



Articles of Association Al Watani Fund

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1. Name of the Fund:

Al Watani Fund.

2. Name and Address of the Founder:

Qatar National Bank, a Qatari Joint Stock Company established under the laws of Qatar and having its principal office in Doha, Qatar, P.O. Box 1000 (hereinafter referred to as "Founder").

3. Name and Address of the Custodian:

Qatar National Bank, a Qatari Joint Stock Company established under the laws of Qatar and having its principal office in Doha, Qatar, P.O. Box 1000 (hereinafter referred to as "Custodian"), is appointed as Custodian of the Fund.

4. Type of Fund:

- a. An open investment Fund in the local Qatari securities market has been established in accordance with the provisions of the Law No (25) of year 2002 (the Law herein), the Minister of Economy and Commerce Decision No (69) of year 2004 for issuing the executive bylaws for the investment funds (the executive bylaws hereinafter referred to as the Directive), Qatar Central Bank Regulation, and these Articles of Association.
- b. These Articles of Association stipulate the provisions, rules and directives that shall apply on the Fund, the Founder, the Fund Manager, the Fund Custodian, Investment Advisors, Auditors and Investors.
- c. The Business of the Fund shall be commenced within a period of 60 days after the incorporation of the Fund.
- d. The preliminary expenses incurred in forming the Fund (including without limitation the preparation of its Articles of Association and its initial agreements with any Custodian, the Manager and the Investment Advisor to the Manager) and in connection with the initial issue of any class of its Units, any arrangement for registration and the listing of the Units on any recognized stock exchange shall, except and to the extent that it may be otherwise agreed by the Founder and the Manager, be paid by the Fund and may be amortized over such period not exceeding 3 years as the Founder may determine and the amount so paid shall, in the accounts of the Fund, be charged against income and/or capital as determined by the Founder.
- e. The Fund shall be denominated in Qatari Riyals.
- f. This Fund is designed for Qatari investors only.

5. Objective, Nature and Activity of the Fund:

The objects for which the Fund is established are:

- a. To carry on the business of an investment fund in accordance with these Articles, the Directive and the Law and for that purpose to invest the capital and other monies of the Fund in the stocks of companies listed on the primary and secondary markets of the Qatar Exchange and shares of other local investment funds, bonds, and non-listed securities in the case of Qatari governmental and semi-governmental agencies.
- b. To deposit money within the cash limits imposed in these Articles in any currency with such financial institutions approved by Qatar Central Bank and on such terms as may seem expedient.

- c. To employ experts to investigate and examine into the conditions, prospects, value, character, and circumstances of any business, concern or undertaking, or of any assets, properties or rights.
- d. To accumulate any capital gains and other income which shall be added to the value of the Fund and employed for any of the purposes of the Fund.
- e. The Fund is not intended to pay dividend, unless the Board or Directors of the Founder or to whom the Board of Directors delegate power to act on its behalf on such issue, issue a recommendation.
- f. The Manager shall seek on best effort basis to outperform market returns.
- g. To provide monthly liquidity under normal market conditions.
- h. The fund can borrow up to 25% of the net asset value for short term liquidity or fund redemption only but not for Leverage.

6. Duration of the Fund:

The duration of the Fund shall commence on the date of its registration in the Investment Fund Register in the ministry. The duration of the Fund is for ten years renewable from the Founder after the approval of Qatar Central Bank.

7. Capital of the Fund and Conditions and Controls of its Increase / Reduction:

The initial share capital of the Fund is QR 138,708,450 divided into 13,870,845 Units. Each Unit has a nominal value of QR10, and the Units shall be fully paid upon issuance. The Founder has the right to increase or reduce the Fund capital in accordance to limits specified in the Articles of Association.

Increase of Capital may be effected by issuing new Units for the amount required for the increase at time or period determined by the Founder.

- a. The Founder may resolve after the approval of Qatar Central Bank to reduce the capital of the Fund up to 50% during the determined offering period. The reduction shall be effected by cancelling a number of Units to the extent of the amount of capital reduction.
- b. In case of over subscription during the determined offering period the Founder may, after the Central Bank's approval, increase the capital of the Fund by the value he deems to be necessary, and in accordance with any maximum limit of capital increase specified in these Articles.
- c. The Board of Directors of the Founder, or to whom the Board of Directors delegate power to act on its behalf on such issues, shall approve any increase or reduction of the Fund Capital.

8. Limit of Investment Units to be Issued:

The minimum number of Units that the Founder shall issue at the establishment of the Fund, in case the initial capital was not reduced, is 13,870,845 Units.

The maximum number of Units that the Founder may issue, including the initial minimum number of Units, after the establishment of the Fund is 500,000,000 Units.2

9. Number of Investment Units to be subscribed and Units Nominal Value

The number of the Investment Units in the initial offering shall be 13,870,845 (five million units).

Units in the Fund are nominal and indivisible, and shall be exchanged or transferred through the appointed Custodian.

Each unit shall have a nominal value of QR10.

10. Upper and lower limits of subscription to Investment Units for one investor:

Pursuant to these Articles the number of Units hereby fixed as the minimum subscription upon which the Custodian and the Founder may proceed to allotment pursuant to the said initial issue of Units is 2000 (two thousand).

