



# AlAhli Saudi Mid-Cap Equity Fund

## Terms and Conditions

### **Fund Name**

Al-Ahli Saudi Mid-Cap Equity Fund

The Fund is regulated by the Investment Funds Regulations issued by the Capital Market Authority

The Fund has been approved by the Capital Market Authority On 19/6/1429 corresponding to 23/6/2008

### **Fund Manager**

NCB Capital Company

### **Fund Manager Address**

NCB Capital Company Commercial Registration number 1010231474

Al Mather Street, P.O. Box 22216, Riyadh 11495,

Kingdom of Saudi Arabia.

Website address [www.ncbc.com](http://www.ncbc.com)

### **Custodian**

NCB Capital Company

### **Auditors**

Price Waterhouse Coopers AllJuraid,

Al Suhaili Business Centre, 5th floor

P.O.Box 16415, Jeddah 21464,

Kingdom of Saudi Arabia

Tel: +966-2-653-4880

Fax : +966-2-653-2370

### **Fund Prospectus**

Investors should read carefully the Fund prospectus before taking any investment decision regarding this Fund

If an Investor has any doubt about the suitability of the Fund, he should contact an independent financial advisor

A person making an investment in the Fund does so entirely at his own risk and responsibility.



# AlAhli Saudi Mid-Cap Equity Fund

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# AlAhli Saudi Mid-Cap Equity Fund

## Definitions

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<b>The Fund</b>	<b>Al-Ahli Saudi Mid-Cap Equity Fund</b>
<b>The Manager/Company/Issuer:</b>	NCB Capital Company
<b>Subscription Day:</b>	The Fund is open for subscription every Saudi business day
<b>Regular Investment Service (RIS)</b>	A service that allows investors to subscribe a fixed amount to the fund on a monthly basis
<b>Dealing Day:</b>	Every Sunday and Tuesday (the day of valuating the units in the Fund)
<b>Valuation Day:</b>	Every Sunday and Tuesday (the day of executing subscription/redemption of units in the Fund)
<b>CMA:</b>	The Capital Market Authority of Saudi Arabia
<b>The Board :</b>	The Fund board consists of six members
<b>Saudi Business Day:</b>	Any day the Saudi banks are open for business
<b>Index :</b>	S&P Saudi Arabia Mid Cap Shariah cap range 3-50 billion Riyal



# AlAhli Saudi Mid-Cap Equity Fund

## Fund Facts

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<b>Category:</b>	Open-ended, long-term fund
<b>Objectives:</b>	Long-term capital gains investing in Saudi Mid-Cap Companies' Equities.
<b>Currency:</b>	Saudi Riyal
<b>Risks:</b>	High
<b>Minimum Investment :</b>	SAR 5,000
<b>Minimum Subsequent Subscription:</b>	SAR 2,000
<b>Minimum Subsequent Subscription through Regular Investment Service (RIS) or alternative distribution channels</b>	SAR 100
<b>Minimum Redemption:</b>	SAR 2,000
<b>Subscription:</b>	Any Saudi business day
<b>Redemption:</b>	Any Saudi business day
<b>Initial Unit Price:</b>	One Saudi Riyal
<b>Valuation Day:</b>	Sunday and Tuesday
<b>Dealing Day:</b>	Sunday and Tuesday
<b>Subscription/Redemption Cut off time:</b>	At or before 12 noon on the day before the Dealing Day
<b>Redemption proceeds:</b>	On the third Saudi business day
<b>Subscription Fee:</b>	Maximum 2%
<b>Management Fee:</b>	1.85% per annum
<b>Other Expenses:</b>	The Fund Manager will charge the Fund any expenses related to custody, regulatory and Shariah audit, legal, data processing, loan expenses and other similar charges. However, all other expenses are not expected to exceed 0.50 % of the Fund's NAV.



# AlAhli Saudi Mid-Cap Equity Fund

## Fund Brief

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Praise be to Allah, prayers and peace be upon Mohammed, the Messenger of Allah, his family, friends and followers. This is a document regarding the AlAhli Saudi Mid-Cap Equity Fund. The Fund is Shariah-compliant and conforms to criteria approved by the Fund's Shariah Board and in compliance with the mutual fund regulations of the Saudi Capital Market Authority (CMA).

The AlAhli Saudi Mid-Cap Equity Fund is an open-ended Saudi Riyal denominated Shariah-compliant investment Fund, especially designed for Investors seeking long-term capital gains through investing in Shariah compliant Mid-Cap companies listed in the Saudi equity market.

The Fund seeks to achieve relatively competitive returns over a long period of time, during which the underlying value of individual assets and the Fund's unit price may significantly fluctuate. Because of higher volatility or variability, the Fund is considered to be a high-risk investment and is intended for long-term Investors.

