO is a Bahrain based investment bank with regional asset management being one of its core businesses. SICO currently has over US\$ 500 million assets under management in the GCC stock markets. The firm was awarded "Best Securities House in Bahrain" by Euromoney for 2002 and 2003. SICO has been managing discretionary portfolios for clients since 2001 with funds invested across the GCC Countries.

The Investment Manager has appointed Shakeel Sarwar to manage the Fund (please refer to page 30 for his profile). The Investment Manager may replace the Manager from time to time.

Investment Committee

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

Custodian

HSBC Bank Middle East Limited, Bahrain Branch has been appointed as the Custodian of the assets of the Fund, which will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the Custodian Agreement.

HSBC Bank Middle East Limited is established as a limited liability company in Jersey and regulated by the Jersey Financial Services Commission, and has branches in several Middle Eastern countries including Bahrain. HSBC Bank Middle East Limited is an indirect wholly owned subsidiary of HSBC Holdings Plc, a public company incorporated in England and Wales. The HSBC group is one of the largest banking and financial services organisation in the world with well established businesses in Europe, the Asia Pacific region, the Americas, the Middle East and Africa.

The Custodian is entitled to be indemnified against all actions proceedings claims demands costs expenses whatsoever (other than those resulting from the fraud, negligence or wilful default of the Custodian) which may made against or incurred by the Custodian arising out of or in performing its obligations or duties.

In performing its duties, the Custodian may, at the expense of the Fund, appoint such agents, sub-custodians and delegates as it thinks fit to perform in whole or in part any of its duties and discretions (included in such appointment are powers of sub-delegation), provided always that the Custodian will remain responsible for the proper performance of its duties. The Custodian will not however be responsible for any loss suffered by [the Fund by reason only of the liquidation, bankruptcy or insolvency of any such agent, sub-custodian or delegate.

The Custodian will not be responsible for any cash, securities and/or other assets comprising the assets of the Fund which are not deposited with or held to the Custodian's order. In particular, the Custodian will not be responsible for any cash, securities and/or other assets placed with co-custodians, brokers or any other party outside the Custodian's global custodian network.

The Custodian is under no duty to supervise compliance with the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines in relation to the Fund. The Custodian will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control of the US Department of the Treasury.

The appointment of the Custodian may be terminated by not less than three months' notice in writing.

The Directors of the Fund Company will supervise the Custodian.

Administrator

HSBC Bank Middle East Limited, Bahrain Branch has been appointed as the administrator of the Fund pursuant to the Administration Agreement. The Administrator is responsible for the general administration of the Fund, which includes amongst other things, arranging calculation of asset valuations and fees, and administration of uninvested cash.

The Administrator is entitled to be indemnified against all actions proceedings claims demands costs expenses whatsoever (other than those resulting from the fraud, negligence, wilful default or bad faith of the Administrator) which may made against or incurred by the Administrator arising out of or in performing its obligations or duties. The Administrator is under no duty to supervise compliance with the investment objectives, policy, investment restrictions, borrowing restrictions or operating guidelines in relation to the Fund. The Administrator will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control of the US Department of the Treasury.

The appointment of the Administrator may be terminated by not less than three months' notice in writing. The Administrator shall be entitled to receive a Fee as detailed in section 'Fees and Expenses'. The Directors of the Fund Company will supervise the Administrator.

Registrar

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

Auditor

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

The Auditor will also review the unaudited semi-annual financials for the Fund.

Alternative Service Providers

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

8. FEES AND EXPENSES

Given below are details of the fees and expenses that would be charged to the Fund .

Subscription Fee

A maximum of 3% one-off front-end fee of the price of Units subscribed for. The Subscription Fee is payable by investors upon subscribing to Units of the Fund in addition to the price of Units subscribed for.

Management Fee

Under the Fund Management Agreement, the Fund will pay the Fund Manager (a) with respect to Class A Units, a fixed fee of 1.0% per annum and (b) with respect to Class B Units a fixed fee of 1.75 % per annum (calculated for these purposes prior to the deduction of management fee) accrued on the Valuation Day and payable quarterly in arrears

Performance Fee

The Fund Manager will also be entitled to receive from the Fund a performance fee of 20% over and above the hurdle total rate of return of 10% for each class of Units for each Financial Year with the High Water Mark Principle.

