

الأهلي كابيتال
NCB Capital



AIAhli GCC Trading Equity Fund

An open-ended investment fund organized under the Investment Funds Regulations of the CMA of the Kingdom of Saudi Arabia

Terms and Conditions

NCB Capital Company

Prospective investors should read the entirety of these Terms and Conditions carefully and seek their own independent legal, zakat, Shariah, tax, financial and other advice before making any investment decision.

Fund Prospectus:

Investors should read these Fund Terms and Conditions carefully before taking any investment decision regarding the Fund. If you are in any doubt about the suitability of the Fund for investment or about any of the contents of the Terms and Conditions, you should contact an independent financial advisor. A person making an investment in the Fund does so entirely at his own risk and responsibility.

Important:

If you are in any doubt about the contents of these Terms and Conditions you should consult your financial adviser. These Fund Terms and Conditions have been prepared in accordance with the rules contained in the Investment Fund Regulations (the "Regulations") issued by the Capital Market Authority (the "CMA") pursuant to Resolution Number 1-219-2006 dated 3/12/1427H, based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H.

NCB Capital Company ("NCB Capital"), as Fund Manager of this Fund, is responsible for the information contained in these Terms and Conditions. To the best of the knowledge and belief of NCB Capital (having taken all reasonable care to ensure that such is the case), the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Regulations to be included in it. NCB Capital accepts responsibility accordingly.

No person has been authorized by NCB Capital to give any information or to make any representations in connection with the offering of units in Funds ("Units") other than those contained in these Terms and Conditions and, if given or made, such information or representations must not be relied on as having been made by NCB Capital. The delivery of these Terms and Conditions (whether or not accompanied by any reports) or the issue of Units shall not, under any circumstances, create any implication that the affairs of NCB Capital have not changed since the date hereof.

Pursuant to Article 51 of the Regulations, the distribution of these Terms and Conditions and the offering of Units shall be eligible to all persons. However, NCB Capital requires that it is the responsibility of every person into whose possession these Terms and Conditions comes, or who subscribes for Units, to inform themselves about and to observe any restrictions that may be applicable to them on the grounds of nationality or residence. These Terms and Conditions do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

Potential Investors should not treat the contents of these Terms and Conditions as advice relating to legal, taxation, Shari'ah, investment or any other matters, and are recommended to consult their own professional and religious advisers concerning the acquisition, holding or disposal of Units.

By signing these Terms and Conditions, each Investor agrees that the Fund Manager will invest Subscription Monies on its behalf in accordance with the Terms and Conditions.

The Fund seeks to generate long term capital growth (5 years and more) through investing in listed equities of companies. Long term growth in listed equities is associated with high volatility thus investing in equities contains higher risks compared to other investments. The value of the Fund's underlying investments and the income derived from them may fall as well as rise and Investors may not recoup the original amount invested in the Fund. There are different elements that could impact the Fund performance such as changes in market, economic, political, currency exchange and type of individual equities however the Fund will aim to reduce such risks through diversifying the fund investment over different GCC equity markets, sectors and companies.

These Terms and Conditions are dated, and are valid as at, 18/12/1429 corresponding to 16/12/2008. These Terms and Conditions may at any time be replaced by new Terms and Conditions or extended by a supplement issued by NCB Capital. Investors should, therefore, check with NCB Capital that these are the most recently published Terms and Conditions and that they have all (if any) supplements to it issued by NCB Capital.

NCB Capital was incorporated as a closed joint stock company in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231474 on 26/03/1428H, corresponding to 14/04/2007G. NCB Capital was authorised by the Capital Market Authority pursuant to Resolution No. 7-219-2006 dated 03/12/1427H, corresponding to 24/12/2006G, under Licence No. 37-06046, to carry out dealing, as principal and agent, and underwriting, managing, arranging, advising and custody, with respect to securities. NCB Capital was authorized by the Capital Market Authority to commence business on 10/6/1428H, corresponding to 25/06/2007G. NCB Capital is a direct subsidiary of The National Commercial Bank, of Jeddah, Saudi Arabia. The registered office of NCB Capital is at Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

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Shariah Guidelines

Definitions:

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| The Fund | AlAhli GCC Trading Equity Fund. |
| Fund Manager | NCB Capital Company. |
| Board | The Board of Directors of the Fund, as set out at section 14 of the Terms and Conditions. |
| CMA | The Capital Market Authority of Saudi Arabia. |
| CML | Capital Market Law of Saudi Arabia, which was issued by Royal Decree No. (M/30) dated 2/6/1424 H (16th. June, 2003). |
| Regulations | Means the Investment Fund Regulations issued by the Capital Market Authority. |
| NCB Capital | 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. |
| Terms and Conditions | Means these Terms and Conditions Specific to the Fund |
| Index | S&P GCC Investible Shariah Index |
| Saudi Riyal | Saudi Riyal |
| Saudi Business Day | Means a day on which banks are normally open for business in Saudi Arabia, not including any official Saudi holiday. |
| Dealing Day | The day(s) on which subscriptions and redemptions will be processed. |
| Valuation Day | Each day on which the units in the Fund are valued. |
| Redemption Form | Form used to redeem units. |
| Subscription Fee | Fees charged for subscribing in the Fund. |
| Subscription Form | Form used for subscription in the Fund. |
| Subscription Monies | Means the gross amount paid by the Investor to the Fund Manager to invest in the Fund. |
| Switch Form | Form used for switching between Al-Ahli mutual funds. |
| Regular Investment Service (RIS) | A service that allows investors to subscribe a fixed amount to the fund on a monthly basis |
| Units | The interest of Unitholders in an investment fund consisting of units, including fractions of a unit. Each unit shall be treated as representing one undivided interest in the assets of an investment fund. |
| Custodian | Means the Custodian assigned for the Fund. |
| Financial Year | Means the financial year of each Fund or as the context may require. |
| Investor | An investor in the Fund or person applying to invest in the Fund. |
| Investments | Means the assets, property, rights, and undertakings from time to time of each Fund. |
| Investment Account | Means an investment account held by Investors with NCB Capital. |