The Fund provides Investors with an easy and convenient way to invest. By purchasing units in the Fund, Investors generally achieve greater investment expertise, portfolio diversification and liquidity than they might, if they were to invest on their own.



# AlAhli Saudi Mid-Cap Equity Fund

## Terms and Conditions

### 1. Fund Name:

AlAhli Saudi Mid-Cap Equity Fund

### 2. Fund Manager Address:

The Fund Manager is NCB Capital Company, whose Commercial Registration number is 1010231474, and whose registered address is at Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

Website address [www.ncbc.com](http://www.ncbc.com)

### 3. Commencement:

The Fund will commence subscription on 2/7/1429 corresponding to 5/7/2008.

### 4. Regulator:

The Fund is regulated by the Saudi Capital Market Authority, established by the Capital Market Law, issued by Royal Decree No. (M/30) dated 2/6/1424 H (June 16, 2003).

NCB Capital Co. was authorised by the Capital Market Authority, pursuant to resolution number 7-219-2006 dated 03/12/1427 H corresponding to 24/12/2006 G under licence number 37-06046, to carry out dealing, as principal and agent, and underwriting managing, arranging, advising and custody with respect to securities.

### 5. Terms and Conditions Date of the Issuance:

These Terms and Conditions were issued on 19/6/1429 corresponding to 23/6/2008 and updated in April 2011.

### 6. Minimum Investment:

The minimum initial subscription is SAR 5,000. Subsequent subscriptions must be in an amount of at least SAR 2,000 but need not be in exact multiples of SAR 2,000. Further subsequent subscriptions through alternative distribution channels such as phone banking, regular investment subscription

or the Internet, may carry lower amounts than SAR 2,000. However subscriptions or switches to the fund through alternative distribution channels or Regular Investment Service can subscribe with amounts less than the required minimum subscription amount. Investors must maintain a minimum investment of SAR 2,000 otherwise the Manager has the right to demand full redemption.

### 7. Fund Currency:

The Fund is denominated in Saudi Riyals. If the Investor subscribes with any currency other than Saudi Riyals, the exchange rate applied may be subject to alteration.

### 8. Fund Objectives:

The objective of the Fund is to generate long-term capital growth through investments, primarily in Saudi mid-cap companies listed on the Saudi Stock Market.

#### **Fund Index: S&P Saudi Arabia Mid Cap Shariah cap range 3-50 billion Riyal**

The Index measures the performance of Shariah-compliant Saudi Mid-Cap Companies listed on the Saudi Stock Market.

Investors may monitor the Index performance on the company website, [www.ncbc.com](http://www.ncbc.com).

### 9. Principal Investment Strategies:

- Investing primarily in Saudi mid-cap companies that comply with the Shariah criteria for investment
- Investing selectively in Saudi small-cap companies that comply with the Shariah criteria for investment, such investment will not exceed 30% of the Fund's portfolio
- The Fund will base its investment strategy on fundamental analysis of the underlying

companies, including earnings, risks, potential growth and any related ratios

- Investing a portion of the Fund's portfolio in Saudi Initial Public Offerings "IPO's", when applicable and after obtaining CMA approval
- Un-invested cash balances may be placed in Murabaha transactions and Murabaha Funds
- Reinvestment of company's income distributions
- Reduce risk through diversification across various mid- and small-cap sectors of the Saudi Stock Market
- The Fund may borrow in line with Shariah criteria, up to 10% of the Fund's net asset value "at the date of borrowing"

### 10. Investment Risks:

#### **A. Equity Markets Risks**

The Fund seeks to achieve long-term benefits of equity investing in the stocks of various companies including highly volatile stocks subject to the Fund investment guidelines. High, long-term equity returns are associated with increased volatility; the risk inherent in equity investing is higher than that in other types of investment instruments.

#### **B. Small- and Mid-Cap Company Risks**

Is the risk of concentrating the Fund's investment portfolio in a specific sector of the market rather than investing in the overall market. The small- and mid-cap company universe of the Saudi Stock Market is relatively small, with the majority of market capitalization and trading volumes concentrated in a limited number of large companies. Consequently, the Fund's investments may experience greater price volatility and significantly lower liquidity than a fund



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invested in large companies traded on the stock market. This risk may be mitigated through diversification across various companies and sectors.

### C. Shariah Investments' Risks

This is the risk of limiting the investment to only Shariah compliant companies, which includes the risk of disposition of non Shariah compliant companies during unfavourable market conditions in order to comply with the Fund's Shariah guidelines.

### D. Issuer-Specific Risks

These include changes in the financial conditions of an issuer or counter party; changes in specific economic or political conditions that affect a particular type of security or issuer and general economic hazards.