For the purposes of calculating the subscription prices and the redemption prices of Units on any Valuation Day the Performance fees as at that Valuation Day will be accrued but in calculating the Net Asset Value per Unit as at the end of the relevant year-end for determining the Performance Fee such accrual will be ignored. In the event that Units are redeemed, the performance fee in respect of such Units shall be calculated as at the date of such redemption.

The performance fees would be payable to the Fund Manager within fourteen business days following the end of each Financial Year. The performance fees accrued for Units redeemed during a given year will be paid along with the outstanding Units at the end of the Financial Year.

For purposes of calculating the monthly NAV, performance fee will also be calculated based on the change in the NAV of each class of Units after deduction of all fees and expenses except performance fees. However, this calculation shall be ignored for the purposes of performance fee calculation at the end of each financial year.

It should be noted that as the Net Asset Value per Unit may differ between Classes, separate performance fee calculations will be carried out for separate Classes within a Fund, which therefore may become subject to different amounts of performance fee.

Launching Costs

All expenses incurred in launching this Fund including those already spent to date are to be borne by the Fund. These include but are not limited to legal, printing, postage and circulation costs of this Information Memorandum and related documents, registration fees, and Initial Offering expenses associated with the setting-up of the Fund. These costs are capped at US\$ 40,000 (and expenses above this amount will be borne by the Fund Company) and will be capitalised and amortised over a period not exceeding one year.

Administration Fee

Under the Administration Agreement, the Administrator will be entitled to receive an annual fee not exceeding 0.20% of the NAV of the assets (subject to a minimum of BD 15,000 per annum) for the account of the Fund to be accrued monthly and payable on a pro rata basis on a quarterly basis.

Custody Fee

Under the Custody Agreement, the Custodian will be entitled to receive an annual custodian fee not exceeding 0.30% of the NAV of the assets (subject to a minimum of BD 15,000 per annum) for the account of the Fund, to be accrued monthly and payable on a pro rata basis on a quarterly basis.

Registration and Transfer Agency Fee

The Registrar and Transfer Agent will be paid a Registration and transfer Agency Fee based on the outstanding number of Unitholders as at the end of each quarter (subject to a minimum of BD 1,500 per annum). The Registration Fee shall accrue monthly and shall be payable on quarterly basis in arrears.

Auditors Fee

The Auditor will be entitled to receive a flat fee of BD 2,000 for preparing an annual audit report and BD 1,500 for reviewing the semi-annual financials of the fund exclusive of any out of pocket expenses incurred by the Auditor.

Other Operating Costs

The Fund will pay other expenses incurred in connection with the operation of the Fund including, but not limited to, auditing fees, and brokerage costs and other transaction-related expenses. The Fund will also pay half of the annual expenses related to the registration and other expenses due to supervisory authorities and are related to SICO Funds Company B.S.C. (C) The accounting treatment for such expenses will depend on their nature and will either be posted directly to the NAV, accrued or amortized.

9. TAX CONSIDERATIONS

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

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

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

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

10. SUBSCRIPTION AND REDEMPTIONS

The Units

The Fund Company has by a resolution of its Board of Directors passed on 30 March 1998, created a nominal amount of BD 5,000,000 Investment Units in the SICO Selected Securities Fund as un-subordinated obligations of the Fund Company. By a subsequent resolution of the Board of Directors, these Units have been classified as Class A Units and a further 100,000 Class B Units have been created. All Units when issued in accordance with the terms described in this Prospectus have a par value of Bahraini Dinar 0.10 and will be fully paid and subject to a different rate of base management fee will have identical rights. Units will have conversion, exchange, redemption or other rights or privileges, only to the extent described in the Prospectus or the Instrument and as required by applicable law.

Eligibility

The Fund is an open-ended retail fund under the Collective Investments Undertakings Regulations issued by the Central Bank of Bahrain as contained in the CBB rulebook, Volume 6, Capital Markets, Collective Investment Undertaking Module.

Distributor(s)

The Fund Company considers appointing a number of financial institutions as Distributors, pursuant to a Distribution Agreement between the Fund Company and the Distributors, to provide distribution services to the Fund. As of the date of this Prospectus, the authorized Distributor is:

Securities & Investment Company BSC(c)
PO Box 1331, Manama, Bahrain

Minimum and Maximum Subscription

The minimum initial subscription by a new investor shall be for 1,000 Units. Subsequent subscriptions to the Fund can be made in multiples of 1000 units with no restriction on maximum subscription.