Net Asset Value

Means the value of assets attributable to the Fund net of expenses divided by the number of Units outstanding, as determined by the Fund Manager.

Register

Means the register of Unitholders held by the Fund Manager or any party appointed by the Fund Manager to hold such register.

Fund Facts:

| | |
|---|---|
| Currency | Saudi Riyal |
| Risk Category | High Risk |
| Benchmark | Benchmark S&P GCC Composite Shariah (TR) |
| Objectives | Long term capital growth through investing in listed companies in the GCC markets and in line with the Shariah guidelines. |
| Minimum Investment | SAR 5,000 |
| Minimum Subsequent Subscription | SAR 2,000 |
| Minimum Subsequent Subscription through Regular Investment Service (RIS) or alternative distribution channel | SAR 100 |
| Minimum Redemption | SAR 2,000 |
| Valuation Days | Every Dealing Days. |
| Subscription/ Redemption Days | Every Saudi Business Day. |
| Subscription / Redemption Request cut off time | Before or at 10:00 AM on the day prior to the Dealing Day. |
| Subscription Fee | 2% |
| Management Fee | 1.85% |
| Redemption Proceeds Payment Day | Will be made available to the Unitholder within before the close of business on the fourth day following the Valuation Day. |
| Other expenses | The Fund Manager will charge the Fund any expenses related to custody, Shariah audit, data processing and other similar charges including Audit. However, other expenses are not expected to exceed 1% from the Fund's NAV. |
| Offer Date | October 2005 |
| Initial Unit Price | 1 SAR |

Terms and Conditions:

1. Name of the Investment Fund:

AlAhli GCC Trading Equity Fund.

2. Fund Manager's Address and Website:

NCB Capital Company
4th Floor, Tower B, NCB Building,
King Saud Road, P.O. Box 22216, Riyadh 11495,
Kingdom of Saudi Arabia
Tel: +966 11 874-7106
Fax: +966 11 406 0049

Information about the Fund Manager can be found at the Fund Manager's website: www.ncbc.com.

3. Commencement:

The Fund has already commenced accepting subscriptions on October 2005.

4. Regulator:

The Fund is regulated by Capital Market Authority, established by the Capital Market Law, issued by Royal Decree No. (M/30) dated 2/6/1424 H (16th June, 2003). NCB Capital Co. was authorised by the Capital Market Authority pursuant to resolution No 7-219-2006 dated 03/12/1427 H corresponding to 24/12/2006 G under licence No 37-06046, to carry out dealing, as principal and agent, and underwriting, managing, arranging, advising and custody with respect to securities.

5. Date these Terms and Conditions were Issued or Last Updated:

The Fund's original Terms and Conditions were issued on October 2005, the CMA approval to continue offering the Fund has been granted on 18/12/1429 H corresponding to 16/12/2008 G. The Terms & Conditions were updated on 17/7/1437H corresponding to 24/04/2016G.

6. Participation:

- 6.1 The minimum initial subscription is five thousand Saudi Riyals (SAR 5,000).
- 6.2 Subsequent subscriptions must be in an amount of at least two thousands Saud Riyals (SAR 2,000) except subscriptions or switches to the fund through the Regular Investment Scheme (Thimar), which allows investors to subscribe a fixed amount to the fund on a monthly basis.
- 6.3 Unitholders must maintain a minimum investment of (SAR 2,000), otherwise the Fund Manager shall have right to redeem all of their Units on the Dealing Day following. However, this does not apply to participants in the Regular Investment Scheme.

7. Fund Currency:

The Fund is denominated in Saudi Riyal. If the Investor provides any currency other than Saudi Riyal, the exchange rate used to convert the other currency to Saudi Riyal will be subject to prevailing exchange rate available at that time.

8. Fund Investment Objectives:

The Fund aims to achieve Long term capital growth by investing in the GCC equity markets in accordance with the Shariah guidelines issued by the Fund Shariah Board. The Fund will not make any dividends distributions to unit holders. Instead, capital gains and dividends will be reinvested.

Fund Benchmark: S&P GCC Composite Shariah (Total Return). The Index measures the performance of Shariah compliant listed Companies. Investors can monitor the Index performance on the company's website.