### E. Economic Risk

This is the risk of the negative impact of any adverse economic event in the country where the Fund is investing, which might affect the Fund's performance.

### F. Interest Rate Risk

This is the risk of financial instrument fluctuation due to a change in interest rates. Accordingly, the value of securities and the companies' stock prices may be affected favourably or unfavourably.

### G. Liquidity Risk

Liquidity of investments may be low in some periods and as a result, may increase the difficulty of valuing such investments. Reduced market liquidity may adversely affect the market price of the Fund's investments and the Fund's ability to dispose of particular investments to meet its liquidity requirements. Such risk may be mitigated through utilizing the available cash portion of the Fund. However, if total redemptions exceed 10%

of the Fund's Value, the Manager has the right to postpone such redemptions to the next Valuation Day. Such redemptions will be accounted for on a prorata basis.

An investment in an investment fund is not a deposit with any local bank sponsoring, selling, or otherwise affiliated with the investment fund. Unitholders bear the risk of money loss in the investment fund, since the investment value may increase or decrease.

### 11. Fees and Expenses:

#### A. Subscription Fees

The subscription fee is calculated based on the gross amount paid by the Investor to the Fund, after which the remaining assets are used to subscribe for Fund units.

#### B. Management Fees

The Manager charges the Fund, on every Dealing Day, an annual management fee "proportionate to the period" of the Fund's net asset value.

#### C. Other Expenses

The Manager reserves the right to recover from the Fund any other expenses incurred on behalf of the Fund such as custody, regulatory and Shariah audit, legal, data processing, loan expenses and other similar charges.

Please refer to the attached Summary of Financial Disclosure for details of the above expenses.

### 12. Dealing Costs:

Brokerage expenses are paid directly by the Fund. Amounts charged will vary depending on the local markets rules and broker.

### 13. Fund Board:

The Fund Board consists of six members including two independent members and chairman. The Fund Manager reserves the right to

renew the membership period or change the members after obtaining CMA approval. The Manager will inform Unit holders of the changes accordingly. The Fund Board members will serve for a period of three (3) years and will begin their duties following approval by the CMA.

The Fund Board consists of the following members:

- 1. Saad A. Al Fadly (Chairman)**  
Chief of Staff of NCB Capital.
- 2. Hamed M. Fayez (Member)**  
Head of Asset Management of NCB Capital.
- 3. Tamim G. AlSharief (Member)**  
Head of Wealth Management Western Region of NCB Capital
- 4. Hicham C. Hatoum (Member)**  
Head of Investment Banking Division at NCB Capital
- 5. Dr. Abdulraouf Banaja (Independent Director)**  
Senior Vice Executive President for Investment and Finance at ALAWWAL Financial Services Co.
- 6. Aladdin R. Sami (Independent Director)**  
Vice President & Chief Investment Officer of Zahid Group Holding.

The Fund Board's duties include, but are not limited to the following:

- 1) The approval of all Funds' material contracts
- 2) Overseeing, and where appropriate, ratifying any conflict of interest the Fund Manager has identified in accordance with investment fund regulations



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- 3) Meeting at least twice annually with the Fund Manager's Compliance Officer and the anti-money-laundering officer to ensure the Fund Manager's compliance with all applicable laws and regulations
- 4) The approval of any recommendations made by an appointed liquidator
- 5) The responsibility to ensure completeness, accuracy and compliance with the regulations of the Terms and Conditions
- 6) Ensuring the Fund Manager carries out his obligations in the best interest of the Unitholders, in accordance with the Fund's Terms and Conditions and with all regulations
- 7) To act in the best interest of the investment Fund and its Unitholders and carry out its duty of loyalty and duty to exercise reasonable care

Fund Board members will be compensated for their services by the Fund.

For details, please refer to the attached appendix, the summary Financial Disclosure.

All the above Fund Board members are also members in the following fund boards:

- 1- AlAhli Asia Pacific Trading Equity Fund
- 2- AlAhli Diversified Saudi Riyal Trade Fund
- 3- AlAhli Diversified US Dollar Trade Fund
- 4- AlManarah Conservative Growth Fund
- 5- AlManarah Medium Growth Fund
- 6- AlManarah High Growth Fund
- 7- AlAhli Emerging Markets

