

البنك الوطني العماني
لدول مجلس التعاون الخليجي
National Bank of Oman GCC Fund

مستودع



Prospectus

البنك الوطني العماني
National Bank of Oman









An Open Ended Equity Investment Fund

The Unit Price is R.O. 1.020 comprising face value of R.O. 1.000 and Bzs 20 as issue expenses.

Initial Subscription Period - 12th May 2013 to 11th June 2013

Investment Manager

National Bank of Oman SAOG

Issue Manager

National Bank of Oman SAOG

Collecting Banks

Ahli Bank SAOG
Bank Dhofar SAOG
National Bank of Oman SAOG

Auditor

PricewaterhouseCoopers LLP

Legal Adviser

Al Busaidy, Mansoor Jamal & Co.

Custodian

Gulf Custody Company SAOC, Oman

This Prospectus includes information in accordance with the requirements of the Prospectus of issuing the securities in the initial market promulgated by the CMA in the Sultanate of Oman. This Prospectus was approved by the CMA in accordance with the Administrative Order No. 2013/36/ع on 28 April 2013. It is important to confirm the following points; the CMA shall not be liable for the accuracy and the completion of the information in this Prospectus and shall not be liable for any damage or loss that might result from relying on these data and information or when it is used by any third party.

Important Notice

The purpose of this Prospectus is to provide important information to potential investors of the Fund and to assist investors to make an appropriate decision with regard to the Units offered.

This prospectus is an important document which should be read carefully. Investors should not treat the content of this Prospectus as investment, tax or legal advice. The risk factors mentioned in Chapter 2 should be taken into consideration for reaching an investment decision.

Investors are advised to consult with their professional advisors concerning the evaluation of the risks of the investment before making an application for Units in the Fund.

Please note that investments in the Fund are not guaranteed and that the value of the Units may change frequently and past performance may or may not be repeated.

This Prospectus is issued by National Bank of Oman SAOG (i.e. Investment Manager).

The Investment Manager is responsible for the relevance and accuracy of the information contained in this Prospectus.

National Bank of Oman SAOG believes that all the information provided is important for investors, and has endeavoured to ensure that no relevant material or data has been omitted, which would render this Prospectus misleading.

In addition, some of the information of this Prospectus has been taken from publicly available sources which the Investment Manager believes to be trustworthy. Nevertheless, neither the Investment Manager nor any third party shall be liable in respect to the accuracy or the completion of this information.

This Prospectus has been authorized and approved by the CMA and will be governed by the rules and regulations of the Sultanate of Oman and the CMA.

The CMA is not responsible for the accuracy and adequacy of the information provided in this Prospectus. Furthermore, the CMA assumes no liability for any damage or loss resulting from any reliance placed upon this Prospectus by any person.

The Arabic language version is the official version of this prospectus. In case of any difference or discrepancy between Arabic and English texts arises, the Arabic text shall prevail.

Contents

	Page No.
Definitions	7
Summary	10
Chapter 1 - The Fund & Its Investment Policy	12
NBO GCC Fund	12
Investment Policy	12
Chapter 2 - Risk Factors & Mitigants	15
Chapter 3 - Investment Rationale	18
Chapter 4 - The Management Body	28
Chapter 5 - The Investment Manager	31
Chapter 6 - Other Service Providers	36
Custody Services	36
Fund Administration Services	37
Distributors	38
External Auditor	38
Legal Adviser	38
Chapter 7 - Subscription Conditions & Procedures	39
Chapter 8 - Redemption of Units	48
Chapter 9 - Net Asset Value	51
Chapter 10 - Fees & Charges	54
Chapter 11 - More About the Fund	56
Taxation	56
Fund Accounts & Accounting Policy	56
Financial Reports and statements	57
Chapter 12 □ VERIFICATION	58

Definitions

Administrator	Entity responsible for administration of the Fund, as per the Administration Agreement
Administration Agreement	Agreement signed between the Administrator and the Fund, represented by the Management Body
Articles of Association	Articles of association of the Fund, which set out the rights and obligations of Unitholders, the Fund, the Investment Manager and service providers
Baiza/Bzs Riyal	Omani baiza (bzs 1,000 = 1 Rial Omani)
Business Day	Any day on which banks in Oman are open for business in Oman.
Business Hours	Official Banking Hours of NBO, Presently 8.00 am to 2.00 pm
Closing Date	The Closing Date of the Initial Subscription Period
Collecting Bank	A bank appointed to collect applications for Units during the Initial Subscription Period
Continuous Offer Period	Period when the Fund reopens for continuous Subscription and Redemption of Units following the conclusion of the Initial Subscription Period
CMA	Capital Market Authority of Oman established pursuant to Royal Decree 80/98
Custodian	Company/Entity responsible for safekeeping of assets of the Fund as per the terms of the Custodian Agreement
Custodian Agreement	Agreement signed between the Custodian and the Fund, represented by the Management Body
Financial Year	The period of twelve months starting on 1 January and ending on 31 December of that particular year
Fund	NBO GCC Fund
GCC	Gulf Cooperation Council comprising the Oman, United Arab Emirates, Saudi Arabia, Qatar, Bahrain and Kuwait