The maximum number of Investment Units to be subscribed in for any single investor is 2,000,000 Units (two million).

The Founder may from time to time determine the minimum amount in value or number of any holding of Units which may be held PROVIDED THAT any such determination shall not oblige any person registered as a holder of Units prior to such determination either to dispose of any such Units or to acquire additional Units.

11. Conditions to be met by the Fund Manager:

The Manager's eligibility requirements are:

- a. Any individual that is below 21 years old and is not awarded any university bachelor degree shall not be appointed as Fund Manager.
- b. The Manager may be any experienced corporation in the financial and investment fields.
- c. The Manager shall be of good reputation and conduct and shall not have been convicted of a felony or crime in breach of honor or trust unless has been reinstated.
- d. The Manager shall fulfill the requirements of the Law, the Directive and Qatar Central Bank regulation.

12. Type of Subscription (public/special) and its Procedures:

The Units of the Fund shall be offered in a public offering by the Founder.

The Custodian shall keep a Register of the Fund Investors, which shall contain their names, nationalities, domiciles, Unit certificate serial numbers, and the number of Units owned by each investor. Any disposal or assignment of Units by the said Investors and the date and details of such disposal, or assignment shall also be included in the Register.

No person shall be recognized by the Founder or the Manager as holding any Unit in the Fund, unless this person is registered in the Register.

The Custodian shall issue Unit certificates out of a book with counterfoils serially numbered signed by the Founder or the Manager. Unit certificates must show the Fund's name, License Number, the Registration Number of the Fund, the nature of the Units (if any), the nature of the Fund, the

duration of the Fund, the number of Units that the Investor bought or held and the address and name of the Founder.

The sale or purchase of a Unit shall not be considered effective against the Fund or a third party unless entered in the Register referred to in Article (20) here above. The Founder and/or the Custodian may suspend the registration of Units during the period when the Net Asset Value determination is suspended. The Founder and/or the Custodian may refuse to register a sale or purchase in the following cases:

- a. If the sale, purchase, or transfer of ownership, contravenes the provisions of these Articles or of the law and regulations.
- b. If the balance remaining in respect of the value of the Units has not been paid to the Fund or if it does not fulfill the minimum holding requirements.

The Founder or Custodian may reject any subscription form in the Fund, totally or partially, if it breaches the Law, the Legislation, the Directive, this Articles of Association, Prospectus and Subscription Terms and Conditions or if the subscriber submits insufficient or incorrect information.

Subject as hereinafter provided on receipt by the Custodian or its authorized agents of:

- a. An application in writing in such forms as the Founder may from time to time determine; and Such information as the Founder may from time to time require; the Founder may, on such day or days as the Founder may determine, make the initial issue of Units at the Subscription Price per Unit determined in accordance with Article (26) hereof or, subsequent to the initial issue of Unit on any Valuation Day, allot and issue Units for cash at a Subscription Price per Unit determined in accordance with Article (28) hereof.

After the expiration of the initial offering period and closure of subscription, the Founder and the Manager shall sort the applications, allocate Investment Units, notify the subscribers of their Units and hand over the certificates or subscription documents within fifteen days from the subscription closing date.

The allotment of Units on any Valuation Day shall be conditional on the said application (and such information as the Founder may from time to time require) having been received before close of business or such time as the Founder may from time to time specify.

Payment for Units shall be made at such time and in such manner as the Founder may from time to time resolve either generally or in any specific case.

Marketing channel shall be limited to the Founder, unless the Founder appoints other agents.

The price per Unit at which the Unit shall first be offered and the period during which the offer of the initial issue shall remain open shall be determined by the Founder.

All subscription and redemption of the Fund's Units shall be effected on Valuation Days or as the Founder may from time to time determine.

Subject to Article (27) and as hereinafter provided and subsequent allotment of Units on any Valuation Day shall be made at a Subscription Price per Unit determined by the Manager on the relevant Valuation Day of not less than the Redemption Price on the same Valuation Day and not more than a sum ascertained by:

- a. Assessing the Net Asset Value of the Fund concerned for this purpose under Articles (36) and (37) on the Valuation Day which shall be the last Business Day of each month (Business Day means Day on which commercial banks are open for full banking business in the State of Qatar, if the Valuation Day falls at the beginning of an official Qatari Holiday, calculation shall be done on the next Business Day following that Valuation Day, (these definitions of Business Day and Valuation Day shall apply in all these Articles), adding thereto such sum as the Manager may consider represents the appropriated provision for costs, duties and charges which would have been incurred by the Fund up to the relevant Valuation Day.
- b. Dividing the amount calculated under sub-paragraph (a) above by the total number of Units outstanding at that time.
- c. Rounding the resulting sum up to the nearest whole cent.
- d. Any subscription price determined by the Fund Manager in accordance with the NAV calculated by the custodian shall not be adopted unless it's approved by the Founder.