- Trading Equity Fund
- 8- AlAhli Saudi Trading Equity Fund
  - 9- AlAhli Europe Trading Equity Fund
  - 10- AlAhli National Investment Fund
  - 11- AlAhli Saudi Riyal Murabaha Fund
  - 12- AlAhli Sadaqqat Fund
  - 13- AlAhli GCC Trading Equity Fund
  - 14- AlAhli Global Trading Equity Fund
  - 15- AlAhli Healthcare Trading Equity Fund
  - 16- AlAhli Short Term Dollar Fund
  - 17- AlAhli International Trade Fund
  - 18- AlAhli Small Cap Trading Equity Fund
  - 19- AlAhli Saudi Riyal Trade Fund
  - 20- AlAhli Euro Murabaha Fund
  - 21- AlAhli US Trading Equity Fund
  - 22- AlAhli Global Real Estate Fund
  - 23- AlAhli US Dollar Sukuk and Murabaha Fund
  - 24- AlAhli Saudi Dynamic Trading Equity Fund (A)

#### 14. Fund Manager:

The Fund Manager is NCB Capital. The head office address of the Fund Manager is at, Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

NCB Capital Company is an authorized person under the Authorized Person Regulations with a license number 37- 06046 dated 03/12/1427 corresponding to 24/12/2006 to carry out dealing, as principal and agent, and underwriting managing, arranging, advising and custody with respect to securities.

The Manager also manages various other investment Funds.

#### 15. Custodian:

NCB Capital Company Commercial Registration number 1010231474, Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

All assets are incurred in the name of the Fund. The Company is the custodian to the Fund, and the Fund's securities are held in the electronic custody system by Tadawul.

#### 16. Auditors:

Price Waterhouse Coopers AlJuraid, Al Suhaili Business Centre, 5th floor P.O.Box 16415, Jeddah 21464, Kingdom of Saudi Arabia  
Tel: +966-2-653-4880  
Fax : +966-2-653-2370

The Fund Board reserves the right to change the auditors, after the approval of CMA. Unitholders will be notified accordingly.

#### 17. Audited Financial Statements:

The Fund's audited annual financial statements will be sent via mail within 90 days after the Fund's fiscal year, without any charges to the Unitholders and customers, upon request made to the Manager. The first fiscal year end is expected to be December 31, 2008. In addition, the semi annual financial statements reviewed by the external auditors will be available for Unitholders within 45 days from the date of the financials.

#### 18. Fund Shariah Board:

The Fund's Shariah Board consists of the following members:

- 1) **Sheikh Abdullah Bin Suleiman Al-Maniya (Chairman)**  
Member of the Senior Ulema Board and formerly, Judge of the Cassation Court in Makkah Al Mukarramah



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**2) Sheikh Dr. Abdullah bin Abdulaziz Al Musleh (Member)**  
Rector of Al-Imam Muhammad Bin Saud Islamic University and Director General of the Panel of Scientific Miracles in the Quran and Sunnah

**3) Sheikh Dr. Muhammad Al-Ali Al Gari (Member)**  
A world-renowned scholar of Islamic economics and a former professor of Islamic Economics at King Abdulaziz University, in Jeddah

The Shariah Board members will be compensated for their services by the Fund.

For details please refer to the attached Appendix, summary of Financial Disclosure.

### 19. Initial Offers:

- Minimum amount to initiate the Fund is 10 million Saudi Riyals
- Investment of Subscription Amounts During Subscription Period

During the Subscription Period, (expected to be 30 days from the inception day) the subscription amounts will be invested for the benefit of the Investor in:

- AlAhli Saudi Riyal Trade Fund (Short term Shariah-compliant Fund that invests in Murabaha and Managed by NCB Capital Company), in accordance with the Terms and Conditions of the Fund
- Or invest the amounts, temporarily, directly in Murabaha transactions

The Manager charges the Fund and the Murabaha, an annual Management Fee of 0.75 %. The Unitholder will only bear the fees and expenses for the period of

subscription in the Fund (where there will be no fee duplication). The investment will mature on the Saudi Business Day before the Admission Date, and the accrued income from the Murabaha or the Fund (net investment after deduction of management fees and expenses), will be added to the subscription amount and invested in the AlAhli Saudi Mid-Cap Equity Fund.

### 20. Manager Investment in the Fund:

To initiate the Fund, the Manager may, at his discretion and subject to the approval of the CMA, participate in the Fund as an Investor. The Manager reserves the right to reduce in part or in whole its participation whenever he deems appropriate.

### 21. Subscriptions and Redemptions:

The Fund is open for subscription and redemption twice a week: every Sunday and Tuesday "Dealing Day" and "Valuation Day".

#### A. Subscriptions

All subscriptions paid in Saudi Riyal, must be made at or before 12 noon on the day before the Dealing Day in order to begin participation in the Fund from the Dealing Day. However, Fund Manager reserves the right to extend subscription, redemptions or switches time limit through alternative distribution channels (telephone and internet) to 4:00 pm on the day prior to the Dealing Day.

