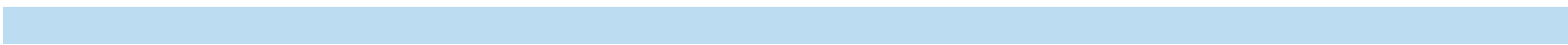


# PROSPECTUS



إدارة الأصول  
ASSET MANAGEMENT



**MUSCAT FUND**  
**Fund Manager**  
**BankMuscat (SAOG)**  
**P.O. Box 134, Postal Code 112**  
**Ruwi, Sultanate of Oman**

BankMuscat SAOG (the Fund Manager) and the Investors' Committee confirm that the information in this Prospectus is complete, correct and true, and that there are no other facts, the omission of which shall make any term stated in this Prospectus misleading. A copy of the management agreement between the Fund Manager and the Investors' Committee is available for inspection at the office of the Fund Manager.

## TABLE OF CONTENTS

		<b>Page</b>
	PREFACE	1
	ABBREVIATIONS & DEFINITIONS	2
	SUMMARY	3
CHAPTER 1	THE FUND	4
CHAPTER 2	INVESTMENT POLICY	4
CHAPTER 3	INVESTMENT STRATEGY & RESTRICTIONS	5
CHAPTER 4	RISK FACTORS	6
CHAPTER 5	TAXATION	7
CHAPTER 6	THE FUND MANAGER	7
CHAPTER 7	MANAGEMENT OF THE FUND	8
CHAPTER 8	FEES	11
CHAPTER 9	SUBSCRIPTION & REDEMPTION	12
CHAPTER 10	UNIT OWNERSHIP	13
CHAPTER 11	NET ASSET VALUE CALCULATION	14
CHAPTER 12	REGULATORY FRAMEWORK	16
CHAPTER 13	ACCOUNTS AND ACCOUNTING POLICIES	17
	CONTACT DETAILS	18

## PREFACE

This prospectus is an important document

A PROSPECTIVE INVESTOR SHOULD NOT TREAT THE CONTENT OF THIS PROSPECTUS AS INVESTMENT, TAX OR LEGAL ADVICE. ALL PERSPECTIVE INVESTORS MUST MAKE THEIR OWN INVESTIGATION AND EVALUATION OF THE OPPORTUNITY TO INVEST IN THE MUSCAT FUND AND SHOULD CONSULT WITH THEIR OWN ADVISORS CONCERNING THE EVALUATION OF THE RISKS OF THE INVESTMENT AND ITS SUITABILITY FOR THEIR INDIVIDUAL FINANCIAL AND TAX CIRCUMSTANCES AND RISK PREFERENCES.

The fund has been authorised and approved by the Capital Market Authority (CMA) as an investment scheme. In giving these authorizations, the CMA does not vouch for the financial soundness of the scheme nor for the correctness of any of the statements made or opinions expressed with regard to them. Furthermore, neither the Capital Market Authority nor the Ministry of Commerce & Industry in the Sultanate of Oman will bear any responsibility to any Unitholders for any loss resulting from reliance on any information contained in this prospectus. The Units in the Fund are not listed on the Muscat Securities Market and no application has been made for the Units in the Fund to be listed on the Muscat Securities Market (MSM).

This prospectus is issued by the Manager of the fund. The Manager is responsible for the information contained in this prospectus. To the best of the knowledge and belief of the Manager (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this prospectus and the offering of the units described herein may be restricted in certain jurisdictions and accordingly, persons into whose possession this prospectus may come must inform themselves about and observe any such restrictions. This prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation by any person in any jurisdiction and may not be used for the purpose of, an offer or solicitation by any person in any jurisdiction:

- (i) in which such offer or solicitation is not authorised; or
- (ii) in which the person making such offer or solicitation is not qualified to do so; or
- (iii) to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus will be the Prospectus of the Muscat Fund throughout the life of the same, however neither delivery of this prospectus nor anything contained in it should be taken to imply that any information herein contained is correct at any time subsequent to the date hereof.

This Prospectus is based on the law and practice currently in force in Oman and is subject to the changes therein.

Persons interested in acquiring Units should inform themselves as to:

- 1) The legal requirement within the countries of their nationality, residence, ordinary residence or domestic for such acquisition;
- 2) Any foreign exchange restrictions or exchange control requirements which they might encounter on acquisitions or disposal of Units; and
- 3) The income tax and other taxation consequences which might be relevant to the acquiring, holding or disposal of Unit.

## ABBREVIATIONS & DEFINITION

“Administrator”	BankMuscat SAOG, when performing administration services for the Fund or any successor thereto.
”Allotment Day”	In respect for each Unit, the day on which that Unit is allotted to the investor at the Subscription Price
“Business Day”	Days on which the commercial banks and the Muscat Securities Market are open for business in Sultanate of Oman.
“Capital Market Authority Law”	The law promulgated by Royal Decree 80/98 and its amendments by Royal Decree 18/2002.
“CMA”	Capital Market Authority.
“Custodian”	Bank Muscat, when performing custodian services and otherwise providing for the safe-keeping of the assets of the Fund, or any successor thereto.
“Fund”	Muscat Fund.
“Fund Manager”	Bank Muscat SAOG.
“Index”	MSM 30 index or any successor.
“Investors’ Committee”	The committee, initially comprising the persons whose details appear in Chapter 6 of this Prospectus, who will have overall responsibility for the affairs of the Fund.
“Management Agreement”	The agreement between the Investors’ Committee and the Managing Company concerning the management of the Fund.
“Management Fee”	1.25% per annum of the Net Asset Value payable monthly in arrears to the Fund Manager
“Minimum” & “Subsequent Investment”	Minimum Subscription of RO 100 and Subsequent Subscription in multiples of RO 100.
“MSM”	The Muscat Securities Market.
“Net Asset Value”	The total assets less all liabilities of the Fund, calculated as stated in Chapter 12 of this Prospectus.
“Net Asset Value per Unit”	The Net Asset Value divided by the total number of Units in issue.
“MIF”	The Muscat Index Joint Investment Account Fund.
“RO”	Rial Omani, the lawful currency of Oman.
“Rules”	The rules governing the operations and membership of the Investors’ Committee.
“Units”	Units, each representing one proportionate indivisible share in the Fund.
“Unitholders”	Holders of Units in the Fund.
“Valuation Day”	Every business day.

## SUMMARY

The information set out below has been derived from, and should be read in conjunction with, the full text of this document.

