

MAKASEB INCOME FUND PROSPECTUS

This Prospectus was approved by the Central Bank of Bahrain (CBB) on March 01, 2006. The Central Bank of Bahrain, the Bahrain Stock Exchange and the Ministry of Industry & Commerce of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Prospectus or for the performance of this Fund, nor shall they have any liability to any person, an investor or otherwise, for any loss or damage resulting from reliance on any statement or information contained herein.

MAKASEB INCOME FUND MAKASEB FUNDS COMPANY II BSC (C) MASHREQBANK PSC

The date of this Prospectus is August 17, 2008.
Potential investors are strongly advised to take professional advice in relation to the contents of this Prospectus.

This Prospectus does not constitute an offer or solicitation of Units in any jurisdiction in which such offer or solicitation is not authorized. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

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

Important: If you are in any doubt about the contents of this prospectus, you should seek independent professional financial advice. Remember that all investments carry varying levels of risk and that the value of your investment may go down as well as up. Investments in this collective investment undertaking are not considered deposits and are therefore not covered by the Kingdom of Bahrain's deposit protection scheme. The fact that this collective investment undertaking has been authorized by the Central Bank of Bahrain, does not mean that the CBB takes responsibility for the performance of these investments, nor for the correctness of any statements or representations made by the operator of this collective investment undertaking.

NOTICE TO INVESTORS

This Prospectus is the lawful property of Makaseb Funds Company II BSC (C) (the "Funds Company") and may not be distributed, reproduced or copied, as a whole or in part, nor may any of its contents be disclosed without the prior written and express permission from the Funds Company or Mashreqbank psc (the "Investment Manager").

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

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

- a) Be in breach of any law or requirement of any country or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances;
- b) Result in the Funds Company or the Fund incurring any tax liability which the Funds Company or the Fund would not otherwise have incurred or suffered;
- c) Require the Funds Company or the Fund to be registered under any statute, law or regulation, whether as an investment company or trust scheme; or
- d) Cause the Funds Company or the Fund to be required to apply for registration or comply with any registration requirements in respect of any of the Units in any jurisdiction other than in Bahrain.

Under Bahrain Law, an application must be made to the Central Bank of Bahrain (CBB) to obtain its consent to offer to investors in Bahrain participation in a new or in an existing collective investment scheme. Under the CBB CIU rules this Fund has been classified as a Retail CIU.

Under Bahrain Law, Makaseb Income Fund (the "Fund") is subject to periodic financial reporting requirements pursuant to which the Fund's un-audited semi-annual statements and audited annual statements must be approved by the CBB and forwarded to the investors of the Fund with within two and four months respectively of the end of the relevant period.

The relevant periods are June 30 for semi-annual financial statements and December 31 for annual financial statements.

Investing in the Fund involves risk and investors should be able to bear the economic risks of their investment in the Fund, including all or part thereof, and should not be dependent upon any returns from such investment for any basic financial needs.

The Fund is an open-ended collective investment scheme designed for Investors seeking current income primarily through investing in fixed and floating rate securities.

Investors should be aware that the value of Units might decrease as well as increase.

Each investor may acquire Units solely for investment purposes. The Units may not be directly or indirectly sold, transferred, or assigned, by operation of law or otherwise, without the prior written consent of the Funds Company. Any attempt by an Investor to transfer Units constitutes a tender to the Directors for the redemption of such Units.

The Placement Agent, in its sole discretion, may reject any subscription for Units in whole or in part at any time prior to acceptance thereof, without being liable to assign any reason there for. Furthermore, the Placement Agent may at any time and at its discretion redeem the Units and distribute to investors their respective share of the proceeds thereof.

Applications for Units are subject to acceptance by the Placement Agent.

The Directors and Operator of the Fund have taken all reasonable care to ensure that the information contained in this Prospectus as at the date of publication, is to the best of their knowledge and belief, in accordance with the facts and does not omit anything material to such information. The Directors and Operator accept responsibility accordingly.

Investors will be notified at least 14 calendar days before the changes take effect, subject to prior approval of the CBB, in the following circumstances:

1. Any changes in the investment policy;
2. Change in the operator, manager, administrator or custodian of the Fund;
3. Fee increases
4. Merger, division or termination of the Fund;
5. Changes in the Directors of the Fund; and
6. Any major issue that may affect the investors of the Fund.

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

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

The Fund's directors declare that the prospectus as at the date of publication:

- a) does not contain information that is untrue, misleading, or is unfairly prejudicial to the interests of the CIU participants generally or to the participants of other classes of instruments issued by the CIU; and
- b) does not contain any provision that conflicts with any rule in this Rulebook, or other legal or regulatory requirements that apply to the CIU or other relevant persons connected to the CIU.

1.0 Executive Summary

The following summary is qualified in its entirety by reference to more detailed information appearing elsewhere in this Prospectus. Certain capitalized terms used in this Prospectus are defined in Section 2.0.

The Funds Company: Makaseb Funds Company II B.S.C. (C), a Bahraini funds company approved by the Central Bank of Bahrain and incorporated as a Bahraini Joint Stock Closed Company with Commercial Registration Number 59197. Under the current capital structure of the Funds Company 99.9% of its share capital is owned by Mashreqbank psc and 0.1% by Mr. Abdul Aziz Al-Ghurair.

The registered address of the Makaseb Funds Company II B.S.C. (C) is:
Flat 141, Building 3
Road 365, Block 316
Manama
Kingdom of Bahrain

The Makaseb Funds Company II B.S.C. (C) has been established to act as an umbrella vehicle for funds including the Fund.

Place of Creation: The fund has been created in the Kingdom of Bahrain.

Investment Objective: The fund seeks to provide current income primarily through investment in a portfolio of fixed and floating rate investments, issued by sovereigns, agencies, autonomous bodies, financial institutions, corporate and special purpose vehicles, originating from the Target Markets.

Currency: The Fund is denominated in U.S. Dollars

Investment Manager: Mashreqbank psc, Dubai, United Arab Emirates.

Custodian: HSBC Bank Middle East Limited

Administrator: HSBC Bank Middle East Limited.

Operator/ Promoter: Mashreqbank psc, Dubai, United Arab Emirates.

Registrar and Transfer Agent: Keypoint Consulting W.L.L., Bahrain.

Representative: Keypoint Consulting W.L.L., Bahrain.