Other forms of subscription payments such as cheques and transfers may require additional time for clearing and collection and may participate in the Fund only from the Dealing Day following receipt by the Fund. Applications made after 12 noon on the day prior to the Dealing Day will participate in the Fund from the following Dealing Day.

If the Dealing Day falls at the beginning of an official Saudi Holiday, it will be invested in the Fund the following Dealing Day.

#### B. Redemptions

Redemption is allowed on every Dealing Day provided that a written notice is received at or before 12 noon or 4:00 pm (for redemptions through telephone & internet) on the day prior to the Dealing Day. Redemption proceeds (which are determined as described in clause # 22 below) are made available on the third Saudi Business Day after the Dealing Day. Redemption of units must be for a minimum value of SAR 2,000. However, redemption transactions made through alternative distribution channels such as the Call Centre, or the Internet may carry lower amounts.

If the Dealing Day falls on a non Saudi business day, it will be redeemed on the following Dealing Day. Redemption amounts are made available to the Investor in a period of not more than three days after the dealing in which redemption has been made.

The Investor should be aware that where prevailing conditions in any part of the financial markets or any state of affairs, which renders the disposal or valuation of assets in the Fund impractical or impossible, the Manager has sole discretion to temporarily suspend or amend subscription/redemption and the days set thereupon, after obtaining CMA approval.

#### C. Subscription Procedures

The Investor is required to sign a copy of these Terms and Conditions and complete an Investment Account Application Form and Subscription Form. If the Investor already has an investment account with the Company, an Application Form is not required. These forms



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should be submitted with payment to a designated staff and a copy will be returned to the Investor as a receipt. The Investor is required to provide identification in the form of a valid identity card (citizens of Saudi Arabia), an Iqama (non-Saudi residents), a passport (for GCC citizens), or a signed board resolution—stamped with the company seal and a copy of the company's commercial registration for (Corporate Investors).

### D. Rejection of Application

The Manager reserves the right to reject any application/subscription if he believes that such subscription may result in a violation of CMA's regulations and/or applicable regulations and/or the guidelines of the Fund.

### E. Redemption Procedures

The Investor may fill an application for redemption, in whole or in part, at any time, by completing and submitting a Redemption Form provided at designated branches. For identification purposes, an Investor must make available, a valid Saudi Identification Card, passport, or Iqama, and its number noted on the Redemption Form. The Investor must specify whether the redemption is complete or partial. In case of a partial redemption, it is important to note, that should the Investor's balance decline on the Dealing Day (due to decline in unit price), the redemption process will not be executed. This is without liability to the Fund Manager. In such case, the Investor must submit a new redemption request in the next Dealing Day.

### F. Redemption by the Manager

Upon obtaining permission from the CMA, the Manager reserves the right to affect complete or partial redemption of units held by any

Investor with notice thereafter to the Investor and without assigning any reason therefore, and without any liability to the Manager.

### G. Switching Procedures

A switch between two AlAhli Funds is considered a single transaction made up of two separate components: redemption and subscription. The redemption portion of the transaction is processed first in accordance with the "Redemption" clause above. The subscription portion of the transaction will then be processed in accordance with the "Subscription" clause of the other Fund. To request a switch, the Investor is required to complete a Switch Form and submit it to the designated staff along with a valid identification card.

### 22. Periodic Valuation and Unit Price Calculation:

The initial value of one unit is SAR1.00. The unit value is computed by dividing the total asset value of the Fund, plus all income, including accrued income and reinvested income distributions, less liabilities, management fees and any expenses by the total number of units outstanding at that time.

The value of the Fund, the unit price, will be conclusively determined by the Manager on every Dealing Day (Sunday and Tuesday) based on the latest available security prices on that Dealing Day. If local markets are closed on a Dealing Day, such valuation will be carried out on the next valuation day.

Unit price will be published twice a week on the company's website and on Tadawul.

### -Temporarily suspension of Valuation and subscription and redemption from the Fund

The Investor should be aware that where prevailing conditions in any part of the financial markets or any state of affairs, which renders the disposal or valuation of assets in the Fund impractical or impossible, the Manager has sole discretion to temporarily suspend or amend subscription/redemption and the days set thereupon, after obtaining CMA approval.

### 23. Fund Termination:

The Manager retains the right to terminate the Fund without penalty to any party involved, by giving a sixty-day (60-day) written notice to Investors, after obtaining the approval of the CMA. In such a case, the Fund's portfolio shall be liquidated and the proceeds distributed to Investors in accordance with their rightful holdings.

### 24. Winding up and Appointment of a Liquidator:

The CMA shall have the power to appoint a replacement Fund manager or a liquidator, or take any other measure it deems necessary.