GDP	Gross domestic product
General Meeting	The Ordinary General Meeting of the Unitholders
IFRS	International Financial Reporting Standards
Initial Subscription Form	Form to be submitted by Subscribers for subscription for units in the Initial Subscription Period
Initial Subscription Period	The period during which Units of the Fund will be available for subscription at the Initial Subscription Price
Investment Management Agreement	The agreement signed by the Investment Manager and the Fund, represented by the Management Body
Investment Manager	The entity responsible for managing the assets of the Fund, as per the Investment Management Agreement
Investment Universe	The set of securities and investments from amongst which the Investment Manager will select investments for the Fund
IPO	Initial Public Offering
Management Body	A body having overall responsibility for the affairs of the Fund and comprising the persons whose details appear in Chapter 4 of this Key Information Document
MENA	Middle East and North Africa
MSCI	Morgan Stanley Capital International
MSM	Muscat securities market
NAV (of the Fund)	The Net Asset Value of the Fund is calculated and published on a weekly basis on every Monday. In case Monday is not a Business Day, the same will be published on the next following Business Day.
NBO	National Bank of Oman SAOG
NAV (per Unit)	The Net Asset Value per Unit, which is calculated by dividing the Net Asset Value of the Fund by the total number of Units in issue

NRV	The Net Realizable Value of the Fund
OGM	Ordinary General Meeting of the Unitholders
Oman	The Sultanate of Oman
Prospectus	This prospectus document inviting applications for subscription of Units
Redemption	Redemption of Units through the submission of a duly completed Redemption Form to the Administrator
Redemption Form	Redemption Form to be used to redeem Units in the Continuous Offer Period
Rial Omani/R.O.	The lawful currency of the Oman
Sponsor	Sponsor of the Fund viz. NBO
Subscriber	Subscriber for Units in the Initial Offer Period or Continuous Offer Period
Subscription	Subscription for Units, through the submission of a duly completed subscription form, to the Administrator during the Continuous Offer Period
Subscription Form	Subscription Form to be used by Subscribers to subscribe for units in the Continuous Offer Period
Sub-Custodian	A Sub-Custodian appointed by the Custodian to provide custody services for the Fund in jurisdictions other than Oman
Unitholders	Unitholders mean holder of Units in the Fund. May be natural or legal person
Units	Unit means each Unit in the Fund, having a nominal value of R.O. 1.000 (One Rial Omani) each
Valuation Day	The day on which the Administrator calculates the NAV

Summary

The information set out below has been derived from, and should be read in conjunction with, the full text of this prospectus. NBO GCC Fund is a joint investment vehicle. The Fund is constituted under the provisions of the Capital Market Authority Law No. 80/98 and its Executive Regulations. The Fund's Management Body will supervise the activities and assets of the Fund.

Fund Name	NBO GCC Fund
Address	NBO GCC Fund, National Bank of Oman SAOG, Investment Banking Division, P. O Box 751, PC: 112 Ruwi, Sultanate of Oman
Fund Structure	Open-ended Fund investing in GCC securities
Fund Objectives	Generation of dividend income along with capital growth from an actively managed portfolio comprising of high dividend yield companies listed in GCC markets and with limited exposure to other equity and fixed income opportunities in the GCC region
Fund Currency	Rial Omani
Fund Capital	Minimum: 2,000,000 Rials (Two million Rials)
Initial Issue Price	1.020 Rial (including 20 Baisa as issue expenses)
Initial Subscription Period	12 th May 2013 to 1 st June 2013
Minimum Subscription:	During Initial Subscription Period: [2000] Units and in multiples of 100 Units (R.O. [2,040] including issue expenses) During Continuous Offer Period: R.O. 1,000 per Subscriber for existing Unitholders and R.O. 2,000 for new Subscribers after the Initial Subscription Period
Maximum Subscription	Open
Receiving Redemption & Subscription requests	Daily
Processing Redemption & Subscription requests	Weekly
Valuation Frequency	At the end of working day on Monday of each week
Investment Manager	National Bank of Oman SAOG
Custodian	Gulf Custody Company, Oman
Administrator	National Bank of Oman SAOG
Auditor	PricewaterhouseCoopers LLP
Legal Advisors	Al Busaidy, Mansoor Jamal & Co. (Barristers and Legal Consultants)

Collecting Banks	Ahli Bank SAOG, Bank Dhofar SAOG and National Bank of Oman SAOG
Eligible Investors	The Fund is open for investment to all individual, Institution, Omani and non-Omani investors
Subscription & redemption fees	<p>Subscription Fees (or issue expenses during the initial subscription period):</p> <ul style="list-style-type: none"> • 2% on total invested amount (the Fund Management or the Investment Manager may waive these fees partially or totally) <p>Redemption Fee:</p> <ul style="list-style-type: none"> • 2% if redeemed within 6 months of subscription • 1% if redeemed within remaining 6 months period, in the first year of subscription • Redemption fees will be retained by the Fund <p>Unitholders who subscribe in the Initial Subscription Period shall not retrieve, sell, transfer or dispose their units in any form for a period of three months following the date on which the Fund is registered in the register of investment funds maintained by the CMA.</p>
Other related fees	<p>Management Fees: The investment manager is entitled to management fees of 1.1% per annum of the Net Assets of the Fund. The management fee will be calculated based on daily NAV of the Fund and paid monthly in arrears.</p> <p>Performance Fees: The Investment Manager is entitled to a performance fee of 10% on any annual return exceeding 10%. The Investment Manager will not impose any performance fees if the Fund's performance is 10% or below. Performance fees are calculated and payable at the end of the financial year.</p> <p>The Fund will also deduct other operating expenses as discussed in details in Chapter 10.</p>
Method of Payment	<p>All payments will be made by a cheque or a bank transfers.</p> <p>Fund's Financial Year: From 1st January until 31st December of each year, first year will commence from the end of IPO period until 31st of Dec of the same year.</p>

Chapter 1 - The Fund And Its Investment Policy

NBO GCC Fund

1. The Fund

The Fund is being established as an unlisted open ended fund under the auspices, and the regulatory supervision of the CMA.