For the Purpose of this Article, and Article (29) hereof:

- a. Units, which have been allotted by reference to a particular Valuation Day, shall be deemed to come into issue at the commencement of business on the next Business Day following the day on which they are actually allotted.
- b. Units which have been redeemed in accordance with Article (30) hereof shall be deemed to remain in issue until the close of business on the day on which they are actually redeemed.
- c. Where subscription monies are not exact multiple of the Subscription Price a fraction shall be allotted to the Founder account as per the Directive.
- d. Upon payment in full of the Subscription Price and any initial charge, an Investor shall not be liable to make any further payment and no further liability can be imposed on him in respect of the Units, which he holds.
- e. No Units shall be allotted during any period when the determination of the Net Asset Value is suspended pursuant to Article (40), no Units shall be issued during any such period except those which have been allotted prior to the commencement of such period.

13. Terms, Conditions and Determined Periods to Redeem the Investment Units' Value:

Subject to the provisions of Article (17) (minimum holding) and subject as hereinafter provided, the Custodian shall on receipt by it or its authorized agent of a request in writing in such form as the Founder may from time to time determine by a holder of Units redeem all or any portion of such Units at the Redemption Price of each such Units determined in accordance with Article (35) or procure the purchase thereof at not less than the Redemption Price.

The redemption or purchase of units pursuant to Articles (28-2-b) and (35) shall be made on the Valuation Day falling after the day or period the Founder may determine from time to time, on which the Custodian is in receipt of such request.

Upon the redemption of a Unit being effected pursuant to these Articles, Investor shall cease to be entitled to any rights in respect thereof and accordingly his name shall be removed from the Register with respect thereto.

If it shall come to the notice of the Founder or Custodian that any Units are owned directly or beneficially by any person in breach of law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units, the Founder and the Custodian reserve the right to redeem the holding of such investor without notice. Redemption amounts shall be paid out of the Fund monies.

The Custodian may on any Valuation Day compulsorily redeem any holding of less than the minimum holding (if any) of Units under Article (17) at the Redemption Price on that day. Redemption amounts shall be paid out of the Fund monies.

The Redemption Price for each Unit calculated on a particular Valuation Day by the Manager shall not be more than the Subscription Price on the same Valuation Day as determined pursuant to Articles (25) and (28) and not less than a sum calculated by:

- a. Assessing the Net Asset Value of the Fund calculated in accordance with Articles (36) and (37) for the particular Valuation Day.
- b. Deducting there from such sum as the Manager may consider represents the appropriated provision for costs, duties and charges, which would have been incurred by the Fund up to the relevant Valuation Day.
- c. Dividing the resulting amount by the total number of Units outstanding at that time.
- d. Rounding the resulting sum down to the nearest whole cent.
- e. Any Redemption price determined by the Fund Manager in accordance with the NAV calculated by the custodian shall not be adopted unless it's approved by the Founder.

14. Assessment of the Investment Units and Calculation of Asset Value:

The Net Asset Value of the Fund shall be determined by the Custodian at the Valuation Point (the Valuation Point shall be after the market close on the relevant Valuation Day) for each Valuation Day and on such other occasion as the Founder may direct and shall be determined in accordance with the provisions of Article (37).

The Unit Net Asset Value is computed by dividing the total value of the portfolio, plus all income, including accrued income, less management fees, other relevant fees and any other relevant expenses and operational costs by the total number of Units outstanding at that time.

- a. The fees and commissions shall be as follows:
 - Subscription Fee: The Founder shall impose a fee up to 2% of the unit price as subscription fee.
 - Management Fee: The Fund Manager shall charge a fee of 1.5% per annum of the Fund's net asset value deducted on monthly basis.
 - Custodian's Commissions: The Custodian's remuneration for its role in the fund shall be 0.5% per annum of the Fund's net asset value deducted on monthly basis.
 - Performance Fee: The fund manager will charge a performance fee of 15% on positive excess returns over its benchmark.
 - Redemption Fee: The founder shall impose a fee of 0.5% as maximum of the Unit Redemption Price as redemption fee.
- b. Operational Costs:
 - All expenses reasonably incurred by the Manager and Custodian in the performance of their duties in relation to the Fund including brokerage fees.
 - Direct Expenses of the Fund such as legal, regulatory and audit fees.
 - Cost and expenses incurred in establishing the Al Watani Fund.

The Manager reserves the right to create without notices a Subscription Price (offer) in accordance with Article (28) and Redemption Price (bid) in accordance with Article (35) for Units, which would be applicable to all existing and potential Investors. These prices shall be created by the Manager in accordance with the Investment Unit Valuation performed by the Custodian, which is outlined in the Articles of Association.

- a. The Redemption Price is the price at which the Manager purchases Units from Investors.
- b. The Subscription Price is the price at which the Manager offers to sell Units to Investors.

The Founder may declare a suspension of the determination of the Net Asset Value for the Fund for the whole or any part of a period during which:

- a. By reason of the closure of or the suspension of trading or any money market or stock exchange or for any other reason exist as a result of which, in the opinion

of the Founder, it is not reasonably practicable for the Manager to realize or dispose of Investments and for the Custodian to fairly determine the Net Asset Value.

- b. As a result of an emergency state of affairs, the reasonable disposal of the securities owned by the Fund becomes impossible or there exist circumstances, which the Founder and/or the Manager deems will cause material harm or serious prejudice to the Investors.
- c. The communications system normally used for the determination of the price or value of the Investment owned by the Fund is damaged or there are reasons why the prompt and correct establishment of the prices owned by the Fund is reasonably impossible.