Subscription

Investors may apply for subscription to Units of the Fund through the Distributor on monthly basis on each Valuation Day. Investors may apply to the Fund by submitting to the Distributor a duly signed and completed Application Form at least five Business Days prior to such Valuation Day (subject to the discretion of the Directors to waive such notice) and following receipt of cleared subscription monies by 12 noon on the Business Day immediately preceding the relevant Valuation Day.

The Fund Company and/or Placement Agent(s) will acknowledge and confirm the purchase of Units by sending through post to the address of the Unitholder as it appears in the Application Form, or collected by the Unitholder in person from the Registrar, a Subscription Confirmation, within 10 Business Days from the Dealing Day.

Subscription Fee

A maximum of 3% one-off front-end fee of the price of Units subscribed for. The Subscription Fee is payable to the Distributor by investors upon subscribing to Units of the Fund in addition to the price of Units subscribed for.

Application Form

Applications to subscribe for Units of the Fund will be accepted on the Application Form. Application Forms can be obtained from the Distributor(s).

Investor Information

An applicant must deliver identification documents along with the Application Form. Identification documents are, in the case of individuals, a certified copy of such subscriber's passport or identification card, and in the case of institutions, a copy of the commercial registration certificate. The Fund Company, the Distributor(s), the Investment Manager and the Registrar reserve the absolute right to require further verification of the identity of each potential investor or that of the person or entity on whose behalf the potential investor is applying for a subscription in the Fund. Each potential investor will provide satisfactory evidence of identity and if so required the source of funds within a reasonable time period determined by the Fund Company. Pending the provision of such evidence, an application to subscribe for an interest in the Fund will be postponed. If a potential Investor fails to provide satisfactory evidence within the time specified, or if a potential Investor provides evidence but the

Fund Company is not satisfied therewith, the application, will be returned to the applicant by inter-bank transfer to the account from which the moneys originated, without any addition thereto and at the risk and expense of the applicant.

No third party payment will be accepted.

Redemption

Units may be redeemed on each Valuation Day, subject to the condition that the Fund Company should have received, 10 Business Days prior to the relevant Valuation Day, a duly authorized Redemption Request Form in writing. Units will be redeemed at their respective Net Asset Value on the relevant Valuation Day and no redemption charge will be deducted.

The proceeds of redemption will be paid by the Fund in Bahraini Dinars to the account designated by the Unitholder in the Redemption Request Form within 5 Business Days from the Dealing Day.

Redemption requests should be for a minimum value of BD 100 (or for the value of a Unitholder's outstanding Units, if lower). No partial redemption of a Unitholder's Units will be permitted if, following such redemption the value of a Unitholder's remaining Units would amount to less than BD 100.

If in respect of any Valuation Day the Fund has insufficient liquidity to meet all outstanding redemption requests (redemption requests exceed 10% of Net Asset Value), the Fund Company shall be entitled to scale down all such requests on a pro rata basis, or in such other manner as it considers appropriate, and redeem Units accordingly. Requests for redemption of Units, which cannot be met on any one Valuation Day, will be carried forward to the next Valuation Day, subject to the same provision regarding sufficient liquidity.

Redemption Request Form

Requests to redeem Units of the Fund will be accepted on the Redemption Request Form. Redemption Request Forms can be obtained from the Distributor(s).

Mandatory Redemption

In accordance with the Instrument, the Fund Company may compulsorily redeem any Units if the Fund Company determines (in its absolute discretion) that those Units are purchased or held by, or for the benefit of, any Non-Qualified Person (as defined hereinafter) at any time. "Non-Qualified Person" means any person to whom a transfer to or holding by such person of Units would:

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

The redemption price per Unit in such cases will be the prevailing Net Asset Value per Unit of the relevant Class.

Listing and Transferability

The Fund is listed on the Bahrain Stock Exchange.

The Fund is listed on the Bahrain Stock Exchange 'BSE'. The Units will be transferable in accordance with the terms of this Prospectus.

Trading days on the BSE are Sunday through Thursday from 10:00 a.m. to 12:00 p.m. Settlement and dealing in the Units will be effected in Bahraini Dinars and in accordance with the requirements of the BSE. Securities & Investment Company BSC(c) shall endeavor to maintain a secondary market in the Units, however no such secondary market can be guaranteed. Securities & Investment Company BSC(c) may also act as a market maker for the Units of the Fund, but will have no obligation to be a counterpart to every proposed transaction. The price at which the Units will be transacted on the BSE may bear no relationship to the Net Asset Value per Unit. The Unit price will be determined by the actual price in which the Units were exchanged and may be influenced by a number of factors, including the depth and liquidity of the market for the Units and investors' perceptions of the Fund. Trading Units on the BSE will be subject to brokerage commissions and registration fees.