9. Principal Investment Strategies:

The following principal investment strategies will be used to achieve the Fund objectives:

- 9.1 Investing primarily in shares of listed companies that meet the Shariah guidelines issued by the Shariah Board. In addition, the Fund may invest in ETF's, IPO's and Rump Offerings whenever possible. Surplus cash may be invested in Shariah compliant Murabaha transactions and/or funds. The Fund may also have a limited exposure to Sukuk.
- 9.2 The Fund will invest in selected Sahriah compliant companies listed in the GCC equity markets. However, in exceptional circumstances, the Fund may retain 30% of its assets in cash.
- 9.3 The investments in the Fund are subject to the Fund Managers Investment Process which includes quantitative screens, company analysis and a rigorous review discipline.

If the Fund invests in money market or fixed income instruments, the minimum credit rating of the investee Sukuk and counterparties will be as determined by one of the international credit rating agencies as per the following: Standard & Poor's: BBB-, Moody's: Baa3, Fitch: BBB-. In the absence of credit rating of the Fund's investments or counterparties, the Fund Manager will rate the quality of investments internally based on the stability and soundness of the financial position of the counterparty or issuer. The Fund's maximum exposure to any single counterparty will be 20% of the Fund's net asset value.

- 9.4 The Fund will not invest in securities other than those mentioned above.
- 9.5 The Fund will comply with investment restrictions prescribed in Article 39 of the Investment Fund Regulations. The fund will also apply the restrictions mentioned below:

| Asset Class | Minimum (as % of NAV) | Maximum (as % of NAV) |
|---|----------------------------------|----------------------------------|
| GCC Public Equities (including IPOs and Rump Offerings) | 50% | 100% |
| Sukuk, Murabaha Transactions and/or funds | 0% | 20% |
| Cash | 0% | 30% |
| ETFs | 0% | 15% |
| Other similar investment funds | 0% | 15% |

- 9.6 The Fund reserves the right to obtain Shariah compliant finance for investment purposes subject to a maximum of 10% of the Fund's NAV and a maturity of one year or less. However, such percentage shall not include borrowings to meet redemption requests.
- 9.7 The Fund may invest up to 35% of its NAV in Sharia compliant other mutual funds which are approved to be publicly offered by the Board of CMA or regional regulator in the GCC countries, and investing in Sukuk or in GCC listed equities, in line with the Fund risk/return profile, provided that no investment in one single fund shall exceed 10% of the NAV of the Fund or 10% of the NAV of investee fund, with due regards to the interest of Unitholders.

9.8 The Fund may invest in Shariah compliant instrument for hedging purposes as approved by the Shariah Board.

10. Principal risks of investing in the Fund:

10.1 The Fund is of high risk and no assurance may be given by NCB Capital that any appreciation in the value of the Fund's investments will occur. The value of the Fund's underlying investments and the income derived from them may go up and go down as well. No assurance may be given by NCB Capital that investment objectives of the Fund will actually be achieved. Moreover, past performance of the Fund, if any, is not an indication of any future growth of rates of return. Unitholders should consider the following risk factors before investing in the Fund:

a) Equity Market Risk:

Investment in stocks is associated with high market volatility. The value of shares may unexpectedly decline sharply and a portion of the capital may be lost which will impact the unit price. Thus, the risk inherent in equity investing is higher than in money market, Murabaha or other types of short term investment instruments.

b) Shariah Investment Risk:

This is the risk of concentrating investment in Shariah compliant companies. It also includes the risk of disposing of non Shariah compliant companies sometimes at unfavorable prices in order to comply with the Fund's Shariah guidelines. This would adversely affect the Fund investments and unit price.

c) Issuer Specific Risk:

This includes changes in the performance of the issuer due to changes in management or financial conditions of, or demand on the products or services offered by the issuer, which may cause its share price to decline, and consequently adversely affect the Fund performance and unit price.

d) Concentration Risk:

The risk of the Fund investments being concentrated in some companies and market sectors which will render the Fund's performance vulnerable to high volatility due to changes in the conditions of the investee companies and sectors, which may adversely impact the Fund's performance.

e) Geopolitical Risk:

This is the risk of changes in political conditions and applicable laws in the countries in which markets the Fund is investing or in neighboring countries, which may have adverse impact on the Fund's performance.

f) Regulatory Risk:

This is the risk of changes in the regulatory environment and legislation, accounting and local government regulations, which may adversely affect the Fund Manager's ability to manage the Fund or cause the value of investee shares to decline, which may have significant impact on the Fund performance and the unit value.

g) Economic Risk:

This is the risk of changes in the economic conditions such as recession and inflation, which may have adverse effect on the Fund's performance.

h) Interest Rate Risk:

This is the risk that the value of financial instruments will fluctuate due to changes in interest rates, as a result of which the value of securities and the prices of shares may be adversely affected.

i) Liquidity Risk:

This is the risk of investment in illiquid shares of companies which may difficult at certain times to monetize at favorable prices to meet the Fund liquidity requirements, which may have adverse impact on the Fund's performance in case of sale. Liquidity of investments may be low in some periods due to which valuation of Fund's investments may become more difficult. 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.

j) Conflict of Interest Risk:

This risk arises in situations that affect the objectivity and independence of the Fund Manager's investment decisions due to a personal interest. This may adversely impact the Fund's performance.

k) Risks of dependence on the Fund Manager Personnel:

The Fund's performance depends largely on the capabilities and skills of the Fund Manager's employees, which may significantly affect the Fund's performance in the event of resignation or absence of any one of them and failure to secure a suitable alternative.

l) Emerging Market Risk:

The Saudi market is one of the emerging markets in which investment may involve risks such as failure or delay to consummate transactions settlement and transfer of securities. Moreover, investment in such markets poses higher risks. The market value of investee securities traded in emerging markets is relatively limited as the majority of market capitalization and trading volumes are concentrated in a limited number of companies. Therefore, the Fund's assets and investments in an emerging market may experience greater price volatility and significantly lower liquidity as compared to investment in more developed markets.

m) Currency Risk:

A difference in exchange rate may cause loss when in a currency other than of the Fund as exchange rate on the redemption day may be different from that on the subscription day.

n) IPO Investment Risk:

This is the risk of investing in green field companies with no operating history that would allow the fund manager to properly assess the company's performance. Moreover, the companies that offer their securities may represent new sectors or are in the early stage of operation. This could reflect negatively on the Fund performance and the unit price.

o) Risk of Delayed Listing:

In case of subscription by the Fund in companies IPO, the listing of companies' shares subscribed in the exchange may be delayed, which means locking off the amount of subscription and limiting the investment opportunities available to the Fund, which could adversely affect the Fund performance and the unit price.

p) Borrowing risks:

In case borrowing by the Fund Manager for the purpose of investment, the Fund may not be able to repay the amounts borrowed on time for reasons beyond the control of the Fund Manager, which may result in late payment fees or cause the Fund Manager to sell some of the Fund investments, which could affect the Fund's assets, which will negatively impact the unit prices.

q) Risks of Investment in Other Funds:

The other mutual funds in which the Fund invests may be exposed to risks similar to those set out in this paragraph, "Key risks of investing in the Fund," which may adversely affect the Fund's performance and the unit price.

r) Risk of Suspension of Trading:

Non-compliance by companies listed in the Saudi market with Saudi Capital Market Law and its implementing regulations, including the Listing Rules, may lead to suspension of trading of the shares of such companies, which may adversely affect the value of the Fund's assets and consequently on unit price.

s) Risk of Heavy Redemptions:

This is the risk of large redemptions by Unitholders which may cause the Fund Manager to liquidate assets of the Fund at less favorable prices, which leads to reducing the value of the fund's assets and lower unit price.

t) Credit Risk:

This is the risk relating to the possibility of failure by the counterparties to fulfill their contractual obligations with the Fund Manager under the contracts or agreements. These risks apply to the Fund in the event of investing in Murabaha funds which engage in transactions with third parties, default of which would adversely affect the Fund's investments and unit price.

u) Results Allocation Risk:

This is the risk of lower opportunity of the Fund to be allocated considerable number of shares due to high number of companies and funds participating in book building process and consequently in the fund. In addition, the Fund may not guarantee the right to participate in any IPO or that CMA will continue with IPOs through book building exercise. This may reduce earnings of the Fund, which will reflect negatively on the unit price.

10.2 Unitholders will bear any financial losses that may result from investing in the Fund, unless such losses are caused by negligence or default by the Fund Manager.

10.3 Investment in the Fund is not a deposit with any local bank sponsoring, selling or otherwise affiliated with the investment Fund.

11. Fees and Expenses:

- A. Subscription Fees: The Manager charges the Fund an upfront 2% subscription fees, the subscription fee is calculated based on the gross amount paid by the Investor to the Fund, after which the remaining amounts are used to subscribe for Fund units.
- B. Management Fees: The Manager charges the Fund, on every Dealing Day, an annual management fee 1.85% "proportionate to the period" of the Fund's net asset value. The management fee shall be rebated or waived in case any investment fund managed by NCB Capital Company invests in the Fund.
- C. Other Expenses: The Fund 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, data processing, accounting audit and other similar charges acceptable by the authorities. However, other expenses are not expected to exceed 1% from the Fund's NAV. Please refer to the attached Summary of Financial Disclosure for details of the above expenses.

12. Dealing Costs:

Brokerage or dealing expenses charged by the CMA or brokers for dealing in securities are paid and charged directly to the Fund. Such expenses are subject to the local broker, authorities and markets where the fund conducts business in and is subject to the fund portfolio turnover and activities.

13. Winding up and the Appointment of a Liquidator:

In line with the Regulations, the CMA has the power to appoint a replacement Fund Manager or a liquidator or take any other measure it deems necessary.

14. Fund Board:

The Fund Board consists of the following members who will serve for a period of three (3) years and will begin their duties following approval by the CMA;

1. Mohammed Abdullah AlAli (Chariman)

Mohammed AlAli is the Head of Product Development at NCB Capital. He previously held numerous positions with the Capital Market Authority from 2004 to 2013; where his last position was Head of Investment Funds & Offering Violations Unit. Prior to joining NCB Capital, Mohammed worked as a Director of Products Development at Jadwa Investment, and a credit officer at SAMBA Financial Group. Mohammed has 12 years' experience in the financial sector, including 9 years with the CMA. Mohammed is a CFA Charterholder and he holds an MBA from the University of San Francisco.