<b>STRUCTURE</b>	:	The Muscat Fund is an open-ended fund created and managed by BankMuscat (SAOG).
<b>OBJECTIVES</b>	:	To outperform the Muscat Securities Market 30 Index (MSM30) or its successor by investing its assets in the listed equities on the Muscat Securities Market.
<b>FUND MANAGER</b>	:	Bank Muscat SAOG
<b>BASE CURRENCY</b>	:	Lawful currency of Sultanate of Oman; Omani Rial (RO)
<b>SUBSCRIPTION</b>	:	RO 100 (with subsequent subscription of RO 100 thereon)
<b>DEALING FREQUENCY</b>	:	Daily
<b>FEES:</b>		
Management Fee	:	1.25% per annum.
Subscription fee	:	up to 3% on amount invested
Redemption fee	:	up to 3% for units held for less than 2 months
Custodian fee	:	0.05% per annum
Administration fee	:	0.15% per annum
<b>NAV CALCULATION</b>		
<b>FREQUENCY</b>	:	On each Valuation Day
<b>DIVIDEND POLICY</b>	:	Dividends may be distributed to unitholders at the discretion of the Fund Manager
<b>ADMINISTRATOR &amp; CUSTODIAN</b>	:	Bank Muscat SAOG
<b>REGISTRAR &amp; TRANSFER AGENT</b>	:	Bank Muscat SAOG
<b>ANNUAL ACCOUNTING DATE</b>	:	The financial year of the Fund is from 1 January to 31 December

## CHAPTER 1 – THE FUND

### 1.1 THE FUND

The “Muscat Fund” (the Fund) is an open-ended investment fund established under the laws of Sultanate of Oman. It is a contractual arrangement between investors, the Investors’ Committee and the Fund Manager under which investors acquire Units providing a pro rata entitlement to the net assets of the Fund on an indivisible basis.

### 1.2 ESTABLISHMENT & GOVERNANCE

The fund is an investment fund attached to BankMuscat with a variable capital divided into units of no par value. The fund is registered with the Capital Market Authority, Sultanate of Oman.

### 1.3 BENCHMARK

The benchmark will be initially based on MSM 30 index or any successor. The benchmark may be amended by the Investors’ Committee at any time if an alternative measure or index reflects, in the view of the Investors’ Committee, a more appropriate comparison taking into account all relevant factors, including cost. The benchmark will in any event be reviewed annually with details of any change that results to be notified to Unitholders.

### 1.4 DIVIDEND POLICY

The Investors’ Committee may declare dividends, in respect of any financial period, to be paid to Unitholders out of (a) dividends; (b) interest received by the Fund and (c) realized profits derived from the purchase and sale of securities; but not (d) out of the proceeds from the issue of Units. Such dividends may be paid regardless of any accumulated deficit on capital account, including as a result of net realized or unrealized losses.

Dividends will be paid from time to time at the discretion of the Investors’ Committee.

## CHAPTER 2 – INVESTMENT POLICY

### 2.1 OBJECTIVE

The investment objective of the Fund is to outperform the MSM30 Index or any successor. The Fund is able under its Investment Management Agreement, to broaden the investment objective in the future, if so desired by the Investors’ Committee.

The Fund’s assets will be distributed predominantly across those securities which comprise the MSM 30 index. The Fund has the discretion to deviate the allocation up to 20% compared to the index so as to maintain overweight or underweight position as compared to index in the individual shares. Any variation in the composition of the index such as de-listings and new listings in the Index, as well as periodic adjustments to weightings to reflect changes in the issued capital of listed companies is likely to reflect in the composition of the Fund.

The Fund has the discretion to invest up to 20% of the fund’s corpus into non-index securities including but not limited to debt instrument and bank deposits (including bank deposits with Bank Muscat).

The assets of the Fund will be denominated in RO. The normal policy will be for the Fund to be invested to a substantial extent in equity or equity related securities but, in exceptional circumstances and with the consent of the Investors’ Committee, the Fund Manager may seek to protect the capital value of the assets by disposing of the whole or substantially the whole of the portfolio and investing the proceeds in debt securities, money market instruments or bank deposits, in each case denominated in RO or major international currencies freely convertible into RO.

Any change to the investment policy is the responsibility of the Investors’ Committee. The policy may be amended from time to time if at least three-quarters of the members of the Investors’ Committee deem it to be in the best interests of the Unitholders and Unitholders will be notified of any such change in advance of its implementation.

### 2.2 INVESTMENT PROCESS

The proceeds from the issue of Units will be invested with the objective and subject to the restrictions described below. While overall control of investment is to be the responsibility of the Investors’ Committee, day-to-day investment management will be delegated to the Fund Manager.

The Units provide the opportunity for both current income and capital growth. Current income will come from the cash dividends that the Fund may receive from time to time as a shareholder in the companies in which the Fund invests.

The opportunity for capital growth will come from any increases in the overall share prices of the underlying companies in which the Fund invests. Although medium to long term growth may be expected, it is not to be taken as a guarantee that the market will grow at any particular rate, or at all, or that it will not decrease.

## CHAPTER 3 – INVESTMENT STRATEGY & RESTRICTIONS

### 3.1 INVESTMENT STRATEGY & RESTRICTIONS

The Manager will attempt to accomplish the Fund's investment objective by following the policies set forth below:

1. The Fund will not invest in securities carrying unlimited liability.
2. The Fund will not make investments for the purpose of exercising control or management.
3. The Fund will not buy or sell commodities or commodity contracts or real estate or interests in real estate, although it may purchase and sell securities which are secured by real estate or commodities and securities of companies which invest in or deal in real estate or commodities
4. Except as an attempt to replicate waiting in the Index or the market, the Fund will not invest or lend more than 10% of its assets in securities of any one company or single issuer (other than obligations of the Government of Oman, the US or the UK or their agencies)
5. The Fund will not commit the assets in the purchase of foreign exchange contracts or financial futures contracts or put or call options or in the purchase of securities on margin, except in connection with hedging transactions effected on behalf of the Fund.
6. The Fund Manager may not invest, with exception if the securities are included in the index, the assets of the Fund in shares issued by Bank Muscat or any subsidiary company of the Bank without the prior consent of the Investors' Committee. Furthermore the Fund will not invest in other investment funds established or managed by the Fund Manager or in investment funds and companies in which the Fund Manager holds a 20% or greater interest without the prior consent of the Investors' Committee.
7. The Fund may invest through wholly-owned subsidiaries or through contractual arrangements that give an indirect exposure to securities through a debt or similar liability of a bank or financial institution where the Investors' Committee consider this in the interests of Unitholders (for example where local regulations prohibit direct investment or direct investment is only available at a cost the Investors' Committee consider unreasonable). The investment restrictions do not apply to any such subsidiary or exposure to a bank or financial institution, but do apply to the securities to which indirect exposure is being provided.
8. The Fund will be permitted to borrow, subject to a limit of 10% of the Net Asset Value and provided the lender accepts, as a term of the loan or equivalent agreement, that it has recourse only to assets of the Fund (and not to any other assets, whether owned by, or in the possession of, the Fund Manager, the Unitholders or any of them).