Any such suspension shall be publicized in at least two local newspapers in the next business day following the suspension decision, and thereafter there shall be no determination of Net Asset Value until the Founder shall declare the suspension at an end except that the suspension shall terminate in any event on the first Business Day on which:

- a. The condition giving rise to the suspension shall have ceased to exist; and
- b. No other condition under which suspension is authorized under Article (40) shall exist.

15. Investment and Risk Management Policies:

The following stop loss limits apply on all nonguaranteed investment. If strong and objective reasons exist to cross these limits, the Manager may cross it after the approval of the Founder in accordance with Articles (105) and (106).

- a. 50% shall be the maximum stop loss limit for all investments.
- b. Capital guaranteed Funds shall not require any stop loss limit.

All prospective investment proposal shall be preceded by:

- a. Investment analysis,
- b. Financial analysis,
- c. Industry selection,
- d. Security selection shall include the determination of companies with successful track record, strong strategic position, real earning potential, the use of fundamental and technical analysis and the employment of valuation models.
- e. Optimization of risk/return profile.

Investments shall not exceed the following limits:

- a. Diversification by sector: exposure to any single sector in the Fund shall be limited to a maximum of 30% over its weight in the Benchmark
- b. The fund will not invest more than 10% of the NAV of the fund in a single stock over the stocks weight in the Benchmark.
- c. Investment in any available fund shall be limited to a maximum of 20% of the Fund.
- d. Exposure to local fixed income securities shall be limited to a maximum of 50% of the Fund.
- e. Investment in any one local fixed income securities shall be limited to a maximum of 20% of the Fund.

The utmost secrecy should be observed at all times in the operations of the Fund and the Investments made by the Investor. This shall not be construed as limiting the access of the applicable regulatory authorities (including Qatar Central Bank, and any other appropriate regulatory authorities), to the Fund's records for the purpose of regulatory supervision. In case the Manager or the Custodian is a Non-Qatari institution, it is allowed to report also to the appropriate regulatory authority outside the State of Qatar conditional upon notifying the Founder 7 days earlier about the content of the report and/or any information or document disclosed.

The pursuant Article specifies the investment risks that the Manager shall always monitor, check and mitigate:

- a. **Investment Risk:** An investment in the Fund's Units represents an indirect investment in the securities owned by the Fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. Hence, the Fund is subject to the risk of loss of the entire principal that an Investor invests.
- b. **Systematic Risk or Stock Market Related Risk:** Is the risk factor related to macroeconomic variables that may be hard to be diversified by stock selection within a given market, but can be mitigated through diversification in less correlated markets with Benchmark. However, since the Fund is investing only in the State of Qatar hence it may have high exposure to such risk.
- c. **Unsystematic Risk or Individual Security Risk:** This risk is related to the specific features of the stock itself. It can be mitigated by means of diversification, which optimizes performance while reducing volatility and minimizing the correlation among the securities that constitute the portfolio.
- d. **Market Capitalization Risk:** Stocks are classified under three broad market capitalization categories – large, medium, and small. Investing mainly in one category carries the risk that due to current market conditions that category may suffer from unfavourable price swings. Generally, this risk is higher for small and medium capitalization companies.
- e. **Structural Risk:** The investment in the Fund will be affected by general economic (local and global) conditions and market circumstances such as prevailing economic growth, inflation and interest rates, which may affect the value of stockholder investment. A fair understanding of the prevailing economic conditions, cycles, and firm seasonality shall be required to mitigate such risk.
- f. **Country Risk:** It is the chance that domestic events – such as political upheaval, financial trouble, or natural disasters – will weaken a country's securities markets.
- g. **Regional Risk:** It is the chance that an entire region – namely, the Middle East – will be hurt by political upheaval, financial troubles, or natural disasters.
- h. **Energy Risk:** The State of Qatar relies mainly on energy production and export returns as the main source of revenues or funding, as a result any factors that may affect negatively the energy related returns or revenues

of the country will negatively impact the country's securities market.

- i. **Liquidity Risk:** Is the risk of having insufficient cash to sustain normal business activity, it is related to the lack of marketability of an investment that cannot be purchased or sold easily to prevent or mitigate a loss.
- j. **Currency Risk:** It shall be minimal for local investors since the Fund is totally denominated in Qatari Riyals so there are no worries about fluctuation in exchange rates, however foreign investors shall assume this investment consideration when subscribing into the Fund.
- k. **Credit Risk:** The Manager shall avoid investments in securities of companies or governments that has unfavourable credit rating.
- l. **Operational Risk:** It is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Continuous monitoring and division of tasks shall be adopted to mitigate such risk.
- m. **Legal Risk:** Is the risk of loss due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulation.

16. Rights, Duties and Responsibilities of the Founder:

The provisions and rules of these Articles shall be binding on the Founder.

The Founder's Board of Directors or to whom the Board of Directors delegate power to act on its behalf on such issue shall appoint a Legal Council to the Fund.

The Founder shall nominate the individual(s) who shall represent him in its relation with the Manager, the Custodian and any other third parties. The signature of the nominated individual(s) based on the approval of the Legal Council shall be binding on behalf of the Founder in all matters concerned with the running of the Fund affairs in the normal course of its business.