Auditor: Deloitte & Touche, Bahrain

Legal Counsel: Afridi & Angell, UAE

Subscription: Units may be subscribed on any Dealing Day, subject to the condition that the Funds Company should have received a duly authorized subscription request in writing at least seven (7) Business Days prior to the Dealing Day. The Units will be offered at their respective Net Asset Value (NAV) on the preceding Valuation Day, plus in each case the Subscription Fee.

Redemption: Units may be redeemed on any Dealing Day, subject to the condition that the Funds Company should have received a duly authorized redemption request in writing at least seven (7) Business Days prior to the Dealing Day. The Units will be redeemed at their respective Net Asset Value (NAV) on the preceding Valuation Day. A Redemption Fee may be charged if applicable.

Minimum Subscription: The initial subscription must be for a minimum amount of U.S. Dollars 10,000 and any subsequent subscription in an amount in multiples of U.S. Dollars 1,000.

Initial Subscription Price: U.S. Dollars 10.00 (at Fund launch date).

Minimum Holding: 1,000 units or U.S. Dollars 10,000.

Listing: The Fund will be listed on at least the Bahrain Stock Exchange but may seek to list on other exchanges as the Directors may determine is necessary or appropriate.

Investment Management Fee: A maximum of 2.0% per annum of the Net Asset Value (NAV) of the Fund paid to the Investment Manager quarterly in arrears. The fee is accrued on each valuation day.

Administration Fee: The fee payable to the fund's investment advisor or its affiliates for administration of the fund's assets

Custody Fee: The fee payable to the custodian for safe keeping of the fund's assets

Registrar and Transfer Agent Fee: The fee payable to the institution that acts as the registrar and is responsible for keeping records of the shareholders. The institution also maintains records of investors and account balances and transactions, cancels and issues certificates, and processes investor mailings.

Redemption Fee: 5% of the Net Asset Value (NAV) if units are redeemed by the investor within the first three months of their purchase, 4% if they are redeemed between three to six months, and 3% if they are redeemed between six to twelve months and 0% if they are redeemed after twelve months.

Subscription Fee: Up to 2.0% of the Net Asset Value (NAV) or the Initial Subscription Price.

ADDRESSES OF PARTIES:

Custodian and Administrator:

HSBC Bank Middle East, Bahrain Branch
HSBC Securities Services
2nd Floor, HSBC Head Office Building, Seef
PO Box 57, HSBC Bank Middle East Limited
Kingdom of Bahrain

Placement Agent & Investment Manager:

Mashreqbank psc
Head Office

P. O. Box 1250,
Dubai, United Arab Emirates.

Registrar, Transfer Agent & Representative:

Keypoint Consulting W.L.L., Bahrain
24 th Floor, The NBB Tower
Government Avenue,
Manama
Kingdom of Bahrain

Auditor:

Deloitte & Touche, Bahrain
Office 44, 4th Floor,
Al-Zamil Tower, Government Avenue,
P. O. Box 421, Manama
Kingdom of Bahrain

Legal Counsel:

Afridi & Angell, UAE
P.O. Box 9371,
Emirates Towers – Level 35,
Sheikh Zayed Road, Dubai,
United Arab Emirates.

2.0 DEFINITIONS

Administration Agreement: The administration agreement between HSBC Bank Middle East Limited and the Makaseb Funds Company II BSC (C).

Articles of Association: The Articles of Incorporation of the Makaseb Funds Company II BSC (C) (which are available for inspection at the company's registered office).

Auditor: Deloitte & Touche

Base Currency: United States Dollars

Business Day: Means a day which is a normal business day in both Bahrain and United Arab Emirates (UAE).

Custodian Agreement: The Custodian Agreement between HSBC Bank Middle East Limited and the Makaseb Funds Company II BSC (C).

Dealing Day: Every Wednesday (subject to it being a business day).

Directors: The Directors of the Makaseb Funds Company II, BSC (C).

Equity Securities: Shares (preferred, common, or other) traded on an exchange, over the counter, or through a market maker.

Fixed Income Securities: Any type of security and/or instrument issued by third party for a fixed return, including but not restricted to bonds, notes, commercial

paper, certificates of deposit, Islamic instruments, etc. The securities may or may not be listed.

GCC: The Gulf Cooperation Council States.

Investment Management Agreement: The fund management agreement between Mashreqbank psc Dubai, United Arab Emirates and the Funds Company.

Investors: Unit holders in the investment schemes of the Makaseb Funds Company II BSC (C)

MENA: Middle East and North Africa.

Ministry: Bahrain Ministry of Industry & Commerce.

Net Asset Value: As determined in accordance with Section 6.0.

Placement Agency Agreement: The placement agency agreement between Mashreqbank psc and Makaseb Funds Company II BSC (C).

Placement Agent: Mashreqbank psc, Dubai, United Arab Emirates.

Prospectus: This prospectus as amended from time to time by the Directors and approved by the Central Bank of Bahrain.

Redemption Notice: The redemption notice to be completed and signed by a Unit Holder.

Registrar and Transfer Agency Agreement: The Registrar and Transfer Agency Agreement between Keypoint Consulting W.L.L., Bahrain and the Funds Company.

Subscription Agreement: The subscription agreement attached to this prospectus.

Switching: Units may be switched from one Makaseb Fund to another Makaseb Fund without any subscription/ redemption charges. Only a flat nominal fee of USD 100/- will be charged on each switch, irrespective of the value of switch.

Unit Holders: At any time, owners of Units of the fund.

Units: Individual units of the Fund representing an investor's investment participation in the Fund.

U.S. Dollar: The legal currency of the United States of America.

Valuation Day: Every Tuesday, subject to it being a Business Day.

3.0 THE FUNDS COMPANY / THE FUND

The Makaseb Funds Company II B.S.C. (C) (the Fund Company) has been established in accordance with the provisions of the Bahrain Commercial Companies Law Decree Number 21, 2001. The purpose of this company is to create Investment Funds / Collective Investment Schemes and to enter into instruments for the

creation and issue of participating investment units. The issued capital is BD 1,000 (USD 2,652). Mashreqbank psc is the promoter and sponsor of the Fund.

The Makaseb Income Fund (the Fund) is an open-ended investment fund established by the Funds Company. The Fund is a collective investment scheme established pursuant to the Central Bank of Bahrain Module for Collective Investment Undertakings issued in April of 2007 and effective from June 2007. The Fund has been authorized and approved by the CBB and established for a period of 25 years by the Funds Company. The life of the Fund can be extended by the Funds Company at the end of 25 years.