None of these restrictions will, however, require the realization of any assets of the Fund where any restriction is breached as a result of an event outside of the control of the Fund Manger which occurs after the investment is made, but no further relevant assets may be acquired by the Fund until the relevant restriction can again be complied with.

Any change to the investment restrictions or borrowing limit will require the prior approval of an extraordinary resolution of Unitholders (as described in Chapter 10) and the consent of the CMA.

### 3.2 BENCHMARK

The benchmark will be initially based on MSM 30 index or any successor to the index.

The Investors' Committee will review the performance of the Fund and the Fund Manager on an ongoing basis.

The benchmark may be amended by the Investors' Committee at any time if an alternative measure or index reflects, in the view of the Investors' Committee, a more appropriate comparison taking into account all relevant factors, including cost. The benchmark will in any event be reviewed annually with details of any change that results to be notified to Unitholders.

## CHAPTER 4 – RISK FACTORS

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, the risks listed here:

### 4.1 MARKET RISKS

The Fund will invest in Oman, which is an emerging market and the risks attached to an emerging market are applicable to Oman as well.

The Fund investments are subject to market fluctuations and to the risks inherent in all investments. Therefore, the price of Units may go down as well as up and the value of an investor's investment may be subject to sudden and substantial falls. The Fund will be responsible for paying its own fees and expenses regardless of the level of its profitability.

### 4.2 POLITICAL & ECONOMIC RISKS

The value of Units and the income generated by the Fund may be affected by uncertainties such as political or diplomatic developments, changes in government policies, taxation and interest rates, currency repatriation and other political and economic developments in law and regulations and, in particular, the risks of expropriation, nationalization and confiscation of assets and changes in legislation relating to the level of foreign ownership.

### 4.3 LIQUIDITY RISKS

Investors should note that emerging markets, including Oman, are less liquid and more volatile than the world's leading stock markets, and this may result in fluctuations of the NAV.

### 4.4 ACCOUNTING PRACTICE

Accounting standards in the countries where the Fund may invest may not correspond to International Accounting Standards in all material respects. In addition, auditing requirements and standards in those countries may differ from those generally accepted in the international capital markets and consequently information which would be available to investors in developed capital markets is not always obtainable in respect of companies in the relevant jurisdictions.

### 4.5 LEGAL RISKS

The rate of legislative change where the Fund may invest is extremely rapid and the content of the proposed legislation when eventually adopted into law is difficult or impossible to predict. Such proposed legislation may have an adverse effect on foreign investment. It is similarly difficult to anticipate the impact of legislative reforms on securities in which the Fund will invest.

### 4.6 TAXATION RISKS

The Fund is exempt from tax as per the prevailing regulation applicable in the Sultanate of Oman, but may be subject to local taxation to the extent income is derived from other jurisdictions.

### 4.7 EXCHANGE & CURRENCY RISKS

The Fund expects to invest primarily in securities denominated in RO or currencies whose value will not fluctuate against the RO. Changes in exchange control regulations and economic or monetary policies can also impact the Net Asset Value. The Investors' Committee does not intend to hedge foreign exchange risk and, accordingly, investors will bear the risk of any adverse movements in the local currencies/foreign exchange rate.

### 4.8 BORROWING

The Investors' Committee has the power to borrow no more than 10 per cent of the Net Asset Value on behalf of the Fund. The use of borrowing creates special risks and may materially increase the Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, increases the Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Net Asset Value to increase further and more rapidly than would otherwise be the case. Conversely, where investments depreciate, the Net Asset Value may decrease further and more rapidly than would otherwise be the case. Interest costs also decrease gains and increase losses. The use of borrowings in making investments increases the Fund's exposure to market fluctuations and creates the possibility that where the investment depreciates the Fund's overall loss may be greater than the sum invested (net of borrowings). In the event of an extreme and rapid fall in the market prices of the investments in the Fund's portfolio, the financial covenants in the agreements under which the Fund is borrowing money may be triggered, which could result in the Fund being required to sell investments in a falling market to meet its obligations to its lenders, with one result being a potentially rapid fall in the Net Asset Value and the realisable value of the Units.

### 4.9 OTHER RISKS

The foregoing list of risk factors is not complete. Investment in the Fund should be regarded as long-term in nature. Prospective Unitholders should consult their own advisors before deciding to subscribe for Units.

## CHAPTER 5 - TAXATION

### 5.1 TAX POSITION OF THE FUND

As per the Royal Decree No. 47/81 (as amended), the income of funds registered with the CMA are exempt from income tax. The income earned by the Fund is therefore exempt from Omani taxation (but may be subject to local taxation to the extent income is derived from other jurisdictions).

### 5.2 UNITHOLDER TAXATION

There is no Omani withholding tax on the receipt of dividends from the Fund, nor on the proceeds of any disposal of Units. Unitholders may be liable for taxation if they are subject to taxation in any other jurisdictions.

Investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding, transferring or redeeming of Units under the laws of their country of citizenship, domicile, residence or incorporation.

## CHAPTER 6 – THE FUND MANAGER

### 6.1 FUND MANAGER PROFILE

Bank Muscat (SAOG), was constituted in 1993 as a joint stock company. The significant shareholders of the Bank today are the Royal Court Affairs (a department of the Government), Société Generale Bank, Muscat Overseas Co. LLC. and Ministry of Defence Pension Fund. The bank is managed by its board of directors, which has been appointed by the shareholders in accordance with its articles of association.

Bank Muscat is the largest commercial bank in the Sultanate of Oman with a market share of more than 37% of total assets and an asset base of RO 2 billion (US\$ 5.2 billion) as at 31 December 2005. Since its inception, the Fund Manager has grown from strength to strength building up a reputation for professionalism which is acknowledged in the market. Bank Muscat is a forerunner in value-added banking in Sultanate of Oman, providing a range of financial products and advisory services to individuals, corporations, small and medium sized businesses, governmental agencies and institutions.

The bank has launched various funds in the last six years. The funds investing in Oman and other GCC countries are actively managed by the Fund Manager while the hedge funds and private equity funds are managed by external managers. The Fund Manager has 55% market share in mutual funds investing in the local market.