The Founder may appoint by a Board of Directors resolution any individual or corporation in accordance with these Articles, the Directive and the Law to act as the Manager of the Fund's investment affairs (including without prejudice to the generality of the foregoing, the fulfillment of the investment objective of the Fund).

The remuneration of the Manager shall be payable by the Fund.

- a. The Founder shall reserve the right to remove the Manager at any time.
- b. Notwithstanding sub-clause (a) above, the Founder shall not remove any Manager unless and until he has appointed a successor Manager that satisfies the requirements of Article (18).

The Founder may appoint in coordination with the Manager and in compliance with these Articles, the Directive and the Law, one or more Investment Advisor to the Fund at the Manager's expense.

The Founder shall appoint a Custodian in accordance with these Articles, the Directive and the Law to be responsible for the safe custody of the assets of the Fund and perform such other duties upon such terms as the Founder may from time to time (with the agreement of the Custodian) determine. The remuneration of the Custodian shall be payable by the Fund.

The Founder shall not remove any Custodian unless and until he has appointed a successor Custodian that satisfies the requirement of Article (53).

The Founder shall have regular meetings with the Manager and the Custodian, and shall monitor their work and check its compliance with the rules and regulations, and provisions of these Articles.

The Founder shall appoint a Secretary for the Fund to organize and prepare the minutes of meetings between the Founder, the Custodian and the Manager. Minutes of these meetings shall be entered in a Minutes Book. The Founder and the attendees of the meeting shall sign the Minutes.

Anyone who objects to any resolution or issue adopted in the meeting shall have his objection recorded in the Minutes.

Those attendees who sign the minutes of any meeting shall be answerable for the accuracy thereof.

The Founder may provide Qatar Central Bank with reports about the work of the Manager and the Custodian.

Where for the purpose of these Articles or for any other purpose any amount in one currency is required to be translated into another currency the Founder may effect such exchange at market prevailing rates.

17. Rights, Duties and Responsibilities of the Custodian:

The provisions and rules of these Articles and the Directive shall be binding on the Custodian.

The Custodian shall undertake all duties and responsibilities designated to him in the Articles of Association and in particular the following:

- a. Safeguard and supervise the money and assets of the fund and open and maintain the appropriate accounts and records.
- b. Execute the transactions and obligations resulting from managing and investing the money and assets of the Fund by the Fund Manager.
- c. Periodically review all the transactions carried out by the Fund Manager for the account of the Fund and the changes to rights of the holders of investment documents and to the investors record as provided in the Fund's Articles of Association.
- d. Timely assess the investment units in accordance with the rules of the law, the Directive and the Fund's Articles of Association.
- e. Advise the Founder of any breaches by the Fund Manager revealed to it during the course of its duties.

The investment Custodian may not own, directly or indirectly, any Investment Units in the Fund which it undertakes its investment custody.

The terms of appointment of the Custodian shall provide that the Custodian may not retire unless and until the Founder has appointed a successor Custodian, which is acceptable to the Founder and satisfies the requirement of Article (27), within a period of 90 calendar days from the Custodian's submission of retirement note.

The Custodian shall provide the Founder with any document or information that helps him in his monitoring and supervising tasks.

The Custodian shall keep proper books of account to be kept with respect to all the transactions, assets and liabilities of the Fund and so as to enable the accounts of the Fund to be prepared.

The books of account shall be kept at Custodian head offices, or at such other place or places as Custodian shall think fit, and shall at all times be open to the inspection of the Founder, but no person, other than the Founder, Manager, Custodian or Auditor or an officer, clerk, accountant or other person whose duty requires and entitles him to do so, shall be entitled to inspect the books, accounts, documents or writings of the Fund, except as provided by the Directive or the Law or authorized by the Founder.

The Custodian shall provide the Founder with any report that they issue.

The Custodian shall not publish any report and shall provide the Founder with any report that he issues.

18. Rights, Duties and Responsibilities of the Manager:

The provisions and rules of these Articles shall be binding on the Manager.

The Fund shall be managed in accordance with the provisions contained herein, the Directive, the Law, and Qatar Central Bank regulations.

Besides the tasks that these Articles specify to be performed by the Founder and the Custodian, the Manager has the necessary power to fully realize the objects of the Fund outlined in Article (5).

In accordance with the Law, the Manager shall represent the Fund before courts and in its relations with others and shall have the right to sign on its behalf.

The Manager shall nominate the individual(s) who shall represent him in its relation with the Founder, the Custodian and any other third parties. The signature of the nominated individual(s) shall be binding on behalf of the Manager in all matters concerned with the running of the Fund affairs in the normal course of its business.

The Manager shall manage the Fund under the policies, rules, provisions and guidelines imposed in these Articles and the Management Agreement.

The Manager shall provide the Founder with regular reports about the Fund in addition to any document or information that the Founder may request to monitor the management of the Fund.

The terms of appointment of the Manager shall provide that the Manager may not retire unless and until the Founder has appointed a successor Manager, which is acceptable to the Founder and satisfies the requirements of Articles (18), within a period of 90 calendar days from the Manager's submission of retirement notice.

Any individual delegated by the Manager to be involved in the management of the Fund shall abide by all investment and risk management policies stated in these Articles and shall be bound by the provisions of these Articles.