The Fund is sponsored by NBO. NBO will subscribe for 5% of the capital of the Fund which it will, in accordance with the Fund Regulations, neither sell nor redeem for at least three years from the date of closure of the Initial Subscription Period.

The Fund will be supervised by the Management Body elected in accordance with the provisions of Fund's Articles of Association. The Fund shall be managed by NBO, the Fund's Investment Manager as appointed by the Management Body.

2. Dividend Policy

The Dividend Policy is set within the framework of CMA regulation, wherein the Investment Manager has the discretion to distribute or reinvest the dividends.

The Management Body of the Fund may decide to distribute or reinvest by way of dividend, the surplus by way of realized profit, dividends and interest, net of losses, expenses and taxes, if any, to Unitholders of the Fund, if such surplus is available and adequate for distribution in the opinion of the Investment Manager.

The Investment Manager shall try recommend to the Management Body, a minimum distribution of 80% of cash dividend and interest received from invested securities on a full year basis, subject to CMA regulations.

Investment Policy

Investment Objective

The primary objective of the Fund is to generate dividend income along with capital growth from an actively managed portfolio comprising of companies listed in GCC markets, which may have potential to yield dividends and with limited exposure to other equity and fixed income opportunities in the region.

The Fund will not materially change its investment policies set out in this Prospectus without obtaining approval of the Management Body.

Principal Investment Strategy

The Fund's principal investment strategy is to achieve best possible risk adjusted return. To pursue its investment objective, the Fund shall follow a disciplined investment process which is based on comprehensive research. The Fund shall follow an active management strategy for asset allocation and security selection.

The NBO GCC Fund is designed to offer investors with equity market type returns along with an income strategy over the medium term but with reduced levels of volatility. The Investment Universe comprises of GCC countries. The Fund adheres to a strict investment process, which is :

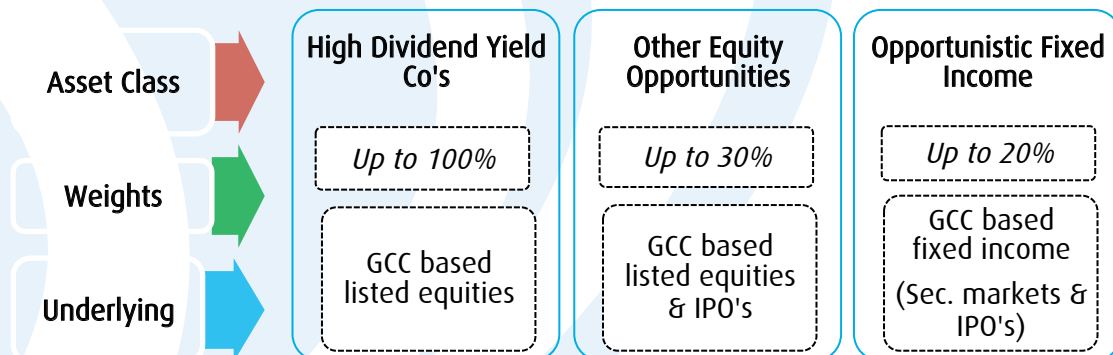
□ The Fund shall invest in GCC stocks that pay out higher than average dividend yields (Dividend Yield for each of the GCC Markets as provided by Zawya.com). These stocks ideally would be of those companies listed in the regional stock exchanges that pay higher than average dividends on a sustained basis, known as high dividend yielding equities. The logic behind this investment strategy is that the companies that can sustain higher dividends generally provide stable and growth opportunities for the Investor. The Fund shall aim for 100% of NAV for the equity exposure to listed GCC companies offering dividend yield. These dividend paying companies will typically have stable cash flows, steady or growing income, high □Return on Equity□ and healthy balance sheets.

□ The Fund shall target additional income from investing into other equity opportunities arising from companies that have higher probabilities of increased Dividend Payouts in future (ideally one to two year period) arising out of specific events such as divestments of businesses, expected cash flow build up due to new capacity on stream, lower capacity expenditure requirements etc. The Fund will limit its exposure to 30% (of the NAV of the Fund) to such equity opportunities to capture growth and value propositions in addition to investing in IPO's (Initial Public Offerings) in the region.

- The Fund shall also target additional income from investing into □opportunistic fixed income opportunities. The Fund plans to use fixed Income instruments primarily as hedges for generating income in weak market conditions. Such exposures shall be limited to 20% of NAV of the Fund.

It is anticipated that the above investment strategy will benefit the Fund in terms of reasonable capital appreciation in rising markets while protecting the Unitholders□assets in falling markets.

Asset Allocation Strategy



Investment Restrictions

1. The Fund shall adhere to all investment restrictions as per the regulations of CMA which includes the Fund Regulations, but is not be limited to the following:-
 - a) The Fund shall invest at least 75% of its capital to achieve its main investment objectives.
 - b) The Fund shall not hold more than 10% of the outstanding securities of any issuer.
 - c) The Fund's investments in any securities issued by any single issuer shall not exceed 10% of the Fund's NAV; and
 - d) The Fund shall not borrow funds in excess of 10% of its NAV.
2. The Fund shall not invest into any real estate directly or in any real estate funds. (This excludes real estate developers/companies listed on the stock exchanges in the Investment Universe).
3. For fixed income investments the Fund shall adopt a multi-pronged approach. The Fund will be allowed to invest in all listed fixed income opportunities on the MSM. For all GCC fixed income opportunities other than those listed on the MSM, the Fund shall be allowed to invest in "Investment Grade Bonds" with a minimum "A(-)" or equivalent rating (Rated by at least one of the international rating agencies, namely Standard & Poor's Ratings or Fitch Ratings or Moody's Ratings or Capital Intelligence) from issuers in the GCC region. If no rating is available for the relevant bond, then the issuer's rating will be used as a proxy.