### 6.2 THE FUND MANAGER UNDERTAKING

The Fund Manger undertakes to:

- I. Comply with the investment policy set out in Chapter 2 of this Prospectus when advising the Investors' Committee as to decisions and making decisions affecting the investments of the assets of the Fund (i) to comply with the instructions of the Investors' Committee.
- II. To observe the accounting policies of the Fund described in this Prospectus.
- III. To prepare accounts for the Fund for the approval of the Investors' Committee, to cooperate in the audit of such accounts and to procure the publication of audited accounts within 60 days of the end of each financial year of the Fund and to distribute a copy to all Unitholders not later than 60 days from the end of the financial year.
- IV. To prepare interim accounts for the Fund for the approval of the Investors' Committee, to cooperate in the audit of such accounts and to procure the publication of audited interim accounts within 45 days of the mid-point of the financial year of the Fund and to distribute a copy to all Unitholders not later than 45 days from the mid-point of the financial year of the Fund.
- V. To prepare and publish quarterly financial statements for the Fund for the approval of the Investors' Committee, to publish them when so approved, to submit them to the CMA within 30 days of the end of the quarter and to publish the same in an Arabic and an English daily newspaper published in Sultanate of Oman.
- VI. To calculate the Net Asset Value of the Fund and the Net Asset Value per Unit as described in this Prospectus.
- VII. To act fairly in case of any conflict of interest in discharging its duties.

The management agreement between the Fund Manager and the Investors' Committee provides that the appointment of the fund manager will continue unless and until determined by the Investors' Committee giving to the Fund Manager not less than 3 months' written notice. The agreement may be determined forthwith by notice in writing by either party to the other if the Fund Manager breaches or fails to perform any of its obligations under the agreement and fails to remedy such breach within 30 days of being required to do so by the Investors' Committee, or if the Fund Manager has commenced liquidation or if a receiver, administrator or similar officer is appointed. The agreement provides that in the absence of negligence, fraud or wilful default, the Fund Manager shall not be liable to the Fund and the Fund shall indemnify the Fund Manager for any losses it suffers in the performance of its duties under the agreement. A copy of the Agreement is available for inspection at the office of the Fund Manager. A copy of the management agreement will be sent to any Unitholder on request.

Any termination of the Management Agreement will only take place if a successor Fund Manager has been appointed or otherwise with prior consent of the CMA.

## CHAPTER 7 – MANAGEMENT OF THE FUND

### 7.1 MANAGEMENT OF THE FUND

The management of the assets of the Fund will be the responsibility of the Investors' Committee, who will delegate day to day investment decisions to the Fund Manager subject to the terms of the Management Agreement (which may be terminated by the Investors' Committee without notice, see further Chapter 14). The Investors' Committee will be responsible for formulating investment strategy and the guidelines to be adopted by the Fund and will review the activities of the Fund Manager on an on-going basis. The Fund Manager will manage the assets of the Fund by investing and trading in securities on behalf of the Fund in accordance with the instructions of the Investors' Committee and the rules and principles stated in this Prospectus. No other party will have the right to interfere in the management of the Fund in any decision taken in relation thereto so long as the terms of this Prospectus are observed.

### 7.2 INVESTORS' COMMITTEE

The members of the Investors' Committee are to be as follows:

#### **Dr. Salem Ben Nasser Al Ismaily – Chairman**

Executive president of Omani Centre for Investment promotion and Export Development (OCIPED). Chairman of Oman ORIX Leasing Company SAOG. Member of the Board of Directors of Gulf Aluminium Rolling Mill (Bahrain), BankMuscat, Oman Oil Marketing Company and Renaissance Holding Company.

#### **Mr AbdulRazak Ali Issa – Member**

Chief Executive of Bank Muscat. He is also Chairman of the Advisory Board of College of Agricultural & Marine Sciences, Sultan Qaboos University, Director of the CMA, Director of the College of Banking & Financial Studies, Central Bank of Oman and Member of the Bank Deposit Insurance Scheme, Central Bank of Oman. He is Member of the Banking Committee & Economic Committee, Oman Chamber of Commerce & Industry, Member of the Investors' Committee of Societe Generale Arab Fund, Oryx 2004 Fund and Muscat Index Fund.

#### **Mr. Ahmed Al Abri – Member**

Ahmed Al Abri, Chief Operating Officer, holds a MBA Degree from the University of Humberside & Lincolnshire. He has over 25 years banking experience having begun with Standard Chartered Bank in 1976. He joined Al Bank Al Ahli Al Omani (SAOG) in 1989. He is Director of Al Khaleej Poly Propylene.

#### **Mr. Saleh Nasser Aboud Al Habsi – Member**

Chief Executive Officer – Ministry of Defence Pension Fund. Director – Bank Dhofar. Member of the Investment Committee of National Equity Fund.

#### **Mr. Ali Said Ali – Secretary to the Committee**

Presently working as Assistant General Manager - Asset Management & Private Banking Division, Bank Muscat SAOG. He holds an MBA degree in International Business from Birmingham University, UK and has over 18 years of experience in banking and investments. He has been a director of number of public and closed companies and specializing committees.

The members of the Investors' Committee are acting in their individual capacity and do not represent any organization, including any organization for whom they work or to whom they provide services.

### 7.3 REMUNERATION OF MEMBERS

Each member of the Investors' Committee will be entitled to a fee not exceeding RO 2,000 per annum, with up to RO 3,000 for the Chairman, together with reimbursement of expenses properly and reasonably incurred by them in the execution of their duties.

The exact fee payable to a member will be decided by a committee of the Investors' Committee that does not include that member and will be based on individual contribution and attendance.

### 7.4 RULES FOR THE INVESTORS' COMMITTEE

The Investors' Committee will conduct its business at all times in accordance with all applicable laws of Sultanate of Oman and the following rules:

#### (a) *Number of Members*

The number of members of the Investors' Committee (the "Members") shall be no more than seven and not less than three.

#### (b) *Powers and Duties of the Investors' Committee*

The Investors' Committee will review the performance of the Fund Manager and the investment performance of the Fund, decide on investment strategy and may exercise all powers of the Fund (including the power to set the level of fee for each Member).

The Investors' Committee may from time to time appoint one or more of its body to be a chairman or deputy chairman for such period and upon such terms as the Investors' Committee may determine, and may revoke or terminate any such appointment.

A Member who, to his or her knowledge, is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Fund shall disclose the nature of his or her interest at a meeting of the Investors' Committee.

A Member may not vote (nor be counted in the quorum) on any resolution in respect of any contract or arrangement in which he or she is, to his or her knowledge, materially interested but such prohibition will not apply to:

- (i) any contract or arrangement by a member to subscribe for Units issued or to be issued pursuant to any offer or invitation to Unitholders or to the public; or
- (ii) any contract or arrangement in which he or she is interested by virtue of his or her interest in the Units or by reason of any other interest in or through the Fund; and
- (iii) any contract or arrangement concerning any other company or investment fund (not being a company or fund in which the member owns 1% or more) in which he or she is interested directly whether as an officer, Unitholder, shareholder, creditor or otherwise howsoever.