All transactions executed by the Manager shall be within the parameters and limits specified in these Articles.

The Manager and anyone involved in the management of the Fund shall check investment limits and parameters before performing any transaction. The Manager shall report to the Custodian and Founder any crossing of investment limits without any delay.

The Manager shall be the one responsible on issuing crossing limits reports. These reports shall be sent to the Founder on a daily basis and in case there is not any crossing the report shall be sent empty.

The Manager may specify the duration of the investment and the entry and exit strategy adopted. The Manager of the Fund shall consider himself as an institutional investor whose approach and risk tolerance shall be different than individual investor; the Manager shall be a conservative investor.

The Manager shall have a register to keep all documents and certificates in relation of securities ownership and transactions and all these shall be performed under the Fund name.

The Manager shall carefully choose the market timing ("Entry" or "Exit" the market) to avoid excessive price movements that are against the Fund interests, while at the same time exploits more positive opportunities.

The Manager of the Fund shall prepare each year:

- a. The Fund's Balance Sheet for the last financial year including particulars of the Fund's assets and liabilities.
- b. Profit and Loss account.
- c. A detailed report on the Fund's operations, its financial position during the preceding year and the profits carried over from the year before.

The Manager shall keep proper books of account to be kept with respect to all the transactions, assets and liabilities of the Fund and so as to enable the accounts of the Fund to be prepared.

The books of account shall be kept at the Manager head offices, or at such other place or places as the Manager shall think fit, and shall at all times be open to the inspection of the Founder, but no person, other than the Founder, Manager, Custodian or Auditor or an officer, clerk, accountant or other person whose duty requires and entitles him to do so, shall be entitled to inspect the books, accounts, documents or writings of the Fund, except as provided by the Directive or the Law or authorized by the Founder.

The Manager shall provide the Founder and Qatar Central Bank with any prepared report before issuing it.

The Manager shall provide the Founder with any document or information that help him in his monitoring and supervising tasks.

The Manager whenever it is necessary shall publish any material information that may affect the investments of the Fund's Investors.

The Fund Manager shall abide by all investment and risk management policies stated in these Articles.

19. The Rights and the Obligations of the Holders of Investment Units:

- a. The liability of the Investors is limited to the extent of their shareholding.
- b. The provisions and rules of these Articles and the Custodian Agreement as well as the Management Agreement shall be binding on each Investor as if he had been a party thereto and had covenanted to be bound by the terms thereof and such provisions and rules authorize and require the Founder, the Custodian and the Manager to do things required of them under the terms thereof.

Each Unit in the Fund shall confer equal rights and liabilities.

An investor shall in particular enjoy the following rights:

- a. To receive a share of all the assets of the Fund at the time of liquidation.
- b. To ask for a printed bulletin which includes the last financial data of the Fund, and any report of the Fund Manager.
- c. To dispose of the Units which he owns.

An investor shall not be held liable for the debts and obligations of the Fund except to the extent of the nominal value of its Units.

Pledging of the Fund assets:

- a. It shall not be permitted for an investor's creditor or his heirs for any reason whatsoever to seek the placement of pledging orders on the Fund books or properties, nor

shall they request the division or sale of such properties in the event it is not divisible, nor shall they interfere in the management of the Fund. In exercising their rights, they shall depend on the Fund's record, financial statements and Manager's reports.

- b. The Fund asset may not be pledged for the recovery of any debts due from one of the investors. The Units of a debtor investor may, however, be pledged, An entry to pledging shall be made in the Investor Register maintained by the Founder pursuant to receipt of notice from an appropriate authority. The pledging is not cancelled except by another notice from a competent authority.

20. Fund Reports:

The purpose of Management and Custodian's reports shall be:

- a. To provide a good and fair description of the Fund business, operations, activities and position.
- b. To provide a good reference for internal and external audit.
- c. To provide investors with a reliable reference to check their investment.

Any report issued by the Custodian or the Manager shall be in accordance to these Articles, the Directive and the Law. The Manager's annual report shall be published in at least two local newspapers, one newspaper shall be in Arabic and the other one shall be in English.

Monthly Reports:

- a. The Custodian shall issue a monthly report that shows all transactions performed on behalf of the Fund during the month and that shows the determined Net Asset Value of the Fund as calculated at the Valuation Point in accordance with Articles (36) and (37), in addition to any relevant comments or remarks.
- b. The Manager shall issue a quarterly report that shows the Net Asset Value of the Fund calculated by the Custodian and all relevant information that shows the financial position, operations and activities of the Fund, provide a comment on the Fund and shows Redemption Price and Subscription Price for the relevant Valuation Day, and shall include such information or data that the Founder may determine from time to time.

Quarterly Reports:

- a. The Custodian shall issue a quarterly report that shows all transactions performed on behalf of the Fund during the quarter and that shows the determined Net Asset Value of the Fund as calculated at the Valuation Point according to Articles (36) and (37), in addition to any relevant comments or remarks.
- b. The Manager shall issue a quarterly report that shows the Net Asset Value of the Fund calculated by the Custodian, the financial position, operations and activities of the Fund, any relevant information or data and key figures, and provide a comment on the Fund and shows Redemption Price and Subscription Price for the relevant

Valuation Day. This report shall clarify the compliance of the manager with the investment and risk policies specified in these Articles and shall include any such information or data that the Founder may determine from time to time. Auditors shall review and comment on the Manager's quarterly report in accordance with these Articles and the Directive before being issued.