The base currency of the Fund is US Dollars. Each unit in the Fund is equal to US Dollars 10 (ten only). The minimum initial subscription is US Dollars 10,000 (Ten thousand only). The Fund, being an open-end fund, will offer Units on a continuous basis by authorized placement agents and through distributors authorized by the placement agent (see 'Subscription,' 'Redemption,' and 'Transfer of Units'). The Fund intends to seek listing on one or more stock exchanges within the GCC where its Units may be traded.

Any change to the Prospectus must be made by the Directors of the Fund and shall be subject to the approval of the Central Bank of Bahrain and will be reported to Unit Holders of the Fund. For more information on these and other important matters related to the management and administration of the Fund, see section titled 'Management of the Fund.'

3.1 Investment Objective

The Fund's main objective is to provide current income primarily through investment in a portfolio of fixed and floating rate securities. These investments may be made directly and through other means when deemed appropriate. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 70% of its assets in a diversified portfolio of fixed income instruments that are either rated or non-rated. Rated instruments should have a rating of at least B assigned by Standard & Poor's or an equivalent rating from a globally recognized credit rating agency (Moody's or Fitch). Unrated instruments should be determined by the Fund Manger to be of at least comparable credit quality and investment in such instruments under normal circumstances will not exceed 25% of the Fund's NAV. The remainder of the Fund's assets may be invested in cash, quasi fixed income instruments and derivative instruments. The "total return" sought by the Fund consists of income earned on the Fund's investments, plus capital appreciation, if any, which generally arises from decreases in interest rates or improving credit fundamentals for a particular country, sector or instrument.

3.2 Investment Strategy and Process

As the largest private bank in the UAE, the Investment Manager has substantial resources at its disposal to analyze the economies of the Target Markets both at a macro and micro level. There are substantial opportunities in the Target Markets which offer:

- A. Solid fundamentals sustained by their key geopolitical position
- B. Financial and political stability
- C. An attractive valuation and high yields
- D. An opportunity for diversification of risk

When selecting investments, the Investment Manager will utilize a blended top down and bottom-up approach. Company-specific analysis will be made in the context of a macroeconomic and political framework. In top down analysis, focus will be on such macroeconomic factors as inflation, interest rates, social trends and political climate and identify signs of positive fundamental change, based on economic, political and social factors. In bottom-up analysis, focus will be on company-specific variables, such as competitive industry dynamics, market leadership, proprietary products, services, and management expertise. Financial characteristics, such as returns on sales and equity, debt/equity ratios, earnings and cash flow growth will also be considered in the Investment Manager's analytical framework. The Investment Manager will search for the most attractive opportunities within each credit class; analyze credit spreads on instruments and historical spread relationship and each instrument's structure and covenants.

Investment specific research will be combined with a fundamental analysis of sectoral and economic conditions. The Investment Manager will select instruments which match the Fund's investment theme and are likely to benefit from rating upgrades, credit spreads tightening or increase in value due to corporate events. The Fund may also retain large cash balances from time to time, if the outlook for Fixed Income Securities is believed to be negative. The objective is to provide a meaningful return relative to the HSBC/NASDAQ Dubai Middle East Conventional Corporate Bond Index. The Fund should be viewed as a medium-to-high risk Fund.

3.3 Target Markets

The Fund will invest primarily in the Gulf Cooperation Council States, Lebanon, Jordan, Iran, Syria, Algeria, Egypt, Morocco and Tunisia, other MENA Markets and selectively in South Asian markets. It may also invest in securities originating from other Emerging economies. These investments may be made directly or indirectly, including through sub-funds and / or with sub-managers as the Investment Manager deems appropriate. The Fund may invest in both listed and unlisted instruments. The Fund may invest in both secured and unsecured instruments at multiple levels of the capital structure. These investments may be made directly or indirectly as deemed appropriate by the Investment Manager.

3.4 Hedging

The Fund will use derivatives, primarily to hedge risks associated with the investments of the Fund, where applicable.

3.5 Investment Policies

I. Investment Guidelines

In conducting its investment activities, the Investment Manager shall adhere to the following policies:

- A. Investments in Fixed Income Instruments which are rated originating from the Target Markets will comprise at least 20% of the NAV of the Fund;
- B. Investments in Quasi Fixed Income Securities in the Target Markets are permitted up to a maximum level of 40% of the NAV of the Fund;
- C. The Investment Manager may invest cash balances in US Dollars and / or other convertible currencies in fixed return securities including, but not limited to,

fixed deposits, treasury notes, certificates of deposit, money market funds, and Islamic securities issued by institutions in the Target Markets;

- D. The Fund may enter into repurchase and reverse-repurchase agreements with banks and other financial institutions deemed to be creditworthy by the Investment Manager. If the Fund enters into such an agreement with an Affiliate of the Funds Company, that agreement will be done on an arm's length basis. The combined value of both agreements will not exceed 40% of the NAV of the Fund;
- E. Investments in Fixed Income Securities which are either non-rated or rated below investment grade (BB+ to B-) will comprise up to a maximum of 75% of the NAV of the Fund, with Fixed Income Securities originating from the MENA Markets comprising at least 40% of the NAV of the Fund. Investments in non-rated Fixed Income Securities will not exceed 25% of the NAV;
- F. The Investment Manager may invest a maximum of 50% of the Fund's NAV in the Fixed Income Securities originating from a single country in the Target Markets except as approved by CBB regulations *;
- G. The Investment Manager may invest a maximum of 20% of the Fund's NAV in the Fixed Income Securities of a single issuer except as approved by CBB regulations;
- H. The Investment Manager is authorized to employ the services of independent third party investment managers, through collective investment schemes, up to a maximum of 20% of the NAV of the Fund, if it is determined to be in the best interest of Investors;
- I. The Investment Manager is authorized to employ the services of independent third party investment managers, through segregated accounts, up to a maximum of 20% of the NAV of the Fund, if it is determined to be in the best interest of Investors;
- J. The Investment Manager may arrange short term finance for the Fund provided that it does not exceed 60% of the NAV of the Fund. Short term finance from an Affiliate of the Funds Company will be arranged on an arm's length basis;
- K. Investment in other emerging economies is permitted up to a maximum level of 20% of the Fund's NAV; and
- L. The Investment Manager expects to pay dividends to shareholders at least on an annual basis, subject to prior approval by the CBB. Capital gains and/or capital may be returned to Investors in the form of a special dividend at any time, at the discretion of the Investment Manager.