Bond Credit Quality Ratings by International Agencies

Long-Term Issue Ratings		
Credit Risk	Moody's	Standard & Poors/Fitch/ Capital Intelligence
Investment Grade		
High Quality	Aaa	AAA
High Quality(Very Strong)	Aa	AA
Upper Medium Grade (Strong)	A	A
Medium Grade	Baa	BBB
Below Investment Grade		
Lower Medium Grade (Somewhat Speculative)	Ba	BB
Low Grade (Speculative)	B	B
Poor Quality (May Default)	Caa	CCC
Most Speculative	Ca	CC
No interest being paid or bankruptcy petition filed	C	C
In default	C	D
Source: Moody's, Standard & Poor's, Fitch, Capital Intelligence		

Chapter 2 - Risk Factors And Mitigants

Principal Risks and Mitigants of Investing in Investment Funds

The value of any investment in the Fund will fluctuate due to changes in the market value of the underlying investments. The Fund has identified the following risks for investing in equity and debt securities, and has also endeavored to highlight strategies which may mitigate these risks to an extent.

Risks specific to equity investments

a.) Equity/Market/Economy Related Risks: The value of investments may fluctuate in response to the activities of individual companies and general stock market and economic conditions, and stock prices may go up or down over short or even extended periods. Equities are more volatile and likely to go up or down in price, sometimes suddenly and are riskier than some other forms of investment, such as short-term high-grade fixed income securities. The stock market has been subject to significant volatility recently which has increased the risks associated with investment in the Funds.

The Mitigant/Management Strategy: The fund shall invest in quality equity and equity related securities in order to reduce the equity/market/economy related risks. Use of comprehensive equity research capabilities enables the Investment manager to reduce such risks.

b.) Risk associated with dividend yield stocks: The Fund's investments would be in companies having a track record of dividend payments. Performance of the Fund would depend on the ability of these companies to sustain dividends in future. The stocks of dividend yield companies may, at times, be relatively less liquid as compared to growth stocks, which may impact the price of the stock and hence, the performance of the Fund. There could be time periods when securities of this nature (high dividend yield stocks) would underperform relative to the general market. This could have an impact on the relative performance of the Fund over different time periods.

The Mitigant/Management Strategy: The fund shall be diversifying by investing into more than one dividend yield company from the GCC region and the selection of companies will vary in terms of fundamentals and liquidity factors. The Fund will always consider dividend history as an important factor for selection of high quality dividend yield stocks in GCC region. Also, the Fund will consider liquidity as an important factor in investment decision making (there can be no guarantee that this objective can be achieved at all times). This risk can be reduced by the Fund through weighting allocations towards highly liquid stocks.

c.) Political and/or Regulatory Risks: The Fund may be adversely affected by uncertainties such as political developments, changes in government policies, taxation, restrictions on investment and currency repatriation, and other developments in the laws and regulations of the countries in the Investment Universe.

The Mitigant/Management Strategy: Such risks are not predictable in nature. However, the Investment Manager will consider the above risk factors before arriving at an investment decision for the Fund.

d.) Exchange Rate Risk: With the exception of the Kuwaiti Dinar, all other GCC currencies including the Omani Rial are pegged to the U.S. Dollar. The Fund will be investing in securities denominated in GCC currencies and in U.S. Dollar denominated bonds. Hence, any change in the peg of these currencies against the U.S. Dollar would affect the return on investment.

The Mitigant/Management Strategy: Since, most of the currencies in the Investment Universe are pegged to US dollar, such risks are lower. The Investment Manager shall maintain constant vigil on any change in currency pegging in the Investment Universe and shall initiate steps to protect the interests of the Unitholders to the maximum extent possible.

e.) Concentration Risk: Concentration risks might increase depending on specific investment in certain companies or certain sectors in the Investment Universe in order to achieve the objectives of the Fund.

The Mitigant/Management Strategy: Concentration risk can be reduced by adopting diversification strategies. The Fund shall be investing in more than one sectors to reduce such risks. In addition to this, the Fund shall have maximum exposure limit of 10% (of NAV) for any single stock in the portfolio. The fund shall implement asset allocation strategy referred to in Page 13 of this Prospectus. This reduces the concentration risks

f.) Liquidity Risk: The Fund could be exposed to liquidity risk in case traded volumes of securities in which the Fund has invested, experience a decrease in dealings volumes, which in turn might make it difficult to provide liquidity when Unitholders request redemptions.

The Mitigant/Strategy: The Fund will consider liquidity as an important factor in investment decision makin (there can be no guarantee that this objective can be achieved at all times). This risk can be reduced by the Fund through weighting allocations towards highly liquid markets/stocks.

Risks specific to Debt/Fixed Income Investments

The fund will limit its exposure to debt and/or fixed income instruments up to a maximum of 20% of NAV at any given time. Such risk on the Fund is expected to be limited to the extent of maximum exposure of 20%. Such risks are as follows:-

a.) Interest Rate Risk: Changes in interest rates may affect the Fund's NAV as the prices of securities generally increase as interest rates decline and decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. There can be volatility leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.