Yearly Report:

- a. The Custodian shall issue at the end of the Fund's financial year a detailed report for internal audit that shows the activities and operations of the Fund and all transactions performed on behalf of the Fund in addition to any comment or remarks.
- b. The Manager shall issue at the end of the month of February after the end of the financial year of the Fund a detailed report that shows the Fund's financial position, operations, and activities, any relevant information, comment or key data and figures. The report shall show the Manager's compliance with investment and risk management policies outlined in these Articles and any other information required by the Founder from time to time.
 - The Auditors shall review the Manager's yearly report.
 - The Manager shall publish the Auditors' report and comments along with his yearly report. The Manager reserves the right to prohibit the publication of any information for reasons related to the Fund secrecy.
 - The Manager's yearly report shall include the audited financial statements of the Fund.

21. Fiscal Year and Financial Statements of the Fund:

The first financial year of the Fund shall commence on the date on which the Fund starts its activity and shall end on the 31st day of December 2006, which is equivalent to 14 months. Afterward, the Fund financial year shall commence on January 1st and shall end on 31st December of each year.

All financial bookkeeping and accounting issues shall follow International Accounting Standard (IAS) rules.

Net Profits are the balance remaining from the Fund's gross profits after deduction of: overhead cost, operational cost and fees.

Distribution of Net Profits shall be in accordance to Article (5-e).

22. Amendments of Documents:

No modification, alteration or addition may be made to the Management Agreement or the Custodian Agreement unless approved by the Founder's Board of Directors or to whom the Board of Directors delegate power to act on its behalf on such issues, PROVIDED ALWAYS THAT no such approval shall be required for any modification, alteration or addition which is required solely:

- a. To implement any change in the law, including a change brought about by an amendment to the law or any other relevant legislation directive; or

- b. As a direct consequence of any such change in applicable legislation directive; or
- c. To change the dates on which any Accounting Period begins or ends or to change any income allocation date; or
- d. To replace the Custodian when it has been removed or wishes to retire or has retired.

Where a relevant modification is proposed to be made to the Custodian Agreement, The Management Agreement or these Articles such modification shall not be approved unless each such modification has been the subject of a separate motion for its approval which has been separately approved by the Board of Directors of the Founder or to whom the Board of Directors delegate power to act on its behalf on such issues; and for this purpose each of the following is a relevant modification:

- a. An increase in the maximum of any periodic charge or fee payable to the Manager;
- b. A modification to any investment, hedging or borrowing restrictions specified in these Articles, the Management Agreement, the Custodian Agreement or any Prospectus of scheme particulars issued by the Founder.

23. Termination and Liquidation of the Fund:

The Fund shall be terminated and liquidated in accordance with these Articles, the Directive and the Law for any of the following reasons:

- a. Expiration of the term fixed for the fund.
- b. Completion of the objective for which it was established.
- c. If a court ruling is passed to the dissolution or liquidation of the fund.
- d. Expiration of the Founder, or if it is declared bankrupt, unless another party assumes the management of the Fund after obtaining the approval of Qatar Central Bank.
- e. Loss of 50% of the Fund's initial capital shall necessitate calling for a meeting with the investors, to be attended by 50%. Decision of liquidation shall be passed by majority of attending votes. If a quorum is not fulfilled in this meeting, another meeting is to be held after one week from the first meeting. This second meeting shall be quorum regardless of the number of attendants.
- f. In case the fund's initial capital falls below QR10 million (or less than one million units), this will require terminating and liquidating the fund.
- g. In case the period of subscription ends and 50% of the value of offered Investment Units is not covered. In this case, the Founder shall return to the Investors the amount they have paid along with any returns earned during the period. This will be completed within 15 days, as maximum, from the closing date of subscription.

Liquidation of the Fund: The liquidation of the Fund after its termination shall be in accordance with the following provisions:

- a. The authority of the Founder and the Manager shall cease upon the termination of the Fund, and they may not receive any money from the existing or new investors during the period of liquidation. As well, they may not conclude any new deals in the name of

the Fund, employ its assets and/or money in any new investments or carry out any transactions in this regard, except as may be needed by the liquidation process. Notwithstanding, each of them shall continue managing and supervising the Fund and be liable before third parties for the liquidation until the end of its procedures or till a liquidator is appointed.

- b. During the period of liquidation the Fund shall keep its legal identity to the extent necessary for the proceedings in liquidation and there shall be added to the name of the Fund during the period of liquidation the expression "under liquidation."
- c. Immediately on his appointment, the liquidator shall, upon agreement with the Founder, take inventory of the Fund's assets and liabilities and shall issue a detailed list thereof and a Balance Sheet to be signed by the liquidator and the Manager.
- d. The liquidator may not embark on any new activities save those necessary to complete the foregoing and may not sell the total assets of the Fund except with the consent of the Founder.
- e. The liquidator shall sell the movable and immovable properties of the Fund either by public auction or any other manner unless the deed of his appointment specifies a different procedure for sale. The liquidator shall pay off the debts of the Fund and provide for payment of contingent or disputed debts.
- f. After payment of all debts resulting from the liquidation process and after satisfaction of debts owing to the Fund's creditors. The Fund's assets shall be distributed amongst all the investors on a pro rata basis to its respective Unit in the Fund.
- g. The liquidator shall submit to the Founder an interim report every six months on the liquidation.
- h. The liquidator shall submit to the Founder a final statement for account of the liquidation process.