In the event of any limit exceptions, remedial measures will be taken to bring the same within permitted limits.

* Please note that the single country ceiling of 50% of the Fund's NAV is applicable to the Gulf Cooperation Council States only. The single country ceiling for other countries in the Target Markets is 30% of the Fund's NAV. Total investment in other

emerging economies is permitted up to a maximum level of 20% of the Fund's NAV as per K above.

II. Investment Restrictions

The Investment Manager may not conduct any of the following transactions for the account of the Fund:

- A. Granting collateral and issuing guarantees;
- B. Trading in real estate; and
- C. Investing in hedge funds.

3.6 Investment Risk Factors

- I. **High Yield Risk:** High yield securities, which are either rated below investment grade or non-rated, may be subject to greater levels of interest rate, credit and liquidity risk. High yield instruments generally are less liquid and do not trade frequently. The price may be significantly higher or lower than expected and at times, it may be difficult to sell high yield instruments promptly at an acceptable price. An economic downturn or period of rising interest rates could adversely affect the market for these securities.
- II. **Interest Rate Risk:** As nominal interest rates rise, the value of fixed income securities is likely to decrease. Securities with longer maturities tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter maturities.
- III. **Credit Risk:** Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.
- IV. **Emerging Markets Risk:** The Target Markets are considered emerging markets, and investing in emerging markets may involve special risks different from, or greater than, the risks of investing in developed countries. In particular, emerging markets are characterized by the relative lack of availability of information about issuers or markets due to lax disclosure requirements and accounting standards and/or the absence of stringent regulatory practices.
- V. **Political Risk:** The measure of a country's willingness to honor its foreign obligations and is a function of stability of country's government and its leadership, country's ideological background and country's past history with foreign investors.
- VI. **Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell. Fund's investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price.

- VII. **Market Risk:** The market price of securities may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.
- VIII. **Currency Risk:** The risk that the currency of the securities will decline in value relative to the US Dollar. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by central banks, or by the imposition of currency controls or other political developments.
- IX. **Derivatives Risk:** Derivatives are subject to liquidity risk, interest rate risk, market risk and credit risk. They also involve the "basis risk" - changes in the value of the derivative may not correlate perfectly with the underlying asset.
- X. **Management Risk:** The Fund is subject to management risk because it is an actively managed investment portfolio. The Investment Manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

The above-mentioned risk factors are most likely to have a material effect on the Fund's portfolio as a whole. The Fund may be subject to additional risks other than those described above.

4.0 MANAGEMENT OF THE FUND

4.1 The Directors

The Directors of the Fund Company have overall authority and responsibility for the operation of the Fund. The Directors will exercise supervision and control of the Fund, including deciding matters of general policy and reviewing the actions of the Investment Manager, the Custodian, the Administrator, and the Registrar and Transfer Agent. The Funds Company may appoint and replace Directors from time to time.

The following individuals have been appointed as Directors:

4.1.1 Mr. Nabeel Waheed, Chairman

Mr. Waheed has over 23 years of experience serving banking and financial services industry in Pakistan, Sub-Continent, and Middle East. Mr. Waheed joined Mashreqbank as Head Division of Treasury, Investments, and Capital Markets in 1996. He is also a member of the investment committee, credit policy committee, assets and liability committee, and the Leadership Forum of Mashreqbank. Prior to joining Mashreqbank, he was with Bank of America for 15 years where he assumed various senior roles in Relationship Management, Investment Banking, Capital

Markets, and Treasury. He also has featured as a speaker at banking and Capital Markets Authority conferences. Mr. Waheed obtained his B.Sc in Finance from Syracuse University, New York.

4.1.2 Mr. Denis Sabourin, Director

Mr. Denis Sabourin is serving as an independent director on the board of the Fund Company. In his professional career spanning more than two decades he has been in various senior marketing positions at globally recognized banks and investment companies. He brings a wealth of experience which is suited to the international clientele of the Fund. His understanding of the region from a global perspective gives the Fund an edge in servicing clients based in different countries. Mr. Sabourin has obtained Masters Degrees in both Economics and Business Administration from the University of Montreal and INSEAD, Fontainebleau, France in 1982 and 1985 respectively.

4.1.3 Mr. John Iossifidis, Director

Mr. John Iossifidis is an Executive Vice President and the Head of International Banking at Mashreqbank, which he joined in January 2009. John's prime responsibility is to develop the Bank's franchise outside the UAE. Prior to joining Mashreq Bank, John was Regional Head, Origination and Client Coverage, Wholesale Banking for Standard Chartered Bank. John graduated from Monash University, Australia in 1984 [B.Ec (Acctg)], completed an MBA again from Monash University in 1992. He is a member of the Australian Society of CPAs and is a Fellow of the Australian Institute of Bankers.

4.1.4 Mr. Ali Raza Khan, Director

Mr. Ali Raza Khan is the Head of Corporate Affairs Division at Mashreqbank. He joined Mashreqbank in 1980. During the past 25 years, Mr. Khan has served in different positions as Manager of Operations, Controller, Manager of Central Accounts Division and Division Head of Human Resources. He is a member of the asset and liability committee of Mashreqbank. Mr. Khan is a member of the Institute of Chartered Accountants of India since 1978. Mr. Ali obtained his B.Sc in Finance from Kanpur University in 1973.

4.1.5 Mr. Kantic Dasgupta, Director

Mr. Kantic Dasgupta is the Head of Risk Management at Mashreq. In his last assignment before joining Mashreq he was with Citibank and held several Senior Risk roles in various markets and finally was Cluster Risk Head for the Indian Subcontinent including Bangladesh, Nepal and Sri Lanka. Prior to that he was Group Credit Officer for Central Europe, Middle East, Africa and India based in Brussels where the combined assets were in excess of \$ 60 Billion. Mr. Dasgupta has held several senior Risk Management roles with Citibank in London, New York, Athens and Nairobi. Mr. Dasgupta is a graduate in Economics from Calcutta University and an MBA from IIM, Calcutta.