#### (c) *Proceedings of Investors' Committee Meetings*

The quorum for meetings shall be three Members. The Investors' Committee may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Except where otherwise specified in the Rules, questions arising at any meetings shall be decided by a majority of votes of those Members present. All such decisions will be minuted and take the form of resolutions. Resolutions of the Investors' Committee shall be binding upon the Fund. Minutes of the meetings will be available for inspection by any Unitholder.

#### (d) *Appointment of Members*

Each Member of the Investors' Committee shall serve until his or her office is vacated. The Members shall have power at any time to appoint any person to be a Member either to fill a casual vacancy or as an addition to the existing Members but the total number of Members shall not at any time exceed the maximum number fixed pursuant to these Rules. Any such appointment shall require the unanimous consent of the Members.

#### (e) *Qualification of Members*

There will be no Unit qualification for members of the Investors' Committee.

#### (f) *Vacation of Office*

**The office of a Member shall be vacated if:**

1. he or she resigns his or her office by written notice,
2. he or she has absented himself or herself (such absence not being absence with leave or by arrangement with the Investors' Committee) for meetings of the Investors' Committee for a consecutive period of twelve months and the Investors' Committee resolves that his or her office shall be vacated,

3. he or she becomes of unsound mind or incapable,
4. he or she becomes insolvent, suspends payment or compounds with his creditors,
5. he or she is requested to resign by a written notice signed by all the other Members,
6. an ordinary resolution requesting his resignation is passed at a Meeting of Unitholders convened in accordance with the procedure described in Chapter 10, or
7. the board of directors of the CMA issues a resolution to dismiss the Member.

**(g) Meetings**

Meetings of the Investors' Committee shall be held at the request of any two Members of the Investors' Committee or, in any event, not less than two times a year unless exceptional circumstances prevail.

## 7.5 CUSTODIAN

Bank Muscat, when performing custodian services and otherwise providing for the safe-keeping of the assets of the Fund, or any successor thereto.

The duties of the Custodian include the following:

- (a) to hold or to arrange for the securities, investments, financial instruments and other assets of the Fund to be held in safe custody;
- (b) to hold bearer instruments in that form and to register other instruments in the name of the Custodian or any other person appointed by it;
- (c) to hold securities which are not fully paid, subject to such conditions as the Custodian may reasonably specify in accordance with applicable local practice;
- (d) to purchase or subscribe for any type of security or other investment in accordance with the Fund Manager's instructions;
- (e) to sell or otherwise dispose of Assets and to deal with the proceeds, in each case in accordance with the Fund Manager's instructions;
- (f) to enter into any agreement or instrument on behalf of the Fund in connection with any security or other investment to be included in the Fund, in each case in accordance with the Fund Manager's instructions;
- (g) to deliver the documents of title and any other instruments relating to the Assets to the Fund Manager or in accordance with the Fund Manager's instructions; and
- (h) where the securities acquired by or owned by the Fund are registered in the name of the Custodian or any other person appointed by it (but not otherwise), to keep the Fund Manager informed of all actions required in respect of each of the Assets.

In fulfilling the above duties, the Custodian shall:

- (a) maintain separate custody accounts in the name of the Fund Manager "for and on behalf of The Muscat Fund". For the avoidance of doubt, the cash accounts to which all income and proceeds derived from the assets of the Fund shall be credited, will be maintained on behalf of the Fund by the Custodian;
- (b) maintain records showing the custody accounts held by the Fund Manager for the Fund; and
- (c) keep all assets of the Fund segregated from assets held by the Custodian for its own account.

The Custodian may take such steps as it may consider expedient to enable it to provide the custodian services required in respect of the Fund and may, with the prior consent of the Investors' Committee appoint one or more third parties as sub-custodian.

Sub-custodians will only be appointed if the Investors' Committee are satisfied the proposed sub-custodian has the appropriate expertise and experience to perform this role.

The officers of Bank Muscat responsible for the provision of custodian services to the Fund will operate independently of any officer appointed to be responsible for investment advice to, and/or taking day to day investment decisions for, the Fund.

## 7.6 BANKERS

Bank Muscat will act as principal bankers to the Fund.

## CHAPTER 8 – FEES (MANAGEMENT & OTHER)

### 8.1 MANAGEMENT FEES

The annual management fee will be 1.25% per annum of the Net Asset Value of the Fund. The fee will be calculated and paid monthly based on the average daily Net Asset Value of the Fund on each valuation day during the month.

The Fund is responsible for its own operating expenses, including legal fees, stamp and other duties and brokerage and other charges incurred on the acquisition and realization of investments. The Fund also pays expenses incurred by the Fund Manager or incurred in connection with any issue of Units, and costs of prospectus, issued by the Fund Manager.

### 8.2 ADMINISTRATION FEE

The Fund Administrator shall be paid a fee of 0.15% per annum of the Net Asset Value of the Fund. The fee will be calculated and paid monthly in arrears.

### 8.3 CUSTODIAN FEES

The Custodian shall be paid a fee of 0.05% per annum of the Net Asset Value of the Fund. The fee will be calculated and paid monthly in arrears.

### 8.4 OTHER FEES

The Fund will also bear the fees of the Investors' Committee and the fees of any sub-custodians.

### 8.5 TAXATION

As per the Royal Decree No. 47/81 (as amended), the income of funds such as the Fund set up as joint investment accounts and registered with the CMA are exempt from income tax. The income earned by the Fund is therefore exempt from Omani taxation (but may be subject to local taxation to the extent income is derived from other jurisdictions).

### 8.6 RUNNING EXPENSES

In addition to the 1.25% of Net Asset Value fee payable to the Fund Manager, 0.05% of Net Asset Value payable to the Custodian and 0.15% of Net Asset Value fee payable to the administrative services, the Fund will incur the following recurring expenses.

(A) The CMA, MSM and Muscat Depository and Security Registration Company will receive fees from the Fund equivalent to approximately 0.1% of the Net Asset Value per annum. Based on 2 million Units being in issue these fees would be as follows:

Annual membership fee	RO 1,00
Regulatory Fee (0.05% of NAV)	RO 1,000
Annual Deposit and Transfer fee (0.05% of NAV)	RO 1,000

(B) The estimated annual fees of the Investors' Committee in each year are RO 12,000.