11. SUBSCRIPTION TERMS AND CONDITIONS

- 1) By subscribing for Units in the Fund, by signing an Application Form, the prospective investor agrees to subscribe in the terms set forth herein and in the Fund's Prospectus and subject to SICO Funds Company B.S.C. (C)'s Memorandum and Articles of Association and the Instrument.
- 2) The prospective investor understands that the Application Form represents an irrevocable offer to subscribe for Units of the value entered on it by the investor, or such lesser value as may be indicated by the Fund Company and may not be withdrawn. The Board of Directors of the Fund Company reserves the right, in its sole discretion, to accept all, part or none of a subscription and to allocate Units among subscribing investors. The subscription for Units made in the Application Form, if accepted will constitute a binding agreement between the investor and the Fund Company concerning the subject matter of these Terms and Conditions.
- 3) When signing the Application Form, the investor represents and confirms to the Company:
 - a) Receiving of a copy of the Prospectus;
 - b) Has been given access to and the opportunity to examine the Memorandum and Articles, the Instrument and other principal documents and the opportunity to ask questions of, and to receive answers from, the Distributor(s) and/or the Fund Company concerning the terms and conditions of the offering of the Units or any other matter set forth in this Prospectus, and to obtain any additional information (to the extent the Distributor(s) or the Fund Company possess such information or can acquire it without unreasonable effort or expense) necessary to verify the accuracy of the information set forth in the Prospectus;
 - c) That the investor has read and understood the Prospectus and that it is not intended to provide investment, tax, legal or accounting advice; that there are two classes of Units issued by the Fund and the varying percentages of base management fee that apply to these Classes of Units;
 - d) That the investor has reviewed the Prospectus and the subject investment, with such financial, business, legal and tax advisors as deemed necessary, and has determined that the subject investment is suitable in light of the investor's financial condition and risk preferences;
 - e) That if the investor is a corporation, partnership, trust, estate or other entity, it has the requisite power and authority, has been duly organized, is validly existing and in good standing in the relevant jurisdiction and has received all requisite corporate or other authorization, in each case if applicable, to make such a subscription and to purchase and hold the Units in accordance with the terms of the Prospectus (and if applicable a true correct and complete copy of corporate resolutions or other evidence of such authorization is to be attached to the Application Form).
 - f) Transfers of the Units may be made only to the extent permitted by this Prospectus.
- 4) The investor will indemnify the Fund Company against any liability or expenses incurred by the Fund Company in connection with any action, suit or proceeding resulting from, or arising out of, or relating to any statement or any other action made by the investor in the Application Form or otherwise in connection with his subscription for Units.
- 5) The investor will be solely liable and responsible for the payment of any stamp duties, transfer and other similar taxes, if any, imposed in connection with the purchase or transfer of the Units.
- 6) The issuance, ownership and transfer of, and other rights and obligations pertaining to, the Units, are and will be governed by the Instrument, as from time to time amended, copies of which are available on request from the Fund Company and are on file at the Fund Company's office.
- 7) The Fund Company will acknowledge and confirm the purchase of Units by sending through post to the address of the Unitholder, as it appears in the Fund Register, a Subscription Confirmation and Unit Certificate, within 10 Business Days from the Dealing Day.
- 8) These Subscription Terms and Conditions shall be governed by and construed in accordance with the laws of the Kingdom of Bahrain.

12. LIFE AND LIQUIDATION OF THE FUND

The duration of the Fund is subject to the duration of the Fund Company, which is 25 Gregorian calendar years from the date of registration of the Fund Company. This period may be extended by resolution of the Fund Company's Shareholders with the prior approval of the Ministry of Commerce of Bahrain and the CBB.

In accordance with the Instrument, the Fund may be liquidated earlier, subject to the approval of the CBB, if the Directors and Shareholders of the Fund Company so resolve as a matter of extraordinary business. In the event of an exceptional decline in the value of the Fund's assets or a decline in the Fund's assets due to redemptions to a level insufficient to sustain normal trading by the Fund, the Fund Company may subject to the approval of the CBB have to liquidate or voluntarily liquidate positions or cease trading.