### 25. Reporting To Customers:

The Manager will issue a confirmation to each Investor when such Investor subscribes or redeems units in the Fund. A statement detailing each Investor's position is issued every three months or as determined by the Manager (however, not more than three (3) months). Statements to Investors are sent to the mailing address shown on their Application Forms, unless notification of a change of address has been provided in writing. Any discrepancies must be brought to the attention of the Company within sixty (60) days of the date of issuance of such statements and confirmations, after which the statements issued by the Manager will be final and conclusive and the Manager shall not be liable to Investors in connection with any discrepancy. The Manager shall not be liable for any consequences



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arising from statements or confirmation advices that are held by the Company on the instructions of the Investor.

### 26. Conflict of Interest:

The procedures for handling the conflict of interest will be made available to Unitholders upon request.

### 27. Voting Rights Policies:

After consulting with the Compliance Officer, the Fund Board approves the general policies of practising the Fund voting rights. As a policy, the Manager may practice the voting rights (if any) for the stocks held by the Fund.

### 28. Changes in Terms and Conditions:

These Terms and Conditions shall remain in effect until such time as they are materially amended by the Manager, subject to prior approval of CMA and written notice being given to Investors before sixty (60) days.

### 29. Complaints Procedures:

A copy of the Manager's policy and procedures for handling complaints will be available upon request.

### 30. Governing Law:

These Terms and Conditions are governed by the laws of the Kingdom of Saudi Arabia. If an Investor is subject to the laws of a jurisdiction other than that of Saudi Arabia, then it is the Investor's responsibility to conform to those laws without any obligation on the part of the Fund or the Manager.

Any disputes involving Investors will be subject to the exclusive jurisdiction of the Committee for the Resolution of Securities Disputes (CRSD) in Saudi Arabia.

### 31. Compliance with Investment Funds Regulations:

These Terms and Conditions are governed by and in compliance with the Investment Funds Regulations issued by the CMA and contain all material disclosures that relate to the Fund.

### 32. Responsibilities:

#### A. Manager's Responsibilities

The Manager is responsible for the overall management of the Fund's investments and related activities. The Manager can also enter into arrangements with other institutions for the provision of investment, custodial or other services. The Manager shall hold the assets of the Fund as a single common Fund in trust for the Investors *pari passu* (without partiality), and solely for their benefit, according and subject to these Terms and Conditions. Accordingly, such assets do not form part of the assets of the Company, except to the extent that the Company may hold Units in the Fund as an Investor.

The Manager shall not be under any liability whatsoever, for any loss or damage that may be sustained by the Investor, which arises directly or indirectly from the performance by the Manager of its duties hereunder except in cases of gross negligence or wilful misconduct.

#### B. Investor's Responsibilities

Acceptance of these Terms and Conditions by the Investor constitutes authorization to the Manager to invest the subscriptions in the Fund and confirms the Investor's acceptance that the risks inherent in the Fund reside with the Investor, and not with the Manager or the Company. Investors are strongly encouraged to seek advice from their own professional

advisors to fully understand the nature of investments in the Fund and its inherent risks.

### 33. Succession:

The acceptance of the Fund's Terms and Conditions by the Investor and his signature thereon, shall be binding upon him in his life and upon his heirs after his death until receipt by the Manager of instructions from a competent legal authority regarding the disposition of the heirs.

### 34. Confidentiality:

Strictest confidentiality shall be observed at all times in the handling of the business of the Fund and the Fund's Investors. This shall not be construed as limiting the access of the Fund's regulatory Authority (CMA) to the Fund's records for the purposes of regulatory supervision.

### 35. Appendixes:

The following appendices are part of the integral Terms and Conditions:

- Summary of Financial Disclosure
- Fund's Shariah Criteria Disclosure
- Fund Board Biography Note
- Fund's Historical Performance



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The Fund has been approved by CMA, but such approval does not imply protection from loss. If a person has any doubt about the suitability of the Fund, he should contact an independent financial adviser. A person making an investment in the Fund does so entirely at his own risk.

This Fund is not a bank time deposit. The investment value may go down as well as up. Investors in the Fund are not guaranteed to make a profit and may suffer a loss and therefore may not recover their fully invested capital. Subscribers should only invest in this Fund if they are able to sustain a loss, which could be substantial.

In signing this document, I/We hereby declare that I/We have read and understood the above Terms and Conditions and the related appendixes, that I/We agree to them and that a copy has been provided to me/us.

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Nationality

\_\_\_\_\_  
ID number (Saudi ID, Iqamah, or Passport)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Investment Account Number

Two copies of this Terms and Conditions document are to be signed; one for the Investor and one to be retained by the Manager.