The Mitigants/Management Strategy: The Fund will endeavour to invest in a basket of debt and other fixed income instruments with varying maturity, based on market conditions (at the discretion of Investment Manager for defensive strategy under specific market conditions). Use of fixed income strategies would aim to reduce such risks to the Fund.

b.) Liquidity/Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quotation. Liquidity risk is not ruled out for GCC fixed income instruments.

The Mitigants/Management Strategy: The Fund will consider liquidity as an important factor in investment decision making (there can be no guarantee that this objective can be achieved at all times). While the liquidity risk for government securities and other short maturity bonds may be low, it may be high in case of medium to long maturity corporate bonds. Liquidity risk is a characteristic of GCC fixed income instruments. The fund will however, endeavor to minimize liquidity risk by investing in securities having a liquid market. Also, strong institutional capability of the Investment manager having relationship in the region is expected to reduce such risks.

c.) Credit Risk: Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a yield above those offered on government securities, which are sovereign obligations and have a low probability of default. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

The Mitigants/Management Strategy: The Fund shall consider credit risk as one of the most important factors to consider before investing into such securities. The Investment Manager's capabilities in identifying issuer's strength in repayment will be used to reduce such risks. In addition to the Investment Manager's own assessment of the quality of the issuer, weightages on credit ratings shall be applied to reduce such risks.

d.) Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Fund are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

The Mitigants/Management Strategy: Reinvestment risks will be limited to the extent of coupons received on debt instruments, which will be a small portion of the portfolio value.

Chapter 3 - Investment Rationale

There is a strong case for investment in GCC Markets on account of healthy macro outlook for the region. The region is seen to benefit from abundant reserves of unexplored crude oil and natural gas. With healthy macro-fundamentals, the region is better placed as compared to many others on the globe, which are struggling with sovereign debt issues and shrinking domestic demand conditions. The region's consumption story, investments into the infrastructure space and the impact of uprisings demanding increase in government spending, job creation and personal disposable income is expected to be a key theme for growth in coming years. Although the macro view is positive, current market circumstances are challenging in terms of correlations with developments happening across the world. We are presenting a case for investments that uses a focused approach in selection of high dividend yield stocks and benefits from such strategies.

GCC Macro Fundamentals Augurs Well for the Strategy

GCC region – Growth in virtue

The GCC region is well placed on the global economic map with growth factors that are better than the advanced economies and slightly lower than emerging economies. In view of changing dynamics of the economic factors, which are seen shifting from the west to the east, the GCC region benefits from abundant hydrocarbon availability and energy subsidies. We expect the region to continue deriving core competencies due to these factors and attract capital in flows. Strategic positioning on the global map benefits the region in terms of trade linkages to Asian economies. With revitalized focus on job creation, infrastructure build-up and other social initiatives under the influence of populist measures, we expect the GCC region's growth to remain higher as compared to growth in developed markets. We view the region as attractive as any other emerging economy that benefits from underlying structural advantages.

Global Real GDP Growth Comparisons							
Region	Avg. 1980-89	Avg. 1990-99	Avg. 2000-10	2011e	2012p	2013p	2014p
World	3.2%	3.0%	3.6%	3.9%	3.5%	4.1%	4.4%
Major adv. economies (G7)	3.0%	2.5%	1.3%	1.4%	1.5%	1.9%	2.3%
European Union	2.1%	2.1%	1.5%	1.6%	0.0%	1.3%	1.9%
Emerging & developing eco.	3.5%	3.6%	6.3%	6.2%	5.7%	6.0%	6.2%
Middle East and North Africa	1.3%	4.1%	5.0%	3.5%	4.2%	3.7%	3.9%
GCC-Average*	1.7%	4.5%	6.4%	7.7%	4.6%	3.4%	3.6%

Source: IMF, World Economic Outlook Database, July 2012; GCC growth is average for all countries in the region

Sound macro-economic background of GCC region provides resilience from global shocks

After the high growth emerging markets, GCC markets are expected to reap the benefits of strong economic growth driven by a robust oil price. Growth in the GCC region has been broad based with buoyant private sector expansion benefiting from government stimulus. The GCC economies with inherent strength emanating from hydrocarbon capacities and strong fiscal policies are expected to exhibit resilience to unexpected shocks in the global economy. The GCC economies are projected to achieve an average growth of 4.6% in FY2012 and 3.4% in FY2013. Among all the countries in the region, Kuwait, Saudi Arabia and Qatar are projected to grow at over 6% during the current year, while Oman is projected to register real GDP growth of 5.5%.

GCC Countries- Real GDP Growth						
	2011e	2012p	2013p	2014p	2015p	2016p
Saudi Arabia	6.8%	6.0%	4.1%	4.4%	4.3%	4.3%
Qatar	18.8%	6.0%	4.6%	4.6%	5.9%	5.9%
United Arab Emirates	4.9%	2.3%	2.8%	3.3%	3.5%	3.6%
Kuwait	8.2%	6.6%	1.8%	3.3%	3.9%	3.9%
Oman	5.5%	5.0%	4.0%	3.2%	3.4%	3.5%
Bahrain	1.8%	2.0%	2.8%	2.6%	2.6%	2.9%

Source: IMF, World Economic Outlook Database

Oil - an undisputed lead factor for Middle East

GCC countries have over 28.46% of the globe's proven crude oil reserves and produce near to 21.68% of world's total crude oil production. In terms of proven reserves for natural gas, the region is estimated to have nearly 18% of global reserves while, it produces only 9.09% of global production. Saudi Arabia and Kuwait are the major oil producers in the GCC region while Qatar dominates gas production (13% of global production). GCC with a relatively smaller populations as compared to other regions has the highest per capita oil reserves on the globe along with the highest reserve to production on the global map. We strongly believe that the region is likely to benefit from abundant presence of resources for a longer period of time than others in the globe.