The Fund may also be terminated pursuant to an order by a Bahraini court or Bahraini regulatory body, including the CBB, to terminate and dissolve the Fund.

If the Fund should be liquidated, its liquidation will be carried out in accordance with the laws in Bahrain and as detailed in the Instrument, which specify the steps to be taken to enable Unitholders to participate in any liquidation distribution(s). In such case, Units will be redeemed at their prevailing Net Asset Value and no redemption charge will be deducted.

13. GENERAL INFORMATION

Governing Law

This Prospectus, Article and Memorandum of Association and the material contracts and other agreements mentioned herein shall be governed by the laws of the Kingdom of Bahrain.

Amendments to the Prospectus

Proposed changes to this prospectus must be made by the Directors and will be subject to the approval of the CBB and reported to Investors of the Fund. However, under the following circumstances Unitholders would be notified at least 14 calendar days before the changes take effect.

- a. Any changes in the investment policy;
- b. Any changes in the operator, manager, administrator or custodian of the Fund;
- c. Any changes in the directors of the Fund Company;
- d. The merger, division or termination of the Fund; and
- e. Any other major issues that may materially affect the Unitholders.

Subscription Confirmation

Subscription Confirmations of Units will be issued to the investor. The Registrar will maintain the official register of Units. Fractions of Units rounded off to the nearest fourth decimal will be issued where the balances of the subscription monies for Units represent more than the subscription price per Unit.

Records

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

Suspension of Subscription and Redemption of Units

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

- (a) when the market or markets in which a substantial portion of the Fund's assets are invested or traded is or are closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended in a way that affects the valuation of the Fund's assets or where trading is restricted or suspended in respect of securities forming a material part of the Fund's assets;
- (b) the existence of any state of affairs as a result of political, economic, military or monetary events or circumstances outside the control of the Fund Company, including but not limited to delay in settlements, and disposal of assets is not reasonably assured without materially affecting the value and interests of continuing Unitholders and calculation of a fair price;
- (c) any breakdown in the means of communication or computation or otherwise normally employed in determining the price or value of any of the investments made by the Fund for calculating the NAV of the Units or valuing a significant portion of the investment of the Fund, or if the value of any asset or assets which is material to the calculation of NAV of Units may not be determined as accurately or rapidly as required;
- (d) imposition of foreign exchange restrictions or other restrictions affecting the transfer of funds and transactions on behalf of the Fund and potentially having a material impact on normal activities of the Fund including but not limited to purchase and sale transactions and flow of funds from one country to the other; or
- (e) if an order by a Bahraini court or Bahraini regulatory body, including the CBB, is issued requiring such suspension.
- (f) when for any reason the value of a significant portion of the investments owned by the Fund cannot be reasonably, promptly or accurately ascertained; or

(g) if a resolution calling for the liquidation, dissolution or merger of the Fund has been adopted.

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

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

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

Dividend Policy

Subject in each case to the prior approval of the CBB, it is the intention of the Directors to declare dividends based on the overall profitability of the Fund, including realized as well as unrealized profit/income generated by the Fund instead of the realized profits only.

Voting Rights

Units shall have no voting rights attached with regard to matters concerning the Fund Company. Nevertheless, the Board of Directors of the Fund Company may call a meeting of the Unitholders to discuss matters which directly affect the Unitholders. In such case, Units will have voting rights of one vote per Unit. The Directors will convene a Unitholders' meeting for the following purposes:

- (i) to sanction any scheme of arrangement or for the reconstruction of the Fund or for the amalgamation of the Fund with any other Fund;
- (ii) to sanction the exchange of the Units for the conversion of the Units into shares, stock, debentures, debenture stock or other obligations securities of the Fund or any other company formed or to be formed;
- (iii) to sanction the relapse of the Fund from all or any part of the principal moneys owing upon the Units;
- (iv) to sanction any modification or compromise of the rights of the Unitholders against the Fund proposed or agreed to by the Company, whether such rights arise under this Instrument or otherwise; and
- (v) to assent to any modification of the provisions of the Instrument, proposed or agreed to by the Company.

Unitholders shall have no personal liability of any nature for the debts or obligations of the Company.