# AlAhli Saudi Mid-Cap Equity Fund

## Financial Disclosure Appendix (For the period ended Dec 2010)

Fund Currency	Saudi Riyal
Annual Fund Management Fees	1.85 %
Maximum Subscription Fees	2% from the gross subscription amount
* Any other expenses incurred on behalf of the Fund such as custody, Shariah audit, data processing, regulatory fees, external accounts audit and other similar charges as permitted under the Regulations	0.04%
Dealing Cost	0.14% Brokerage expenses are paid directly by the Fund. Amounts charged will vary depending on the local markets rules, broker, in all the markets of the Fund.
Charging Mechanism	All expenses will be charged proportionate to the period.

**\*The other expenses are not expected to exceed 0.50% from the average annual Net Asset Value of the Fund where (Net Asset Value is measured by averaging the trailing 12months).**

**All expenses charged to the Fund will be disclosed in the annual and semi annual financial statements of the Fund.**



# AlAhli Saudi Mid-Cap Equity Fund

## Shariah Criteria Disclosure Appendix

### Shariah Principles

All Investments and Investment Strategies employed by the Manager must be in compliance with the Shariah Compliance guidelines issued by the Fund Shariah Committee, which are as follows:

### Industrial and Operational Screens

As per the Shariah Board, no investment may be made in any company, which is involved in any of the following:

- Non shariah compliant Financial services, including banks, and insurance companies (except insurance companies approved by the board).
- Manufacturing, packaging, or distribution of alcohol or tobacco.
- Manufacturing, packaging, or distribution of pork products or alcohol or tobacco.
- Non Shariah compliant production of meat products.
- Operating gambling casinos, or manufacturing gambling machines or equipment;
- Operating movie theatres and cinema industry and Creating, publishing, or distributing pornography
- Operating hotels and restaurants involved in any of the above prohibited industries

### Financial Ratio Screens

No investment may be made in any company in which:

- **The book value of accounts receivables exceeds 49% of the market value of its shares as measured by averaging the trailing (36) months market capitalization.**
- **Out standing total cash or time deposits exceeds 33% of the market value of equity, where market value of equity is measured by averaging the trailing twelve (36) months market capitalization**
- **Outstanding total debts exceed 33% of the market value of equity, where market value of equity is measured by averaging the trailing (36) months market capitalization (i.e., the product of the stock price and the number of outstanding shares);**
- Interest income exceeds 5% of its net revenues;

### Purification Process

The Manager will determine the income generated from non-Shariah-compliant sources and will pay the amount to a separate account to be spent to local charities by applying the following:

- Determine the non Shariah Compliant income amount for each company in the portfolio
- Divide the above non Shariah Compliant income amount over the total number of the company's shares
- Multiply the result of the above in to the actual number of shares the fund owns of that the company to come to the fund's share of the non Shariah Compliant income for that specific company



# AlAhli Saudi Mid-Cap Equity Fund Shariah Criteria Disclosure Appendix

- Repeat all the above for all companies where applicable
- pay the resulted amount to a separate account to be spent to local charities

## **Investment's Instruments**

The following instruments or any derivatives thereof may not be held in the Fund:

- Futures
- Forwards
- Preferred Stock
- Options
- Swaps
- Short Sales
- Any other instruments that involve the payment or receipt of interest

The Fund may invest in Murabaha, Sukuk and trade transactions that are permitted by Shariah.

## **Periodic Review**

The Fund will be reviewed on quarterly basis, and if it was found that any of the stocks failed to match with the Shariah Industry or Financial Ratio, the aforesaid stock will be dropped out of the fund. Within 90 days from the first date of unacceptability.



# AlAhli Saudi Mid-Cap Equity Fund

## Board of Directors Biography Note

### **Saad A. Al Fadly**

Mr. Saad A. Al Fadly is the Chairman of the Fund Board and Chief of Staff joined NCB Capital in 2008, Saad has over 10 years of investment management and financial analysis experience. Previously, he had worked with Saudi Arabian Monetary Agency (SAMA), Investment Management Department, where he was directly involved in the asset allocation process and risk management decisions. He worked extensively with a wide range of asset classes such as fixed income, equities and hedge funds. At SAMA, he was responsible for monitoring the performance of the external portfolio managers. He then joined Morgan Stanley Saudi Arabia (MSSA), previously known as The Capital Group, from 2005 until June 2008. He led several investment banking transactions in MSSA. Saad holds an MS in Financial Economics from Boston University and a BS in Accounting from King Saud University and is a level-3 CFA candidate

### **Hamed M. Fayez**

Mr. Hamed Fayez is a Fund Board Director and Head of Asset Management joined NCB Capital in 2009, Mr. Fayez has over 10 years of experience in finance, joined from Goldman Sachs, where he most recently was the CEO of Goldman Sachs Saudi Arabia, as well as the Head of the Investment Management Division in Saudi. Prior to that, he worked for some of the leading international and local financial institutions including Credit Suisse, the National Commercial Bank Treasury and Merrill Lynch. Mr. Fayez has a diverse financial experience as the scope of his work varied from Asset Management and Wealth Management to Sales and Trading. Mr. Fayez graduated from The Johns Hopkins University in Baltimore with a double major in Mathematical Sciences and Economics and a minor in Business and Entrepreneurship.