A higher share of hydrocarbon revenues contributes to a healthy current account surplus in the region. However, the GCC remains largely dependent on oil and gas as the key driver of national wealth, GDP growth rate, exports and government budget revenues. The proportions vary, with UAE and Saudi Arabian economies more diversified than those of Kuwait and Qatar. However for the region as a whole, oil and gas revenue acts as an accelerator to the entire economic structure.

Actual fiscal surpluses are used to build reserves that provide a cushion for any likely volatility in hydrocarbon prices. This surplus reserve augments government policy formulation to achieve longer term strategies of economic diversification and job creation. Hydrocarbons are expected to remain as a key dynamic that drives factors like a low taxation regime, subsidized feed stock pricing and other macro factors that favor corporate sector, consumer spending and a high economic growth rate.

Current Account Balance to GDP - GCC Region Highest in the Globe

	Average ('07-10)	2011P	2012P
GCC	16.4	22.7	20.3
MENA (incl. GCC)	10.9	12.2	10.6
Advanced Economies	-0.5	-0.4	-0.3
Euro Area	0.12	1.1	1.3
Japan	3.4	1.6	2.3
Developing Asia	3.9	0.9	1.1

IMF, World Economic Outlook Database, Data for GCC is derived from averages of countries in the region

Non-hydrocarbon contribution expected to improve

While the oil and gas sector dominates as the key driving factor for regional economic fundamentals, diversification initiatives have kept healthy growth momentum of the non-hydrocarbon sector. Direct dependence on oil and gas has reduced in real terms, as a wider range of non-oil sectors have developed with support of government initiatives. As per Economist Intelligence Unit estimates, over the next ten years this trend is likely to continue, with growth of the non-hydrocarbons economy forecasted to register average growth of 5.1% per year. This is much higher than the 3.3% annual average growth estimated in the oil and gas sector.

GCC -Nominal GDP composition	Diversification strategies to improve non hydrocarbon contribution							
	2000	2002	2004	2006	2008	2010	2014	2020
Hydrocarbons-%	38%	33%	39%	45%	49%	39%	32%	31%
Non Hydrocarbons-%	62%	67%	61%	55%	51%	61%	68%	69%

Source: Economist Intelligence Unit Estimates

As per Economist Intelligence Unit estimates, the non-hydrocarbon GDP contribution to GDP is estimated at 61% of total GDP during 2010 and is estimated to improve to 69% of GDP by year 2020. Major reason attributed to this growth is the upstream crude sector, which is likely to grow at a slower pace as compared to the growth during 2003-08 oil boom period.

During the previous oil crisis (1997-1999) when, prices fell to avg. WTI price USD 14.38 per barrel during year 1998, recovery among the GCC region was commendable. This was primarily due to diversification benefits along with investments into downstream industry. Added to this, the likely scenario of oil prices reaching such levels and sustaining for a longer period is ruled out due to increase in marginal costs of hydrocarbon production.

Year	Crude Price Average (USD)		Real GDP growth (%)					
	WTI -Average	Brent Crude-Average	Bahrain	Kuwait	Oman	Qatar	Saudi	UAE
1995	18.41	17.04	3.9	1.4	4.8	3.6	0.2	6.2
1996	22.14	20.47	4.1	0.6	2.9	7.6	3.4	4.9
1997	20.59	19.11	3.1	2.5	6.2	28.4	2.6	8.4
1998	14.38	12.7	4.8	3.7	2.7	9	2.8	0.1
1999	19.32	17.89	4.3	-1.8	-0.6	5.5	-0.7	3.1
2000	30.38	28.38	5.2	0.1	4.6	10.9	4.9	12.4

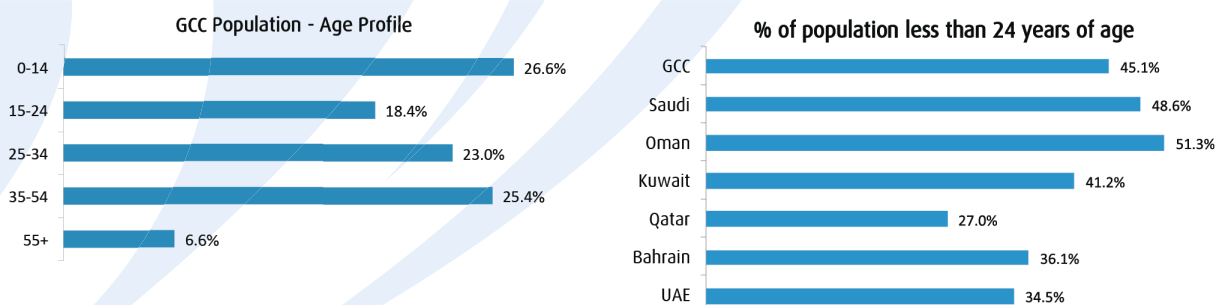
Source: IMF World Economic Outlook; NBO Asset Management Research

Project recovery post financial crisis ▯ Selective and visible

GCC economies have kept the pace of spending towards infrastructure and capacity enhancements, through fiscal support, thereby overcoming challenges posed by the recent financial crisis. Except for Dubai's real estate apathies wherein private sector participation have kept high concentration on overall project spending, all other countries have witnessed healthy addition of projects. Government funded project spending continues to remain healthy, while lackluster activity of private sector participation remains visible. Higher costs for capital along with high risk aversion from domestic banking sector have been a deterrent for the private sector. Select economies in the region were well placed during these difficult times. Qatar, Saudi Arabia and Abu Dhabi have been able to garner the Funding requirement during the period. Although Oman's relative size remains small, the pick-up in project activity was commendable. We feel this trend will continue for the region in addition to likely improvement of Dubai's infrastructure requirements in the long run.