2. Mohammad Jaafar Al Saggaf (Non-independent Director)

Al Saggaf is Vice President, Head of retail sales at NCB Capital. He joined NCB Capital since inception, and worked with NCB Group in Retail and Investment departments. He has more than 23 years of experience in the financial sector. He has diploma in Personal Financial Planning and Wealth Management from IOB, Dalhousie Alum, Canada.

3. Dr. Abdulraouf S. Banaja (Independent Director).

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.

4. Aladdin R. Sami (Independent Director).

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.

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

- 1) The approval of all Funds' material contracts, reports and decisions.
- 2) Overseeing, and where appropriate, ratifying any conflict of interest the Fund Manager has identified in accordance with the Investment Funds Regulations.

- 3) Meeting at least twice annually with the Fund Manager's Compliance Officer and the anti-money laundry and anti-terrorist finance 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 on his obligation in the best interest of the Unitholders, in accordance with the Terms and Conditions of the Fund and with the Regulations.
- 7) To act in the best interests of the investment Fund and its Unitholders and carry out its duty of loyalty and duty to exercise reasonable care.

The 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. AIAhli Asia Pacific Index Fund
2. AIAhli Emerging Markets Index Fund
3. AIAhli Europe Index Fund
4. AIAhli Freestyle Saudi Equity Fund
5. AIAhli GCC Growth and Income Fund
6. AIAhli Global Equity Fund
7. AIAhli Global Growth and Income Fund
8. AIAhli Global Real Estate Fund
9. AIAhli Healthcare Trading Equity Fund
10. AIAhli IPO Fund
11. AIAhli North America Index Fund
12. AIAhli Saudi Small and Mid-Cap Saudi Equity Fund
13. AIAhli Saudi Trading Equity Fund
14. AIAhli SEDCO Residential Development Fund

Dr. Banaja is an independent director for Elite Flexi Saudi Equities Fund and AIAhli Makkah Hospitality Fund.

14. Fund Manager:

- 14.1 The Fund Manager is NCB Capital, whose registered head office address is: King Saud Street (formerly Al Mather), P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia, phone +966 920000232, Fax +966 114060049.
- 14.2 The Fund Manager and other companies within the NCB group may, from time to time, act as fund managers or advisers to other funds or sub-funds, which may have investment objectives similar to those of the Fund. Therefore the Fund Manager may in the course of its business have potential conflicts of duty or interest with one or more of such funds. However, in such an event, the Fund Manager will perform its obligations to act in the best interests of the relevant Unitholders as practically reasonable, with due regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise. Conflict handling procedure will be made available upon request. As of the date of issuance of these Terms and Conditions, neither the Fund directors nor the Fund Manager has any material business or interest which may conflict with those of the Fund.
- 14.3 Transactions between a unitholder and that investment fund, its fund manager, and any other investment fund with the same fund manager are presumed to involve a conflict of interest for the fund manager in accordance with article (50) (d).

14.4 There are no functions of the Fund Manager assigned to any third party.

14.5 The Fund Manager was authorized by the Board of CMA pursuant to Resolution No 7-219-2006, dated 03/12/1427H, corresponding to 24/12/2006G, under license No 37-06046, to carry out dealing, as principal, agent and underwriter, managing, arranging, advising and custody with respect to securities. The Fund Manager also manages various other investment Funds.

16. Custodian:

NCB Capital is the Custodian to the Fund. The portfolio's securities where applicable may be held by one or more internationally recognized securities custodians appointed by the Manager.

17. Auditor:

The Auditors to the Fund are KPMG Al Fozan & Partners, Zahran Business Centre, Prince Sultan Street, P.O Box 55078, Jeddah 21534, Kingdom of Saudi Arabia

Telephone: +966 12 698 9595, Fax: +966 12 698 9494

www.kpmg.com/sa

18. Annual Audited Financial Statements:

The Fund's independent audited annual financial statements will be made available within 90 days after the Fund's fiscal year, without any charges to the Unitholders and customers, upon request made to the Manager. In addition, the semiannual financial statements reviewed by the external auditors will be available for Unitholders within 45 days from the date of the financials. Such statements will be available to the Unitholders free of charge upon request made to the Fund Manager or by visiting the Saudi Stock Exchange (Tadawul) website.

19. Characteristics of the Units:

There shall be only one class of Units in the Fund.

20. Other Information:

20.1 The Confidentiality: Strictest confidentiality shall be observed at all times in the handling of the business of the Fund and the investments of subscribers. 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.

20.2 Death of the Investor: The Investor's consent to these terms and conditions shall not terminate automatically upon his/her death or disability; these terms and conditions shall be binding upon his/ her heirs, executors, administrators, personal representatives, trustees and successors if the Investor is an individual. If the Investor is a corporate body, this agreement shall not terminate upon the occurrence of any of the above to any partner or shareholder.