The liquidation operations shall be finalized upon the approval of such final account by the Founder. The liquidator shall declare the completion of the liquidation process in the Investment Fund Register in the ministries and in two of the local newspapers; at least one issued in English, and shall cancel the registration of the Fund from the Investment Fund Register in the ministries.

The Fund's books for accounts and documents shall be kept for a period of 10 years commencing on the date on which the name of the Fund has been struck off the Investment Fund Register in the ministry.

24. Auditor:

The founder shall solicit offers for the appointment and fixing remuneration of one or more Auditors from among those licensed to practice audit profession in the State of Qatar. The Founder shall appoint the auditors on annual bases for a period of one year.

An auditor may not be appointed for more successive five years. The Fund shall pay for the remuneration of the

auditors. The auditors shall carry out their duties according to the provisions and rules of these Articles and the Directive.

The auditor shall have the right to review, at any time, the books, records and other documents of the Fund. As well, it shall have the right to demand any details or clarifications it deems necessary, and to verify the asset and liabilities of the Fund. If faced by any difficulties in this regard, the auditor should indicate this in a written report to the Founder.

The auditors shall submit a report on the Fund's account to the Founder written two months from the end of each fiscal year.

The auditor's report should include the following:

- a. Whether it was provided with the information it deems necessary for the performance of its duties.
- b. If the balance sheet and profit and loss account were satisfactory and reflect the reality and in line with the applicable international accounting procedures and the standards set by the concerned government authority, and that everything is in compliance with the requirement of the law and these Articles of Association and truly and fairly reflect the actual financial status of the Fund.
- c. If the fund maintains regular accounts.
- d. If inventory was carried out in accordance with the recognized standards.
- e. If the details included in the Manager's report are compliant with those found in the Fund's records.
- f. If there were any breaches of the Fund's Articles of Association and the provisions of the directives and the law during the fiscal year in a manner harmful to the Fund operations and the financial status, to the best of its knowledge and the limit of the information available to it.
- g. The auditors shall review the periodic financial reports prepared by the Fund Manager during the fiscal year, and give their opinion in the light of the international accounting standards.

In case there will be two auditors, and they could not agree on the report, each will prepare a separate report.

In case of appointing a number of auditors, they shall be jointly responsible for the correction of the details included in their report and for the damage that may be incurred by the Fund, the investors or the other parties as a result of any mistakes by the auditors in performing their duties as agents for all investors.

The Auditors shall provide the Founder with any report that they issue, the Auditors shall also provide Qatar Central Bank with any report that they issue upon its request.

25. Disputes:

These Articles shall be governed by and construed in accordance with the laws of the State of Qatar. Any dispute arising from or connected with these Articles shall be referred to Qatari courts for final settlement.

26. Indemnity:

The Fund indemnifies against loss and holds harmless the Founder, Manager and the Custodian Investment Advisor (if appointed) and their parent companies, subsidiaries in addition to their official staff, managers, labor, agent, and fund representatives (each of them shall be called the protected party) against any loss, claim, damage, expenses or liabilities (including the fees and expenses of legal advisors) incurred by the protected party in relation to the activities of the Fund, unless such liabilities fall under the items of article (22) of the Directive or in case such loss, damage or expenses were incurred as a result of acts made in bad faith, intentional negligence or material breach by the protected party.

27. Notices:

All notices or documents or other communications addressed or posted in accordance to these Articles shall be written in Arabic and English and the Arabic language text shall be the official language and the base for the interpretation of any disputed provision.

These notices shall be considered posted, served and deemed in effect if:

- a. It was sent to the address or contact details as registered in the Fund Register, and in the case of correspondence with the Fund Manager the address shall be: QNB Bldg, Main Branch, PO Box 1000, Doha Qatar, Tel: (+974) 44407104.
- b. It was delivered personally to the authorized representative of the person whom the notice is sent to.
- c. It was sent by prepaid guaranteed post service.
- d. It was sent by Fax provided a transmission record is generated simultaneously with such facsimile transmission and indicating complete transmission of the communication.

28. General Provisions:

These Articles of Association shall be deposited and published in accordance with the provisions of the law.

The rules of the law No. (25) of 2002 for Investment Funds and its Directive issued by the Minister of Business and Trade's resolution No (69) of 2004, shall apply where no specific provision is made in these Articles of Associations. Further, all the amendments made to that Law and its Directive shall be considered integral provisions to these Articles or amending to them, as the case may be.

These Articles of Association have been issued after the approval of the Ministry of Business and Trade (Fund Registration number of the Fund: 31350) and the approval of Qatar Central Bank (License number of the Fund: I.F/3/2005)

These Articles of Association have been made in Arabic and English texts. In case of conflict or ambiguity between the two texts, the Arabic text shall prevail.