Demography supports consumption story

The GCC region is very young in terms of demography. Over 45% of the GCC population of 41 million is less than the age of 24 years. Saudi Arabia, with largest share of population in the region has got over 48% of its population in the age group below 24 years followed by Oman's 51% in the same age group. Out of the total GCC population, almost 26% of total population is less than the age of 14 years. This means that 18% of the rest of the population; i.e, 15 years and above or 7.51 million, will be coming into the job markets in coming 10 year period. In order to support the segment's participation in the mainstream economy, fiscal thrust for the education sector has been given high priority.



Source: US Census Bureau; On latest available census data

We expect the recent uprisings witnessed in the MENA region to result in a serious review of policies towards developing employment opportunities. While, short term support is largely expected from the government sector, medium to long term policy thrust to develop the private sector is critical. The key focus would be to develop high quality local talent. We believe GCC governments having comfort from oil surpluses are well placed to achieve the set targets. Young growing population is positive for the investment outlook, as it drives a healthy consumption story for the region.

GCC Budget Breakevens

GCC governments have raised the assumption on crude oil prices for their respective budgets. Although comfort remains on Crude prices being higher than prices assumed, the thrust was to step up current and investment expenditure. Fiscal policies have aggressively targeted increasing investment expenditure by regional governments along with a rise in salaries for the government sector. We believe increasing cost pressures on fiscal planning, would maintain higher price assumption for oil prices moving forward. Consensus estimates for 2012 and 2013 prices crude oil in excess of USD 95 per barrel which is near to the budgetary price assumptions. We expect volatility in oil prices below assumed levels to put pressure on fiscal policies with more dependency on the reserves.

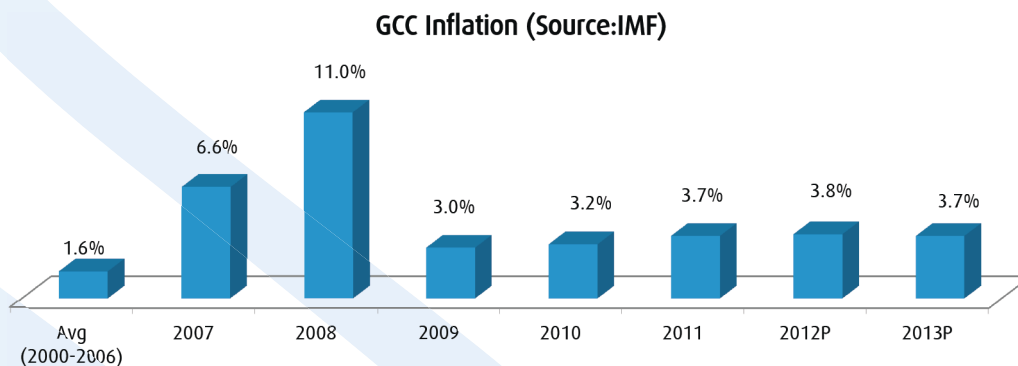
Oil price per barrel assumed in budget revenues				
In USD □ Per barrel	2005	2010	2011	2012
Saudi Arabia	19	49	55-58	60
Oman	21	50	58	75
Kuwait	15	35	43	60
Qatar	19	45	55	65
UAE	20	60	NA	NA

Saudi budget price is not official; Qatar and Kuwait budgets are based on fiscal year ending in March;
Source: Govt. budgets, Media Reports

Inflation scenario not appealing in near term

The GCC region is not insulated from increased risks of global inflationary scenario driven by the food sector. This along with healthy money supply factor is likely to drive inflation. The previous period of high inflation (2007-2008) was driven by a surge in demand conditions for housing and real estate. This along with incremental foreign capital flows into the region and high crude prices added to money supply factor. Moving forward, the driving factor for inflation is likely to be triggered by the dependency on imported consumables. Although the retail consumption cycle remains healthy, supply factors have led to price stabilization for the non-food sector, including demand for real estate.

For the near term, increase in social spending by regional governments and increase in wages for private sector is expected to have a direct impact on the money supply. Added to this, food inflation which is largely imported contributes to price rises in the GCC region. IMF has estimated inflation for GCC region at 3.7% for 2011, higher to the recovery period of 2009-10. With announcement of populous measures, risks of inflation have increased from estimated levels. There is little scope for fiscal policy to be used to check inflation, due to pressure on spending on both current and investment expenditure. Slack growth in credit demand is concerning, giving little space for monetary tightening. In this backdrop, any increase in inflation would affect the investment outlook in the near term.



Source: IMF Economic Outlook

Realignment due to Socio-Political developments to influence regional economics

With the start of Jasmine revolution in Tunisia, turbulence was seen spreading across the MENA region but with varying degree of impact on different countries. Populous demand for job opportunities and other social demands from very young population had an impact that was decisive for change in political structure in Tunisia, Egypt and Libya.