(C) Other recurring expenses will include the fees of the auditors, any sub-custodians, printing costs for circulars to Unitholders, the costs of the annual meeting and any special meetings, together with brokerage commission and banking fees.

The Fund will also incur administrative expenses and disbursements which will include the expenses of the advisers and those expenses and disbursements listed in Chapter 15.

While it is not possible to be certain as to the exact level of fees and disbursements payable out of the assets of the Fund, the Investors' Committee do not expect the ongoing fees and disbursements to exceed 2.5% (excluding sub-custodian statutory, regulatory and transaction fees) of the gross assets of the Fund over any 12 month period.

## CHAPTER 9 – SUBSCRIPTION & REDEMPTION

### 9.1 SUBSCRIPTION OF UNITS

Investors can subscribe to the fund daily.

Subscription forms must be completed and submitted to Bank Muscat Asset Management Division along with full payment for the amount invested plus the subscription fee.

All applications received by 11:00 a.m. on a business day (T day) with cleared funds will receive the NAV of the same Business Day. Units will be issued at the Net Asset Value per Unit on the same Business Day plus a subscription fee of up to 3%.

Applications received after 11:00 a.m. will be deemed to be received the next Business Day and units will be allotted based on the NAV of the next business day after the day the cleared funds are received in the account.

The Fund will allot units based on the NAV computed as above after considering applicable sales charges on T+2 days.

Fractions of Units will not be issued and applications will be rounded down to the nearest whole number of Units, with any excess in respect of fractional entitlements refunded paid into the CMA Investors' Protection Fund.

Subscription to the Fund will be in multiples of RO 100.

### 9.2 REQUIRED DOCUMENTS

The following documents must be attached to the subscription form to identify the subscriber:

- |  |   |
|--|---|
| (a) Omani (male) 18 years and above:   | Copy of Identity Card.  |
| (b) Omani (female) 18 years and above: | Copy of the passport, Identity Card or driving license.                                     |
| (c) Non-Omani nationals:               | Copy of passport.   |
| (d) Minors below 18 years:             | Copy of the birth certificate and copy of the identity card or passport of guardian/parent. |
| (e) Companies and Enterprises:         | Copy of the Commercial Register Certificate or overseas equivalent.                         |
| (f) Authorities and Pension Funds:     | Copy of the constitutive decree or decision.  |

The applicant shall indicate a bank account number for the receipt of dividends and other distributions on the application form.

### 9.3 REDEMPTION

The Fund will offer daily redemptions.

Units may be redeemed for cash on each valuation day. Redemption requests should be addressed to the fund and such requests may be given in writing or by fax (if the fund has previously received a completed indemnity with respect to faxed instructions) at BankMuscat, Asset Management Division on any Business day by 11.00 a.m. All subscription requests made by fax has to be followed by the recipient of the original request form.

Applications received after 11.00 a.m. will be deemed as received the next Business Day

The request must give the number of units to be sold and the bank details for the payment of the redemption proceeds.

The redemption price will be the NAV per Unit on the relevant Valuation Day net of all applicable fees.

The redemption proceeds will be paid within 3 business days of the relevant Valuation Day.

### 9.4 LIMITS ON REDEMPTION:

No more than 0.5% of the fund's capital may be redeemed on any single business day. If the fund receives redemption for more than 0.5% of the fund for any valuation day, applications will be satisfied pro rata amongst those requesting redemption. Undischarged redemption requests, unless revoked by the Unitholders with the consent of the managing company, will be carried forward to the next valuation day.

The redemption fee will be 3% for units held up to 2 months. There will be no redemption fee applicable if units held for 2 months or more.

## CHAPTER 10 – UNIT OWNERSHIP

### 10.1 UNITHOLDER'S RIGHTS

The Units will have no par value and subscription proceeds may be used to fund redemptions or distributed to Unitholders as described under "Dividends and Distributions" below.

All Unitholders shall have the following rights inherent in the ownership of the Units, namely:

- (a) the right to receive such profits after expenses as may be derived from the investment activities of the Fund and as may be, within discretion of the Investors' Committee, distributed to Unitholders from time to time;
- (b) the right to share in the distribution of the Fund's assets upon liquidation of the Fund;
- (c) the right to inspect the annual balance sheet, profit and loss statement and cash flow statement and the other financial books of accounts and records relating to the Fund;
- (d) the right to receive notice of and the right to participate and vote in any meeting of the Unitholders;
- (e) the right to apply for the annulment of any decision by a meeting of the Unitholders or the Investors' Committee or the Fund Manager which is contrary to the law of the Sultanate of Oman or this Prospectus; and
- (f) the right to institute actions against the Investors' Committee, the Fund Manager or the auditors of the Fund on behalf of the Unitholders.

### 10.2 LIMIT OF LIABILITY

Once the subscription price has been paid in full, a Unitholder will have no further financial liability to any party in respect of his holding of Units or the liabilities of the Fund.

### 10.3 OWNERSHIP OF FUND ASSETS

Unitholders shall own the Fund jointly, each holding an indivisible proportionate share in the Fund, the proportion being equal to the proportion of the total number of Units in issue held by the relevant Unitholder. A Unitholder will not become a shareholder of Bank Muscat by virtue of being a Unitholder of the Fund. The assets of the Fund will be kept separate from the assets of Bank Muscat. The Unitholders will jointly own the profits and (subject to the limit on liability described) the losses of the Fund.

### 10.4 PROFITS

The Unitholders are entitled to the net returns realized by the Fund after deducting all liabilities, including fees, expenses and tax.

### 10.5 DIVIDENDS & DISTRIBUTIONS

The Investors' Committee may declare dividends, in respect of any financial period, to be paid to Unitholders out of the following:

- (a) dividends received by the Fund;
- (b) interest received by the Fund;
- (c) realized profits derived from the purchase and sale of securities.

Such dividends may be paid regardless of any accumulated deficit on capital account, including as a result of net realized or unrealized losses. As a result, such dividends may be paid when Unitholders may have a holding with a net asset value less than the cost of its acquisition.

Unitholders will be notified if a dividend or other distribution is funded out of issue proceeds. In these circumstances Unitholders who acquired Units in the Initial Issue may have a holding with a net asset value less than the cost of its acquisition.

The Investor's Committee will not declare any dividends out of the proceeds from or the issue of Units.

### 10.6 REDEMPTIONS

Redemptions may be funded out of dividends, interest income and/or issue proceeds and/or capital reserves, which may include the proceeds of a sale of assets of the Fund. The fund can borrow for funding redemption proceeds.

### 10.7 EXPENSES

The expenses of running the Fund may be charged against, income and/or capital at the discretion of the Investors' Committee in accordance with International Accounting Standards and the treatment may alter at any time and from time to time in accordance with those standards.