4.2 Investment Manager

The Fund has appointed Mashreqbank psc, a UAE based public joint stock company, as the Investment Manager. Mashreqbank psc is one of the leading banks in the UAE having originally been established as Bank of Oman Ltd. in 1967 in Dubai. Mashreqbank has been granted license as a banking company by the Central Bank of UAE. As at 31 December 2007, Mashreqbank's total assets were US Dollars 23,857

million and its shareholders' equity was US Dollars 2,617 million. The Bank has achieved broadly consistent, profitable growth since incorporation and has continued to grow in the face of the difficult economic cycles that accompanied the oil price crisis of 1987 and the 1991 Gulf War. Mashreqbank is the only bank that maintains branches in all seven constituent emirates of the UAE - Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain. Mashreqbank has strong brand equity in the dynamic and highly competitive UAE market place, having pioneered many innovative products and services. Mashreqbank's foreign currency deposit rating has been upgraded to A2/Prime-1 by Moody's.

The diverse range of Mashreqbank's products and services include credit cards, consumer lending, trade finance, project finance, treasury and capital markets, correspondent banking, and asset management. Mashreqbank has been developing its range of investment products for several years now, and has developed a dynamic and disciplined investment research capability to support its discretionary asset management business. Mashreqbank is currently acting as the investment manager for the Makaseb family of funds.

The Funds Company has appointed Mashreqbank as its Investment Manager pursuant to an Investment Management Agreement. The Investment Manager, with the guidance of the Directors of the Fund, is responsible for the Fund's management and investment strategy. This includes overseeing the efficient operation of the Fund, ensuring the proper provision of services by the service providers, as well as developing and implementing a viable and robust investment process for the Fund.

4.3 Placement Agent

The Funds Company has appointed Mashreqbank as its Placement Agent pursuant to a Placement Agency Agreement. The Placement Agent has been appointed by the Funds Company to obtain funding for the Fund during the initial offering period and on a continuous basis after the close of the initial offering period. The Placement Agent's duties include coordinating all investor follow-up efforts, receiving and forwarding to the Funds Company completed Subscription Agreements, and arranging for the Funds Company to receive subscription amounts paid by investors. In addition, the Placement Agent is authorized to appoint sub-agents to assist in obtaining funding for the Fund, provided that the Placement Agent remains fully responsible for the actions of the sub-agents.

4.4 Custodian

HSBC Bank Middle East has been appointed as Custodian of the Fund's assets pursuant to the Custody Agreement dated 01 March 2006. HSBC ME will act as the Fund's Custodian in all the markets where the Fund invests. The Custody Agreement provides that the Custodian carries out the usual duties for the custody of securities and cash of the Fund. The Custodian will hold the Fund's assets on behalf of the Unit Holders of the Fund.

HSBC Bank Middle East Ltd having its registered office at 1 Grenville Street, St. Helier, Jersey JE4 8UB, Channel Islands has been granted license by the CBB to operate as a full commercial bank. HSBC is one of the largest financial institutions in the world. HSBC is a Group with deeply embedded traditions of good corporate conduct. Headquartered in London, HSBC is one of the largest banking and financial services organizations in the world. HSBC's international network comprises over 9,800 offices in 77 countries and territories in Europe, the Asia-Pacific region, the

Americas, the Middle East and Africa. Through an international network linked by advanced technology, including a rapidly growing e-commerce capability, HSBC provides a comprehensive range of financial services.

4.5 Administrator

The Fund has appointed HSBC Bank Middle East as the Fund Administrator, pursuant to an Administration Agreement dated 01 March 2006. The Agreement provides that the Administrator will be responsible for, among other things, calculating the Net Asset Value per unit, ensuring that the Fund's assets are invested in accordance with the Prospectus, filing notices and other matters with regulators, safe keeping of the Fund's documents and other administrative functions.

4.6 Registrar and Transfer Agent

Keypoint Consulting W.L.L. offers unsurpassed expertise in a range of advisory services in the Middle East region. Keypoint ensures that results, professionalism and efficiency are the cornerstone of the services Keypoint clients receive. Keypoint assists its clients with a host of services including company formation, company secretarial, business advisory, fund administration, share registry, fundamental accounting services and human resources. Keypoint is registered with the Central Bank of Bahrain to provide ancillary financial services.

4.7 Auditors

The Fund has appointed Deloitte & Touche, Bahrain as its Auditor. The Auditors shall submit its report to the annual general meeting of the Unit Holders. Such report will be prepared in accordance with the International Accounting Standards and will contain an opinion regarding the Fund's financial statements for the financial year.

4.8 Financial Year

The financial year of the Fund shall begin on January 1 and end on December 31 of each year.

5.0 THE FUND PARTICIPATION

5.1 Subscription

Units are available for subscription on each Dealing Day provided the Fund has received a completed Subscription Agreement and confirmation of the receipt of cleared funds credited to the customer's investment account at least 7 Business Days prior to such Dealing Day (subject to the discretion of the Directors to waive such notice period). If the Subscription Agreement and / or cleared funds are received after the deadline, it will (unless otherwise determined by the Directors of the Fund) be treated as a request for subscription on the next Dealing Day.

Units will be offered at the Net Asset Value per Unit. The initial NAV per unit shall be US Dollars 10.00 (at Fund launch date) and subsequent subscriptions will be accepted at the prevailing NAV per Unit, and are subject to a minimum subscription of US Dollars 10,000. A Subscription Fee of up to a maximum of 2.0% may be charged on the initial subscription amount, and thereafter on the NAV of subsequent subscriptions. Such fee may be shared by the Fund with authorized placement agents.

The minimum initial subscription from each Investor is US Dollars 10,000. Details of the Fund's account are set out in the Subscription Agreement. The Fund reserves the

right to reject or accept subscriptions in its absolute discretion and without assigning any reason thereof. Prospective Investors will be required to complete and return a Subscription Agreement in the form attached. The completed Subscription Agreement should be sent to the Investment Manager or its nominee, or an authorized placement agent, details of which are provided in the Subscription Agreement.

The completed Subscription Agreement will, save as determined by the Directors, be irrevocable. It may be sent by facsimile, provided that the customer has signed a fax indemnity form. Following such facsimile, the original copy of the Subscription Agreement must be sent immediately by post or by internationally recognized courier. Failure to provide the original copy of the Subscription Agreement may, at the discretion of the Directors; result in cancellation of the allotment of Units.

Fractions of Units will be issued to the nearest three decimal places if the subscription monies represent less than the subscription price per Unit. Subscription monies representing less than U.S. Dollar 1 will not be returned to the applicant but will be used to accrue units in the Fund.

A confirmation stating the Units allotted will be sent to subscribers on approval of their application following the relevant Dealing Day and after the NAV has been calculated.