### **Tamim G. Sharief**

Mr. Tamim AlSharief is a Fund Board Director and Head of Wealth Management Western Region of NCB Capital. During his 13 years of experience with NCB group, Tamim was assigned to several significant positions and tasks in both banking & investment sector. Tamim's vast experience includes serving on several key committees of NCB Group; currently he is a member of the Wealth Management Performance Committee and Product Development Committee. He holds a bachelor degree in Finance & Accounting from King Abdulaziz University. He is certified as a designated Financial Planner & Wealth Management from Dalhousie University in Canada in association with SAMA. He has also participated in several executive education and leadership programs of INSEAD University.

### **Hicham C. Hatoum**

Mr. Hatoum is a Fund Board Director and Head of Investment Banking Division at NCB Capital. Mr. Hatoum has over 17 years of banking experience with over 8 years at NCB Group. Prior to joining NCB Capital he worked at NCB as Head of Structured Finance and at Samba as Head of Structured Finance (Western Region). He also worked at the National Bank of Kuwait (Lebanon) as Head of Corporate Banking. Mr. Hatoum was responsible for several IPOs and Rights Issues in various industries. Mr. Hatoum holds a Master of Science Degree from California State University in Computer Science and Engineering

### **Dr. Abdulraouf Banaja**

Dr. Banaja is a Fund Board Director. He is currently the Senior Vice Executive President for Investment and Finance at ALAWWAL Financial Services Co. Attained his PhD in Economics from the University of California Santa Barbara in 1981. Dr. Banaja worked as an Associate Professor at King Saud University as well as a consultant to the Ministry of Finance and the Saudi Arabian Monetary Agency. He also served in various senior banking positions at financial institutions, such as SAAB, Gulf International Bank and the National Commercial Bank

### **Aladdin R. Sami**

Mr. Sami is a Fund Board Director; he is the Vice President and Chief Investment Officer of Zahid Group Holding. Mr. Sami sits on the board of Ajil Financial Services, Jordan National Bank, Arab International Hotels, Arabian Vehicles Industries, and SATLUB among others. He holds a bachelor degree in Economics from Cairo University, and masters in International Financial Management from the American University, Cairo. He started his career in 1977 with Cairo Barclays Bank, Cairo, and in 1979 moved to Saudi Hollandi Bank before joining Zahid Group.

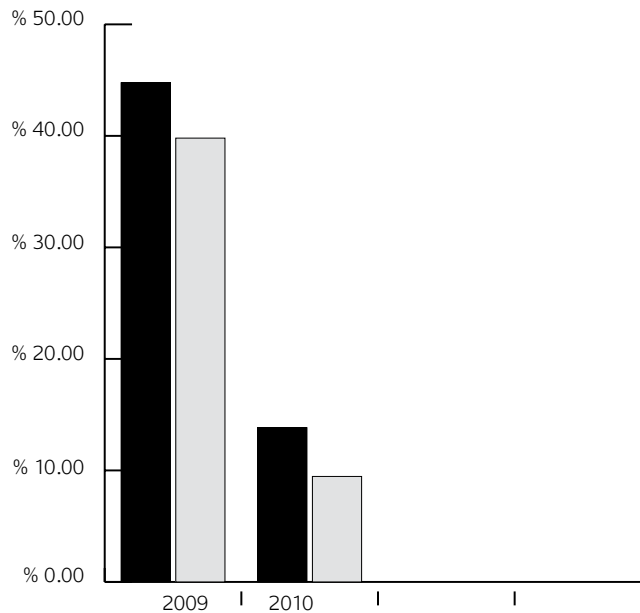


# AlAhli Saudi Mid-Cap Equity Fund

## Fund's Historical Performance

Fund Performance compared to the index up to December 2010

	2009	2010
The Fund (%)	44.76	13.83
Benchmark Index (%)	39.80	9.46



■ AlAhli Saudi Mid-Cap Equity Fund

■ Benchmark Index

Annual Fund Performance as of 31 December 2010

	1 Year	3 Years	5 Years	10 Years
The Fund (%)	13.83	N/A	N/A	N/A
Benchmark Index (%)	9.46	N/A	N/A	N/A

Past performance of the fund or the benchmark index does not guarantee future results.