## 10.8 PUBLICITY

Dividend and distribution announcements will be published in two daily newspapers in Sultanate of Oman, one in English and one in Arabic.

## 10.9 VOTING RIGHTS

Each Unitholders has a right to exercise a vote at any meeting of Unitholders. Each Unit will represent one vote.

## 10.10 UNITHOLDER MEETINGS

Meetings of Unitholders may be convened by the Investors' Committee, the Fund Manager or the holders of not less than one fifth of the Units in issue, on at least 15 days' notice received by the Fund Manager in writing at its registered office.

Notices of meetings of Unitholders will be posted to Unitholders at their registered addresses.

The quorum at meetings of Unitholders is three or more Unitholders present in person or by proxy representing at least one half of the Units for the time being in issue. If a quorum is not present, the meeting will be adjourned. An extraordinary resolution is a resolution proposed as such at general meeting with a quorum of three or more Unitholders present in person or proxy representing at least 25% of the Units for the time being in issue and passed by a majority of the votes cast. An ordinary resolution is a resolution proposed at such a meeting and passed by a majority of the votes cast.

The business of meetings of Unitholders may include the giving of consent to the issues expressly referred to as requiring consent in this Prospectus and any proposal that the Fund terminate or that a named member of the Investment Committee be requested to resign. The Investors' Committee has the discretion to conduct the meetings by circulation as and when allowed under the regulations.

# CHAPTER 11 – NET ASSET VALUE CALCULATION

## 11.1 NAV CALCULATION

The Net Asset Value per Unit is the Net Asset Value divided by the number of Units in issue.

The Net Asset Value is the value of the assets attributable to the Fund (including accrued income) less the attributable liabilities (including accrued charges and expenses and provisions for contingent liabilities as appropriate).

The value of the assets attributable to the Fund and the attributable liabilities are determined by the Investors' Committee in accordance with the following:-

- (A) The assets attributable to the Fund are deemed to include the following:-
- (i) all cash in hand, on loan or on deposit, or on call, including any interest accrued thereon;
  - (ii) all bills, demand notes, promissory notes and accounts receivable;
  - (iii) all bonds, shares, stock, debenture stock, subscription rights, warrants, options and other investments and securities owned or contracted on behalf of the Fund other than Units and rights to Units;
  - (iv) all interest accrued on any interest-bearing securities owned or held for the Fund;
  - (v) all other investments held for the Fund; and
  - (vi) all other assets of the Company of every kind and nature, including prepaid expenses as valued and defined from time to time by the Investors' Committee;
- (B) Any expense or liability attributable to the Fund may be capitalized and amortized over such period as the Investors' Committee may determine (and the Investors' Committee may from time to time determine to lengthen or shorten any such period) and the unamortized amount thereof at any time will also be deemed to be an asset;
- (C) The assets attributable to the Fund are valued as follows:-
- (i) units in any quoted debt security or unit trust (whether in non-corporate or corporate form) or any shares in a company the quoted price of which is directly related to the underlying value of its net assets will be valued by reference to the most recent closing traded price or its fair value (in the event, the closing price does not reflect the true realisable value) quoted by the Fund Manager thereof as at close of business on the relevant Valuation Day PROVIDED that if, in the opinion of the Investors' Committee, valuation shall be for the purposes of a subscription for or redemption of a material proportion of Units in issue at the date of valuation, then such assets may be valued on an acquisition or realization basis respectively;

- (ii) cash in hand or on deposit, pre-paid expenses, cash dividends and interest declared or accrued and not yet received shall be valued at their full nominal amount thereof unless in any case the Investors' Committee are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Investors' Committee may consider appropriate in such case to reflect the true value thereof;
- (iii) demand notes, promissory notes and accounts receivable shall be valued at their face value or full amount thereof after making such discount as the Investors' Committee may consider appropriate to reflect the true current value thereof;
- (iv) deposits shall be valued at their principal amount plus accrued interest from the date of acquisition;
- (v) certificates of deposit and treasury bills shall each be valued (on the basis of a notification to the Investors' Committee by a person approved by the Investors' Committee for the purposes of this paragraph whose business includes dealing in or effecting transactions in the relevant investment) according to the normal dealing practice therein and at the price of the relevant investment at close of business on the relevant Valuation Day;
- (vi) any security (not being a quoted debt security or unit in a unit trust whether in non-corporate or corporate form) owned or contracted for on behalf of the Fund listed or dealt in on a stock exchange recognized will be valued by reference to the closing price as notified to the Fund Manager by a reputable and reliable source. Where such security is listed or dealt in one more than one stock exchange the Investors' Committee shall select any one of such stock exchanges for the foregoing purpose on the basis of the most appropriate such exchange for this purpose, taking into account all relevant circumstances (including, where appropriate, the advice of the Fund Manager; and
- (vii) any security (not being a quoted debt security or unit in a unit trust whether in non-corporate or corporate form) owned or contracted for on behalf of the Fund dealt in on any over-the-counter market will be valued by reference to the closing price as notified to the Fund Manager by a reputable and reliable source approved by the Investors' Committee for the purposes of this paragraph whose business includes dealing in or effecting transactions in the security concerned. Where such security is listed or dealt in on more than one over-the-counter market the Investors' Committee may select any one of such over-the-counter markets for the foregoing purpose on the basis of the most appropriate such market for this purpose, taking into account all relevant circumstances (including, where appropriate, the advice of the Fund Manager).

The value of other assets attributable to the Fund shall be valued by the Investors' Committee on a fair valuation basis previously agreed with the Independent Accountants.

If in any case a particular value is not ascertainable as above provided or if the Investors' Committee shall consider that some other method of valuation better reflects the fair value of the relevant investment then in such case the method of valuation of the relevant investment shall be such as the Investors' Committee in good faith in its absolute discretion shall decide;

- (D) notwithstanding the foregoing, where at the time as of which the assets are being valued, any investment attributable to the Fund has been realized or contracted to be realized, there will be included in the assets on behalf of the Fund in place of such investment the net amount receivable on behalf of the Fund in respect thereof, provided that, if the net amount receivable is not payable until some future time after the time as of which the assets are being valued, the Investors' Committee may make such allowances as they consider appropriate;
- (E) any valuations made pursuant to this Prospectus will be binding on all persons; and
- (F) the liabilities attributable to the Fund will be determined to include all its liabilities (including such amount as the Investors' Committee determine to provide in respect of contingent liabilities) of whatsoever kind and nature except liabilities represented by Units. In determining the amount of such liabilities, the Investors' Committee may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period. Where applicable, liabilities will be accrued from day-to-day.