Units will be recorded in the share register of the Fund. The Registrar will maintain the share register of the Fund. Certificates representing Units will be issued at the discretion of the Board of Directors if requested in writing by a Unit Holder and all costs related to the issuing of certificates will be recovered from the Unit Holder. Since certificates must be returned to the Registrar prior to the processing of redemption requests, the Fund discourages participating Unit Holders from requesting certificates.

5.2 Redemption

Units may be redeemed by a Unit Holder as of each Dealing Day at the redemption price per Unit as of such Dealing Day provided the Unit Holder gives notice to the Administrator 7 Business Days prior to the relevant Dealing Day. The Board of Directors may in its sole discretion waive such notice. Redemptions may be made at such other times with the consent of and upon such terms of payment as may be approved by the Board of Directors in its sole discretion.

A request for redemption must be made on the attached redemption form and once submitted to the Registrar, may not be withdrawn by the Unit Holder except on a suspension of redemptions. The consent of the Directors is required for any withdrawal of a redemption request.

Redemption proceeds may be paid in cash or in specie (underlying portfolio holdings of the Fund). If redemption proceeds have to be paid in specie, Unit Holders will be notified at least 5 Business Days before such payment. Cash payments will be made in US Dollars or UAE Dirhams, as per Unit Holders' instructions, and will be remitted by wire transfer to the account designated by the Unit Holders in the redemption form after deduction of all relevant expenses.

If the Fund receives a net redemption request (redemption amount less subscription

amount) from an Investor or Investors on a particular Redemption Day exceeding 10% of the Fund's NAV, the Fund will be entitled to redeem the redemption amount up to 10% of the NAV on a pro rata basis, or in such manner as the Fund may deem appropriate. Requests for redemption of Units, which cannot be met on any one Redemption Day, will be carried forward to the next Redemption Day, subject to the same provision.

Partial redemptions will be declined if they are for less than US Dollars 10,000, or if they will cause an Investor to have an interest of less than the minimum holding unless the Directors determine otherwise in their sole discretion. The Fund has the right upon 7 Business Days notice to compulsorily redeem on a Dealing Day any Unit held by a Unit Holder at the redemption price per Unit share as at the Valuation Day immediately prior to such Dealing Day for the following reasons:

- a) the Units are held for the benefit (directly or indirectly) of any Restricted Person, or any other person whose continued holding would subject the Fund, its Unit Holders, and / or the Investment Manager to regulation not otherwise applicable to the Fund or would result in any adverse tax consequences for the Fund, its Unit Holders, and / or the Investment Manager;
- b) the NAV of the Units held by the Unit Holders is less than US Dollars 10,000 or such other amount determined by the Board of Directors in its sole discretion.
- c) any of the representations of the Unit Holder in its Subscription Agreement were not true when issued or have ceased to be true;
- d) the Articles of Association of the Fund otherwise require such redemption; or for any reason the Fund deems appropriate.

The maximum interval between the request for redemption and the dispatch of the redemption proceeds to the customer's investment account is seven (7) business days.

5.3 Redemption Price

The redemption price for Units will be equal to the NAV per Unit as determined on the relevant Valuation Day. A redemption fee of 5% of the Net Asset Value (NAV) will be charged if units are redeemed by the investor within the first three months of their purchase, 4% if they are redeemed between three to six months, and 3% if they are redeemed between six to twelve months. No redemption fee will be charged if the Units are held for more than one year.

5.4 Suspension of Subscription and Redemption of Units

The Fund may temporarily suspend the determination of the Net Asset Value per Unit upon the occurrence of one or more of the following events:

1. When any Exchange/System on which a substantial portion of the Fund's investments are quoted or dealt is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended in a way that affects the valuation of the Fund's assets;
2. The existence of any state of affairs which constitutes, in the opinion of the Directors, an emergency as a result of which disposal or the valuation of the Fund's assets would be impractical;
3. If on account of restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchase, sale, deposits and withdrawals of Fund assets cannot be effected in the normal course of

- business;
4. If an order by a Bahraini court or Bahraini regulatory body is issued requiring such suspension. During the suspension period, the Fund shall not issue, redeem, or transfer Units. Where a suspension occurs as described above, the Registrar shall notify the CBB, as soon as possible and with the reasons thereof. Prior approval from the CBB will be sought before recommencement of calculation of the Net Asset Value per Unit.

5.5 Listing and Transfer of Units

The Fund may seek listing on any other Stock Exchange, especially other GCC Stock Exchanges. The Investment Manager does not intend at this time to make a secondary market in the Units, but may do so in the future.

The Units are freely transferable during trading hours on the Bahrain Stock Exchange, except to restricted persons (see Ownership Restriction and Compulsory Redemption). Transferees shall be subject to the same terms and conditions as subscribers including but not limited to the provision of information, documents and minimum subscription amount. No transfer will be affected unless a transfer form is completed and signed by both the seller and purchaser or their respective agents and submitted to the Transfer Agent.

5.6 Ownership Restrictions and Compulsory Redemption

Investors may subscribe provided legislation or regulations in Bahrain and in their country of citizenship, residence, domicile or incorporation permits them to do so.

Persons under 21 years of age are not allowed to subscribe unless he/she has the written authorization of his / her lawful guardian.

US persons or US residents as defined in regulations under the US Securities Act of 1933 are not allowed to subscribe.

The Fund may compulsorily redeem any Unit, at the prevailing Net Asset Value per Unit, if the Investment Manager, in its absolute discretion, determines that the holding of any Unit by the relevant Unit Holder is in contravention of any applicable laws or regulations or would result in adverse tax consequences or additional regulation of the Fund.

6.0 DETERMINATION OF NET ASSET VALUE

The Net Asset Value will be determined as of each Valuation Day.

The Net Asset Value per Unit will be calculated by the Administrator in conjunction with the Custodian(s) using the formula:

- The total assets of the Fund less the total liabilities divided by
- The total number of outstanding Units of the Fund on such Valuation Day.

The assets of the Fund are separate from the assets of the Funds Company.

For determination of the Net Asset Value, normally traded investments shall be valued at the last available bid price on the Valuation Day at which such investment traded, unless such price is not representative. An investment for which a representative price is not readily available or is not regularly traded, the value shall be based on estimated realizable value. For other types of assets, the Administrator and the Investment Manager shall determine the method of valuation. The value of all assets and liabilities denominated in a currency other than US Dollars shall be

converted to US Dollars at the last available closing exchange rate on the Valuation Day.