14. MATERIAL CONTRACTS

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

Investment Manager Agreement

The Fund Company has appointed Securities & Investment Company BSC(c) as Investment Manager, pursuant to the terms of a Fund Management agreement dated April 15, 1998 between the Fund Company and the Investment Manager to provide investment management services to the Fund. The Investment Manager will be entirely responsible for investing and re-investing all the assets of the Fund. Unitholders will, therefore, be reliant on the Investment Manager for decisions on such investment and will not themselves be able to affect directly the quality or direction of the Fund's operations or investments. Details of the fees payable to the Investment Manager are described in the section headed "*Fees and Expenses*".

Custody Agreement

A Custodian Agreement dated June 04, 2008 between the Fund Company and the Custodian pursuant to which the latter has been appointed to act as the Fund's custodian. The Custodian will hold or arrange to hold in safe custody such securities, investments, financial instruments or any other items belonging to the Fund. The Custodian will also maintain non-interest bearing accounts for different purposes as may be advised by the Fund with record of all the transactions under such accounts. Under this Agreement the Custodian has the power to appoint sub-custodians, agents or nominees and to delegate certain custodial and other functions where necessary to any such sub-custodians, agents or nominees. Details of the fees payable to the Custodian are described in the section headed "*Fees and Expenses*".

Administration Agreement

An Administration Agreement dated June 04, 2008 between the Fund Company and the Administrator pursuant to which the latter has agreed to provide administration services to the Fund Company in connection with the Fund. The Administrator will keep the accounts of the Fund and such financial books and records as are required by law or otherwise for the proper conduct of the financial affairs of the Fund. Details of the fees payable to the Administrator are described in the section headed "*Fees and Expenses*".

Registrar Agreement

A Registrar Agreement dated September 14, 2008 between the Fund Company and the Registrar pursuant to which the latter has agreed to provide registrar services to the Fund Company in connection with the Fund. The Registrar will maintain a register of the holders of the Units of the Fund and will give anyone authorised by the Fund Company, or as required by law, access at all reasonable times to the register and subsidiary documents and records and carry out the issue of subscription confirmation and redemption of monies to Investors in accordance with the instructions of the Fund Company. Details of the fees payable to the Registrar are described in the section headed "*Fees and Expenses*".

15. MONEY LAUNDERING PROTECTION

The Fund Company will comply with Bahrain's Legislative Decree No (4) of 2001 with respect to Prohibition of the Combating Money Laundering and the various Ministerial Orders and circulars issued with regard thereto and Terrorist Financing from time to time including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institution's Obligations Concerning the Prohibition of and Combating Money Laundering.

As a result of anti-money laundering regulations, documentation will be required to accompany the subscription for Units. This will be used to comply with these regulations and to verify the identity of investors and will remain confidential. The Fund Company and/or Placement Agent(s) reserves the right to request further documentation or information. Failure to provide documentation will result in the rejection of the subscription.

The investor may NOT need to provide documentation to the Fund Company if the investor:

- a) has an existing investment in the Fund and has already provided documentation; or
- b) is settling the subscription by either:
 - (i) a bank transfer originating from the investor's personal account, by a bank based in a jurisdiction acceptable to the Fund Company (in which case, evidence of the payment instruction in the form of instruction voucher, bank advice or bank statement showing the origin of the instruction must be provided); or
 - (ii) a cheque drawn on the investor's personal account with a bank based in Bahrain or a jurisdiction acceptable to the Fund Company, or
- c) has already provided evidence of this identity to the Fund Company;

In the event of none of the above applying to an investor, the investor must provide proof of identity to the Fund Company and/or Placement Agent(s). Such proof of identity may include;

- a) in the case of private individuals;
 - (i) a certified* copy of an official identity card such as a CPR card; or
 - (ii) a certified* extract from a full passport (i.e. a copy of the front cover and pages showing the investor's photograph, personal details and signature, date and place of issue and serial number).
- b) in the case of corporate investors;
 - (i) a certified* copy of its Memorandum and Articles of Association or Commercial Registration certificate; and
 - (ii) names and addresses of all directors or partners and specimen signatures.

* *The authenticity of the documents must be confirmed by a professional person such as a lawyer, notary, banker, professional adviser or accountant or official entity such as an embassy or government ministry.*

16. MONEY LAUNDERING PROTECTION

Fund Company

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

Investment Manager and Placement Agent

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

Custodian and Administrator

HSBC Bank Middle East Limited, Bahrain Branch
Building No. 2505,
Road No. 2832,
Al Seef 428,
Kingdom of Bahrain

Registrar

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

Auditor

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

Legal Advisor

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