## 11.2 SUSPENSION

The Investors' Committee may suspend the determination of the Net Asset Value for the whole or any part of a period during which:-

- (i) a breakdown occurs in any of the means normally employed by the Investors' Committee in ascertaining the value of investments attributable to the Fund;
- (ii) for any other reason the value of a substantial part (in the opinion of the Investors' Committee) of the investments attributable to the Fund cannot reasonably be ascertained;
- (iii) circumstances exist as a result of which, in the opinion of the Investors' Committee, it is not reasonably practical to realize or to dispose of investments or fairly to determine the Net Asset Value;

- (iv) the remittance of funds which will or may be involved in the realization of, or in the payment for, investments or the issue, sale or redemption of Units cannot in the opinion of the Investors' Committee be carried out without undue delay and at normal rates of exchange; or
- (v) in the opinion of the Investors' Committee (certified in writing) such a suspension shall be desirable in the interests of continuing Unitholders.

Subscription and redemption will be suspended for any period during which the determination of the Net Asset Value has been suspended. Any application or subscription received or deemed received during any such suspension will be dealt by reference to the first Valuation Day following termination of all relevant suspension(s) provided that all affected applicants will be notified of the suspension(s) and given an opportunity to withdraw the relevant application(s) prior to such Valuation Day.

In calculating the Net Asset Value the Investors' Committee may rely upon such automatic pricing services as it shall determine or, if so advised by the Fund Manager, may use information provided by particular pricing services, brokers, market makers or other intermediaries. In such circumstances, the Investors' Committee shall not, in the absence of gross negligence or wilful default, be liable for any loss suffered by the Fund as a result of the Committee basing its judgement on any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary. Furthermore, in calculating the Net Asset Value the Investors' Committee shall instruct the Fund Manager to use reasonable endeavours to verify pricing information provided by the Fund Manager or any connected person but investors should note that in certain circumstances it may not be possible or practicable to verify such information. In such circumstances, the Investors' Committee will not be liable for any loss suffered by the Fund by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in such information.

### 11.3 PUBLICATION

The Net Asset Value per Unit will be made known to the MSM and to the unitholders on a daily basis by publishing at the website of the fund manager and will also be available on request to the Fund Manager.

## CHAPTER 12 – REGULATORY FRAMEWORK

The Fund will be governed by the Capital Market Authority Law, the executive regulations issued by the CMA and all other applicable laws of the Sultanate of Oman. The Fund is an investment fund attached to Bank Muscat pursuant to Articles 92 to 99 of the executive regulations.

### 12.1 Articles of Association

This prospectus will also serve as an Article of Association for the Muscat Fund.

## CHAPTER 13 – ACCOUNTS & ACCOUNTING POLICIES

### 13.1 GENERAL

- (i) The Fund shall have a financial liability independent from Bank Muscat and the Investors' Committee.
- (ii) An independent and separate bank account for the Fund shall be maintained by the Custodian for the purpose of making withdrawals and deposits on behalf of the Fund.
- (iii) The Fund shall be treated, in respect of all sales and purchases and other transactions, as an independent entity and shall be credited in the case of sales and debited in the case of purchases. All costs related to the Fund shall be directly paid from the assets of the Funds.
- (iv) Accounting records for the Fund shall be maintained independently from the records of the Bank and shall be audited by the independent auditors approved or nominated by the Investors' Committee. The Investors' Committee has the power to remove or change the Auditors of the Fund during the life of the Fund. The appointment of Auditors will be notified to the CMA.
- (v) The financial year of the Fund is from 1 January to 31 December.

### 13.2 ACCOUNTING POLICY

The accounts are to comply with international accounting standards as required by Omani law.

### 13.3 REVENUES & EXPENDITURE OF THE FUND

Revenues of the Fund shall consist of:

- (i) Profits earned as a result of dealing in securities held on behalf of the Fund.
- (ii) Interest credited to the accounts of the Fund.
- (iii) Any other revenue, directly linked to the Fund and resulting from the investment of the assets of the Fund.

Expenditure of the Fund shall consist of:

- (i) the initial set up costs of the Fund;
- (ii) the fees of the Fund Manager, Investment Adviser and Custodian;
- (iii) the fees of the CMA, MSM and depository company and any other licensing and regulatory fees or similar charges and expenses;
- (iv) expenses in respect of accounting records and auditing fees;
- (v) customary brokerage commission and banking fees paid in connection with the sale and purchase of securities held on behalf of the Fund;
- (vi) all liabilities of the Fund in relation to taxation, whether due on the assets or income of the Fund;
- (vii) any expenditure related to the exercise of rights and duties in respect of the assets of the Fund;
- (viii) the cost of preparing, printing, publishing and distributing public notices, annual and interim reports, valuations, accounts and price lists and such other reports or documents as may be allowed or required under the applicable laws or regulations of Oman and any other communications to Unitholders;
- (ix) costs of printing any certificates or proxies;
- (x) any losses incurred as a result of dealing in securities held on behalf of the Fund;
- (xi) the cost of maintaining accounts;
- (xii) the cost of preparing and filing all official documents concerning the Fund, including registration statements and offering circulars with all authorities having jurisdiction over the Fund or the offering of Units;
- (xiii) the cost of holding any meeting of Unitholders;
- (xiv) legal fees;
- (xv) the fees of the Investors' Committee; and
- (xvi) any other expenditure directly related to the Fund.

### 13.4 REPORTS & ACCOUNTS

The Fund's financial year is 1 January to 31 December in each year. The Fund Manager will within 60 days of the closing of each financial year prepare the balance sheet and profit and loss accounts and further statements detailing the main items of revenues and expenditures duly audited by an independent auditor. Audited accounts will be sent to Unitholders by mail within 60 days of the closing of each financial year. The Fund Manager will within 45 days of the mid-point of each financial year prepare interim accounts for the Fund. Audited interim accounts will be sent to Unitholders by mail within 45 days of the mid-point of each financial year. Quarterly financial statements will be filed with the CMA within 30 days of the end of the relevant quarter and also published in two daily newspapers in Oman, one in Arabic and one in English.

#### **CONTACT DETAILS**

##### **The Fund**

Muscat Fund  
Registered Office and Principal Place of Business  
P.O. Box 134, Ruwi  
Postal Code 112  
Sultanate of Oman

##### **Fund Manager**

BankMuscat (SAOG)  
Asset Management Division  
P.O. Box 134, Ruwi  
Postal Code 112  
Sultanate of Oman

##### **Investors' Committee**

Salem Al Ismaily  
Saleh Al Habsi  
AbdulRazak Ali Issa  
Ahmed Al Ibri  
Ali Said Ali - Secretary