There will be deducted from the total value of the Fund's assets all accrued debts and liabilities, including:

- a) Management and other fees and disbursements of the Investment Manager earned but not yet paid;
- b) Any allowance for the Fund's estimated annual audit, legal and other fees;
- c) Fees and charges of the Custodian and Administrator and brokerage fees;
- d) Fee and charges of the Investment Sub-Advisors;
- e) Fees and charges of the Directors;
- f) Investments of the Fund contracted to be sold;
- g) The gross acquisition consideration of investments or other property contracted to be purchased for the Fund;
- h) Reserves authorized or approved by the Directors or the Investment Manager for duties and charges or taxes or contingencies (accrued where appropriate on a day-to-day basis);
- i) The aggregate amount of all borrowings and interest, commitment fees and other charges arising in connection therewith (accrued where appropriate on a day to day basis);
- j) Other liabilities of the Fund of whatsoever nature (which shall, where appropriate, be deemed to accrue from day to day) including outstanding payments on any Units previously redeemed and, as from the record date in respect thereof, any dividends declared and not paid (contingent liabilities being valued in such manner as the Directors may determine from time to time in any particular case);
- k) All costs relating to any litigation in which the Fund is involved.

The Net Asset Value of the Fund and the Units will be expressed in US Dollars and any items denominated in other currencies are translated at prevailing exchange rates as determined by the Administrator.

In the case of unlisted securities, the Fund Manager will get the security valued from independent auditors / quotes from 3rd party brokers.

For the purpose of determining prices at which units in the Fund may be sold or repurchased, the assets of the Fund will be valued and the Net Asset Value per Unit will be issued by five pm (Bahrain time) on each dealing day.

7.0 THE FUND FEES AND EXPENSES

The Fund bears fees and expenses incidental to its operation. These include:

7.1 Launching Cost

These include legal, translation, printing, postage and circulation costs of the Prospectus and related documents, registration and listing fees, advertising, road show and initial organizational and offering expenses associated with the establishment of the Fund. These costs are estimated at US Dollars 250,000 and will be expensed as per the International Financial Reporting Standards.

7.2 Investment Management Fee

Under the Investment Management Agreement, the Fund will pay the Investment Manager a fixed fee of a maximum of 2% per annum of Net Asset Value accrued

weekly and payable quarterly.

7.3 Subscription Fee / Redemption Fee

Investors will pay a Subscription Fee and/or Redemption Fee in accordance with Section 5.0.

7.4 Sub-Management Fee

Where the Investment Manager utilizes the services of sub-managers and sub-funds it will pay all sub-management and incentive fees, which will be inclusive of the investment management fees charged to the Fund.

7.5 Ongoing Operating Costs

- a) All transactional costs including brokerage, banking, sales and purchase commissions and exchange fees;
- b) All professional fees, including fees and charges of the Auditor, the Registrar and Transfer Agent, and Legal Counsel. Fees and charges of the Auditor are expected to be approximately BD 2,000 plus reimbursement of the Auditor's incidental out-of-pocket costs. Fees and charges of the Registrar and Transfer Agent is BD 3,000 per annum, to be reviewed annually, plus reimbursement of the Registrar and Transfer Agent's incidental out-of-pocket costs. Legal fees will vary based on the specific ongoing requirements of the Fund.
- c) HSBC as the Administrator and Custodian will be paid a fee based on the net assets of the Fund. Custody and administration fee will be paid monthly. The Administration Fee will commence at a rate of 0.1% per annum subject to a minimum fee of USD 25,000. The Administration fee is expected to come down as the assets of the Funds Company increase. The Custody Fee varies from market to market, with fee of 0.24% per annum plus USD 80 per market settlement for assets held locally and 0.0175% per annum plus USD 20 per market settlement for assets held centrally through clearing systems, subject to a minimum fee of USD 30,000. The Custody fee is expected to come down as the assets of the Funds Company increase;
- d) All government charges and duties; and
- e) Ongoing offering costs.

8.0 ADDITIONAL INFORMATION

8.1 Anti-Money Laundering and Combating the Financing of Terrorism (AML/ CFT)

Pursuant to the provisions of Legislative Decree No.4 of 2001, Law No. 54 of 2006 and Law No.58 of 2006, as amended from time to time, for the purpose of prevention of money laundering and terrorist financing, and other laws and regulations in this behalf issued by the CBB from time to time, the Placement Agent on behalf of the Fund, its affiliates, subsidiaries or associates will require detailed verification of the background of any investor applying to invest in the units of the Fund, including the investor's identity, any beneficial owner underlying such subscription, the account, and the source of funds. Within this context the prescribed application form must be accompanied, in the case of individuals, by, inter alia, a copy of a valid identification document bearing the investor's full name, date and place of birth, complete residential address, nationality, photograph and signature. Documents for verification of source of funds, including employment details, business establishments, business income details and/or any requisite declarations concerning

the sources of funds would also be required.

Pending the provision of such evidence, application for Units may be postponed. If the subscriber fails to provide satisfactory evidence within the time specified, or if the subscriber provides evidence but not to the satisfaction of the Placement Agent, the application may be rejected immediately in which event the money received on application, if any, will be returned without interest.

In the case of legal persons, application must accompany a copy of the statutes and evidence of registration, document describing the authorized signatories, list of Directors, shareholders and economic beneficiaries and identification documents of the authorized signatories. Financial Institutions shall be required to provide a declaration to the satisfaction of the Placement Agent that efficient Anti-Money Laundering (AML) and Know Your Customer (KYC) procedures are in place and the Financial Institution subscribing for the Units shall be responsible to apply such procedures on its clients if their money would be used for investment in the Fund.

Any such copy must be certified/authenticated as prescribed and/or acceptable by the Placement Agent.

Each Subscriber and investor shall provide such information or any requisite representations in connection with such anti-money laundering measures or procedures as adopted and requested by the Placement Agent or the Fund from time to time.

8.2 Alternative Service Provider

The various agreements with the Fund's service providers including custody, administration, and registrar state that their services may not be terminated until an alternative service provider has been appointed and approved by the CBB.

8.3 Life and Liquidation of the Fund

Liquidation of the Fund, whether voluntary or otherwise, requires the prior approval of the CBB and the Ministry of Industry & Commerce of Bahrain. The Fund has been established for a period of 25 years, but the Directors may, at any time, subject to prior approval of the CBB propose to dissolve the Fund at an extraordinary general meeting of Unit Holders. In the event of such voluntary dissolution, the liquidation would be carried out in accordance with the laws of Bahrain which specify the steps to be taken to enable Unit Holders to participate in any liquidation distribution. Upon liquidation of the Fund, the assets of the Fund will be allocated to Unit Holders after all creditors' claims have been satisfied. Circumstances under which the Fund may be liquidated include, but are not limited to, requirements of the CBB and extraordinary circumstances.