21. Shariah-Compliant Investment Fund:

21.1 The Fund is a Shariah Compliant Fund. The Shariah Board appointed to the Fund consists of the following members:

1. Sheikh Abdullah Bin Suleiman Al-Maniya (Chairman):

Member of the Supreme Scholars Council and former Chief Judge of the Cassation Court in Makkah. Holds MA from the Supreme Institute of Justice, Imam Saud bin Mohammad Islamic University.

2. Sheikh Dr. Abdullah bin Abdulmlaziz Al Musleh (Member):

Former dean of Imam Muhammad Bin Saud Islamic University, Abha, and Secretary General of the Panel of Scientific Miracles in the Quran and Sunnah. Attained PHD from the Faculty of Shariah, Imam Saud bin Mohammad Islamic University.

3. Sheikh Dr. Muhammad Al-Ali Al Gari (Member):

Former Professor of Islamic Economics at King Abdulaziz University in Jeddah. He holds PHD in economics from the University of California, USA.

21.2 The Fund will bear all fees payable to the Shariah Board member for their services in the amount of SR 27,000.

21.3 For details of the rules used by Shariah Board members in giving their pronouncement (Fatwa) which approved investment in the Fund, please see "Shariah Rules" Schedule.

22. International Investment Fund:

This clause does not apply to the fund.

23. Initial Offer:

There is no minimum size for the assets of the Fund to start investment.

24. Investment by Fund Manager in the Fund:

The Fund Manager may at its discretion participate in the Fund as an Investor at upon commencement of the fund or thereafter. The Fund Manager's investments will be disclosed at the end of each financial year.

25. Subscription and Redemption Procedures:

25.1 Days on which units in the fund may be sold and redeemed:

The Fund is open for subscription and redemption on every Dealing Day.

25.2 The deadline for the submission of instructions for purchases or redemption of units:

Submission of Subscription Application forms: All subscriptions payable in Saudi Riyal must be made at or before 10:00 AM on the Dealing Day in order to commence participation in the Fund from the intended Dealing Day. However, the Fund Manager reserves the right to extend the subscription deadline to be after 10:00 AM on the Dealing Day.

Submission of Redemption Application forms: Redemption may be made on any Dealing Day provided that a written notice or completed redemption form is received through branches at or before 10:00 AM on the Dealing Day. If the Dealing Day falls at an official Saudi Holiday, subscription amount will be invested in the Fund using the unit price on the following Dealing Day. The Fund Manager reserves the right to extend subscription to after 10:00 AM on the Dealing Day.

25.3 Subscription, Redemption and Switching Procedures:

Subscription Procedures: To subscribe in the Fund, the Investor must sign the Subscription Application Form and these Terms & Conditions through branches. Subscription can be made through alternative channels (telephone and internet). Subscription amount will be deducted from the Investor's account. The Investor shall provide valid identification documents such identity card (for Saudis), Iqama (non-Saudis). Corporate investors (companies and other institutions) must provide an authorization letter authenticated by the company, a copy of company's commercial registration, and other documents that may be required depending on the type of institution. The Fund Manager reserves the right to make effective a subscription by receiving the forms only.

Redemption Procedures: Redemption of units in whole or in part can be requested by the Unitholder at any time by submitting a written notice or completing and submitting a Redemption Form. Redemption forms may be obtained from designated branches of the Fund Manager or through alternative channels (telephone and internet). Investors must provide valid Saudi Identification Card or Iqama, as applicable, if redemption is to be made through a branch. The Unitholder must specify whether redemption of units is in part or in whole. In case of a partial redemption, if the total value of its units on the Dealing Day fall below the partial redemption amount, the Fund Manager shall have the right to decline the redemption transaction on the targeted Dealing Day without any liability to the Fund Manager, in which case, the Investor must submit a new redemption request on the next Valuation Day.

Switching Procedures: A switch transaction between two AlAhli Funds shall be considered a single transaction with two separate parts, redemption and subscription. Accordingly, the redemption part will be processed first in accordance with the "Redemption Procedures" clause above, then the subscription part of the transaction will be processed in accordance with the "Subscription Procedure" clause above. To request a switch, the Investor must complete a Switch Form and submit the same to the customer service employee at the branch along with a valid identification card, or through alternative channels (telephone and internet).

- 25.4 Redemption proceeds will be paid to the Investor within four (4) business days following the relevant Valuation Day on which redemption price of the unit was determined.
- 25.5 The amount to be redeemed should be at least (SAR 2000). The value of units held by the Unitholder must be at least (SAR 2000), except the units redeemed or held under the Regular Investment Scheme.
- 25.6 Rejection of Application: The Fund Manager reserves the absolute right to reject any subscription application, including the subscriptions that may result in a violation of CMA's regulations and/or any other regulations applicable to the Fund, including the Terms and Conditions of the Fund. The investor should be aware that redemption or valuation of the Units of the Fund under certain unfavorable financial markets conditions may become difficult or rather impossible, in which event the days of subscription and redemption may temporarily be changed as the Fund Manager deems appropriate, subject to CMA approval. If total redemptions exceed 10% or more of the Fund's NAV, the Fund Manager shall have the right to postpone the redemption to the next Valuation Day. Postponed redemption requests will be processed on pro rata basis.