8.4 Indemnity

The Fund shall hold the Investment Manager and its directors free and harmless against any claim or liability that they may have incurred while performing their duties, except for their respective willful misconduct or gross negligence.

8.5 Risk Warnings

Investors in the Fund are warned that there are risks involved with investing in the Fund which may affect the Fund's performance, including, but not limited to:

- a) Prices of investments held by the Fund can be highly volatile. It should be noted that the price of Units in the Fund may go down or up. Past performance is not a guide for future performance. An Investor may not get back the amount invested;
- b) Potential Market Volatility in the Middle East and North Africa results from the fact that the prices of certain securities listed on stock markets in the Middle East and North Africa have been subject to sharp fluctuations and sudden declines and no assurance can be given as to the future performance of listed securities in general. Volatility of prices may be greater than in more developed stock markets. Prospective investors should therefore be aware that the value of Ordinary Shares and the income derived from them is likely to fluctuate;
- c) The price of the Unit is denominated in US Dollars, and changes in rates of exchange between currencies might cause the value of the investment to decrease;
- d) Investment in the Fund should be regarded as long term in nature, and there can be no guarantee that the Fund's objectives will be achieved;
- e) The capital return and income of the Fund are based on the capital appreciation and income from the investments it holds. Therefore, the Fund's return may be expected to fluctuate in response to changes in the value of the underlying investments;
- f) The information in this Prospectus is based on existing legislation which may change. The value of the Fund's investments may be affected by uncertainties such as political developments, changes in government policies, taxation, currency repatriation restrictions, and restrictions on foreign investments in some or all of the countries in which the Fund may directly or indirectly invest;
- g) The regulatory supervision, legal infrastructure and accounting, auditing, and reporting standards in emerging markets may not provide the same degree of shareholder protection or information to Investors as would generally exist in more mature or developed markets. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards. This may affect the valuation of the assets in which the Fund invests;
- h) The performance of the Fund may be affected by changes in economic and political conditions, as well as changes in the legal, regulatory, and tax environment. The Fund will be responsible for paying its own fees and expenses regardless of the level of its profitability.
- i) The Fund Company is licensed by the CBB to operate one or more collective investment schemes, such as the Fund. In the event that the Fund Company operates additional collective investment schemes, investors in the Fund will only have recourse to the assets of the Fund.

8.6 Voting Rights

No voting rights are associated with the units of the Fund.

8.7 Taxation

The following comments are based on advice received by the Funds Company regarding the current law and practice in Bahrain and elsewhere, and are intended only to assist potential investors.

Investors must be aware that as a result of changing law or practice or for other

reasons, the tax consequences for the Fund and the Unit Holders may be other than as stated below.

As at the date of this document, there are no corporate tax, income tax, withholding tax, capital gains tax or stamp duty payable by the Fund under the laws of Bahrain; there are also no currency or exchange control restrictions in force under the laws of Bahrain; and the free transfer of currency into and out of Bahrain is permitted. In the event that there is any material amendment or change to the laws of Bahrain in connection with the matter referred to above, the Funds Company shall notify the Unit Holders of such amendment or change in the next following report that is circulated to the Unit Holders after such amendment or change has come to the attention of the Funds Company.

Investors must be aware that as a result of changing law or practice or unfulfilled expectations as to how the Fund or Investors will be regarded by tax authorities in different jurisdictions, the tax consequences for Investors may be other than as stated. Investors should consult their professional advisors on the possible tax consequences of subscribing for, purchasing, holding, or selling Units under the laws of their countries of citizenship, residence, ordinary residence or domicile.

The Fund may be liable to tax on its income or stamp duty on its transactions in jurisdictions other than Bahrain in which it has income arising to it and in which it conducts transactions. There may be income withholding taxes or capital gains taxes payable by the Fund in such other jurisdictions. There may also be currency or exchange control restrictions in such other jurisdictions.

8.8 Unit Holder Taxation

Prospective investors should ascertain from their professional advisors the consequences of acquiring, holding, redeeming, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including any tax consequences and exchange control requirements.

8.9 Reporting

Under Bahrain Law, Makaseb Income Fund (the "Fund") is subject to periodic financial reporting requirements pursuant to which the Fund's un-audited semi-annual statements and audited annual statements must be approved by the CBB and forwarded to the investors of the Fund within two and four months respectively of the end of the relevant period.

The relevant periods are June 30 for semi-annual financial statements and December 31 for annual financial statements.

The NAV of the Fund will be published on each Dealing Day on Bloomberg and the Funds Company website.

8.10 Directors' Meeting

The Directors of the Funds Company will meet at least annually to review the performance and other matters pertaining to the Fund. All Investors may be invited to attend an 'Open Session' with the Directors at the discretion of the Directors.

8.11 Notices to Investors

Before making any change in the Fund's Investment Objective, Investment Strategy, Investment Policy, Investment Manager, Custodian, Administrator, Registrar & Transfer Agent, Fee Structure and operations, the Fund will inform the Investors through a notice issued at least 14 business days prior to the effective date of that change, subject to prior approval by the CBB.

8.12 Inspection of Documents

This Prospectus, the Articles and Memorandum of Association of the Fund Company, and contractual agreements of the fund (i.e. Fund Management, Administration Agreements, etc.) are the documents constituting the Collective Investment Undertaking and these documents can be inspected free of charge at the Registered office of the Fund.

All investors have the right to examine all material agreements pertaining to the Fund at the Registered Office of the Fund during normal business hours.

8.13 Governing Laws

This Prospectus, the Memorandum and Articles of Association of the Fund Company, and other agreements related to the management and operation of the Fund, including the Administration Agreement, the Custodian Agreement, the Investment Management Agreement, and the Registrar and Transfer Agency Agreement, will be governed by the laws of the Kingdom of Bahrain.

Makaseb Funds Company II BSC (C) Registered Office: Flat 141, Building 3, Road
365, Block 316, Manama, Kingdom of Bahrain.
Investment Manager & Sponsor: Mashreqbank psc, Al Ghurair City, 7th Floor, P.O.
Box 1250, Dubai, U.A.E. Tel: +9714 2078461