26. Valuation of the Assets of the Investment Fund:

- 26.1 The total value of the Fund's assets will be calculated based on closing prices of the shares held by the Fund on the Valuation Day in addition to the accrued earnings. For investments in mutual funds, the last unit price published by the Fund will be used. The value of investee shares under IPO will be calculated during the period between subscription and commencement of trading based on offering price.
- 26.2 The value of Fund's assets will be calculated as of 05:00 p.m. on the Dealing Day and the Unit price published at the end of the next day following the Valuation Day.
- 26.3 The unit price will be calculated based on the total value of the Fund's assets mentioned in clause 26.1 inclusive of accrued earnings, dividends under collection, and the dividends reinvested in the Fund minus the fund management fee net of all fixed expenses, liabilities any other accrued expenses, then dividing the outcome by the total number of units then outstanding. In exceptional or emergency situations in which the Fund Manager reasonably determines that a significant portion of the Fund's assets may not be evaluated reliably (including, but not limited to, circumstances in which the Saudi stock market is closed at the time of valuation), valuation of the Fund's assets may be delayed for a period not to exceed two days following the deadline for submission of subscription and redemption applications, provided that such temporary action is reviewed later by the Fund Manager.

The Fund's net assets will be calculated as follows:

- 1) All charges and fixed fees and operating expenses will be accrued on daily basis and deducted from the total assets on the Valuation Day.
- 2) Management fee will be calculated and deducted from the outcome of the previous step. The resultant amount will be the net asset value of the Fund.

The above two steps can be summarized in the following equation:

$$\text{Net asset value of the Fund} = (\text{Total assets} - \text{Fixed actual operating fees \& expenses}) - (\text{management expenses})$$

27. Early Redemption Fee:

There is no early redemption fee.

28. Termination of the Fund:

The Fund Manager shall have the right to terminate the Fund in accordance with Article 17 of the Investment Funds Regulations, "Termination of Investment Fund", without incurring any penalty to any affected party, by giving not less than 60 calendar days' written notice to Investors after obtaining written approval of CMA. In such case, the Fund shall be liquidated and net proceeds will be distributed to Investors pro rata to their holdings of Units.

29. Reporting to Unitholders:

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 3 months). Statements to Investors are sent to the mailing address shown on the Application Form, 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 arising from statements or confirmation advices that are held by the Company on the instructions of the Investor.

30. Conflict of Interest:

The Fund Manager's procedure for managing conflicts of interests will be made available upon request free of charge.

31. Voting Rights Policies:

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

32. Changes to the Terms and Conditions:

These Terms & 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 the Investors before 60 days.

33. Complaints Procedure:

Any complaint the Unitholder may have in connection with the Fund should be sent to NCB Capital Company through the Fund Manager's website: www.ncbc.com or through dial-up phone number (920000232). In addition, a copy of the Fund Manager's policies and procedures for handling customer complaints will be made available upon written request without any extra charges. If no response to the complaint is received within 14 business days, the Unitholder shall be entitled to submit his/ her complaint to

CMA, Investor Complaint Unit. The Unitholder may also submit the complaint to the Committee for the Resolution of Securities Disputes after 90 calendar days following the date of submission of complaint to CMA, unless CMA has notified the complainant to file the complaint to the Committee prior to the expiration of such period.

34. Governing Law:

These Terms & 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.

35. Compliance with the Investment Fund Regulations:

The Terms and Conditions comply with the Investment Funds Regulations issued by the CMA and contain a full, true and plain disclosure of all material facts of the Fund.

36. Summary of Financial Disclosure

36.1 Expenses and annual fees of the Fund in Saudi Riyals

Table (1): Fees Expenses of the Fund in Saudi Riyals as of 2015:

| Type of Fees/Expenses | Amount in Thousands of SAR |
|---|----------------------------|
| Subscription Fee (2% of each transactions) | 55 |
| Annual Fund Management Fees 1.85% (of NAV) | 4,867 |
| Dealing Costs 0.2% (charged directly to the Fund subject to the fund portfolio turnover and activities) | 520 |
| Custody fees* | 136 |
| Annual remuneration of independent directors of the Fund* | 18 |
| External audit fees* | 24 |
| Financing charges* | 0 |
| Shariah audit* | 27 |
| CMA regulatory fees* | 7.5 |
| Fund Administration & Operation expenses including Tadawul publication fees* | 192 |

*Other expenses shall not exceed in total 1% of the average value of Fund’s asset. The actual expenses were 0.16% of the average value of Fund’s asset. The Fund will review the expenses charged to the Fund on quarterly basis (every three months).

The Fund Manager reserves the right to rebate or waive the management fees in case any fund managed by NCB Capital invests in the Fund.

36.2 Example of Unitholder's share of Fund total expenses

The following table shows a hypothetical example of a Unitholder investment, assuming that the investment value of the Unitholder is SAR 10,000

Table (2) - Hypothetical investment of a Unitholder and its share of the expenses in SAR

| Description | Amount |
|--------------------------------------|--------|
| Hypothetical Unitholder's investment | 10,000 |
| Total Dealing Cost (0.20%) | 20 |
| Total Other Expenses (0.16%) | 16 |
| Management Fee (1.85%) | 184 |
| Unitholder's net investment amount | 9,780 |

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

36.3 Basis of calculation, collection and payment of fees

Management Fees: The Manager will charge the Fund on every Dealing Day an annual management fee of 1.85% to be proportionate to the period of the Fund's net asset value.

Other Expenses: The other expenses that may be specified in advance such as audit fees, regulatory fees etc., will be charged directly to the fund. Expenses of the Fund's Board will be equally allocated to all funds supervised by the Board and managed by the Fund Manager. General floating expenses which are subject to change, such as Fund administration & operation cost, will be allocated using different criteria such as the total assets of each fund, number of subscription and redemption transactions, in addition to number of valuation days in that period.

All actual expenses will be calculated and deducted from the Fund's assets after having been allocated as units on each Valuation Day on the basis of 365 days as follows:

Fund management fees = (Fund assets - other expenses) * (1.85%) * (number of days between the current Valuation Day and the last Valuation Day ÷ 365)

We have assumed the following values:

- Fund's assets = 100,500 SAR
- Total other expenses and liabilities of the Fund = 500 SAR
- Net Assets Value of the Fund = 100,000 SAR
- Annual management fees of 1.85%
- Valuation Day Wednesday

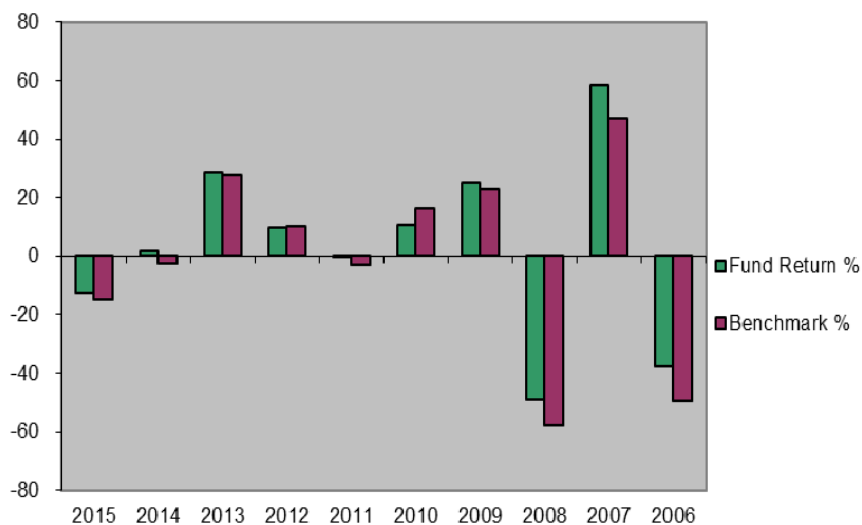
Management Fees on the valuation day = 100,000 * 1.85% * (1 ÷ 365) = 5 SAR

36.4 Fund's Historical Performance

The following table shows the Fund Performance compared to the benchmark for each of the last ten calendar years to December 2015

| Particulars | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------|--------|-------|--------|-------|-------|-------|-------|-------|-------|--------|
| Fund Return (%) | -37.53 | 58.57 | -49.00 | 25.02 | 10.81 | -0.46 | 9.66 | 28.81 | 1.85 | -12.76 |
| Benchmark (%) | -49.66 | 47.12 | -57.97 | 22.85 | 16.33 | -2.83 | 10.27 | 27.72 | -2.51 | -14.73 |

The following bar chart shows the performance for each of the last ten calendar years



36.5 Fund's Historical Performance for one, three, five and ten year periods

| Particulars | 1 Year | 3 Years | 5 Years | 10 Years |
|----------------------------|--------|---------|---------|----------|
| Annualized Fund Return (%) | -12.76 | 4.60 | 4.55 | -1.33 |
| Annualized Benchmark (%) | -14.73 | 2.01 | 2.61 | -6.61 |

The previous performance of the fund or the benchmark may not be indicative of the Fund's future performance. There is no guarantee that the Fund's performance will be comparable to that of the benchmark or will be similar to any past performance.

APPENDIX: Shariah Guidelines

Shariah Principles

All Investments and Investment Strategies employed by the Manager must be approved by the Fund Shariah Board.

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

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.
- Outstanding total cash or time deposits exceed 33% of the market value of its shares.
- Outstanding conventional debts exceed 33% of the market value of its shares.
- Interest income or income from non-Shariah compliant source exceeds 5% of its revenues.

The calculation method of the company's market value and the income generated from non-Shariah-compliant sources will be made available to the Unit holders without any charges upon request made to the Fund Manager.

Purification Process

The Manager will determine the income generated from non-Shariah-compliant sources on a quarterly basis, and will pay the 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.

The Fund has been approved by CMA. Investors should refrain from investing in investment Funds that have not been registered with CMA, but registration 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. Investment value may go down as well as up. Investors in the Fund are not certain 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.

This is an English translation of the official Arabic text of the Terms and Conditions. In case of any inconsistency or contradiction between the Arabic text and this English translation the Arabic text shall prevail

In signing this document, I /We hereby declare that I/We have read and understood **AIAhli GCC Trading Equity Fund** Terms & 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, Iqama, or Passport):
Signature:
Date:
Investment Account Number:

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