GCC economies stand relatively stable in this basket, with policies in-place to generate job opportunities which fall in line with the long term strategy of economic diversification. Now, with changing dynamics, we expect there will be primary focus to raise the standard of living of the population. Demands for populous measures were seen across the region and in this regard major announcements were made to address these taking immediate effects. Apart from social sector spending announced by GCC governments, the private sector in select GCC countries like Saudi Arabia and Oman announced generous financial benefits based on employee demands. This is expected to bring margin pressure on corporates in the near term. The impact would differ from company to company, on basis on business models and markets they operate. The strain is likely to dent the outlook for corporates which are witnessing revenue pressure due to competition.

The funding requirement of such new recurring fiscal expenses would step up pressure on policy formulation. With crude prices hovering much above budgeted levels, GCC governments have the comfort to meet the targets. We believe that the financial reserves of GCC governments enable them to meet announced social spending targets. GCC economies are expected to overcome the short term challenges as compared to others in MENA region. On the positive side, we expect the generous measures will lead to higher personal disposable income of household thereby adding fuel to the consumption cycle. Also, in the medium to longer term fiscal spending towards development of housing and related infrastructure would create demand, thereby benefiting the corporate sector.

GCC Markets – An Overview

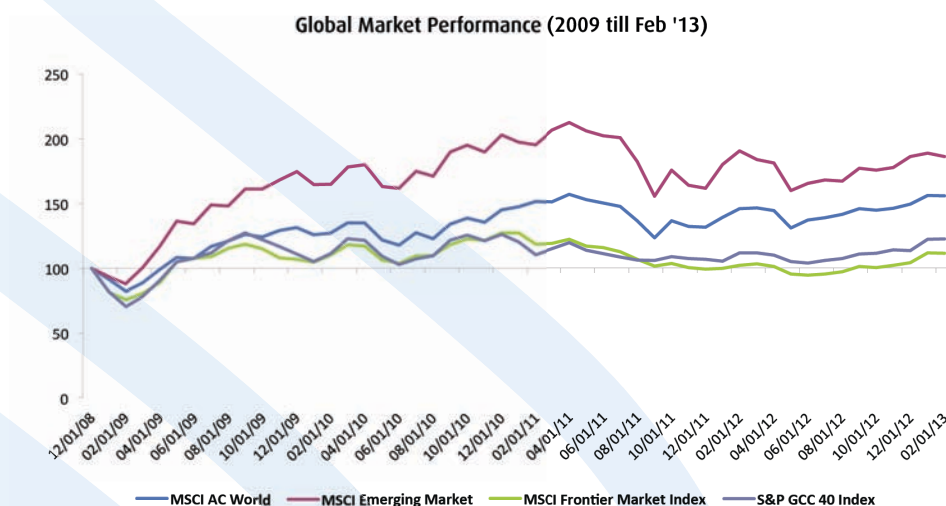
There are a total of 714 listed companies in GCC stock exchanges with aggregate market capitalization of USD 766 Bn (31st Dec 2012). The largest market in terms of market capitalization is Saudi Arabia (weight – 48.6%) followed by UAE (weight- 17.4%) and Qatar (weight- 16.5%). Kuwait represents market capitalization weight of 13.1% followed by Bahrain and Oman. On Market capitalization-to-GDP ratio (Nominal FY12e), the GCC markets as a whole trades at 51.6% which we see as an attractive proposition.

Country	No. Of Comp. Listed (March '13)	M. Cap- USD (31 Dec 12 - USD Bn)	% Weight (market Cap.)	Daily Avg. Turnover (USD Mn) FY12	Annual Turnover (USD Billion) FY12	Turnover Ratio FY12	M. Cap/GDP (Nom. 2012e)
Saudi	159	371.97	48.6%	2,040.91	514.31	138.3%	56.6%
Qatar	42	126.37	16.5%	61.75	15.56	12.3%	68.5%
Kuwait	213	100.16	13.1%	103.64	26.12	26.1%	57.4%
Abu Dhabi	66	69.49	9.1%	23.75	5.96	8.6%	
Dubai	56	33.7	4.4%	52.49	13.23	39.3%	
NASDAQ Dubai	10	28.11	3.7%	1.99	0.51	1.8%	
UAE	132	131.3	17.1%		19.7	15.0%	36.3%
Oman	120	20.11	2.6%	10.52	2.62	13.0%	25.1%
Bahrain	48	16.06	2.1%	1.13	0.28	1.7%	60.6%
GCC	714	765.97		1,866.42	578.59	75.5%	51.6%

Source: Zawya; IMF World Economic Outlook

Historical Performance of GCC Stock Markets

GCC stock markets have lagged during the recovery phase, following the financial crisis of 2008, as against other global markets. Emerging markets registered strong recovery from their 2008 lows supported by global liquidity and domestic growth factor. Although there was a lag in recovery among GCC markets, the gains have been sustainable despite sovereign debt issues emerging out of European region.



Among the GCC markets, Saudi Arabia, Qatar and Oman have displayed resilience to global issues leading to volatility in financial markets starting from the financial crisis in year 2008 spreading to the recent sovereign debt crisis in peripheral Europe, including the debt crisis of Dubai. The following table provides historical returns, standard deviation for all regional stock exchanges (except-NASDAQ Dubai).

	Saudi (TASI)	Qatar (QE Index)	Kuwait (Price Index)	Dubai (DFM Index)	Abu Dhabi (General Index)	Oman (MSM30 Index)	Bahrain (BASI)
31-Dec-12	6,801	8,359	5,934	1,623	2,631	5,761	1,066
2012	6.0%	-4.8%	2.1%	19.9%	9.5%	1.2%	-6.8%
2011	-3.1%	1.1%	-16.4%	-17.0%	-11.7%	-15.7%	-20.1%
2010	8.2%	24.8%	-0.7%	-9.6%	-0.9%	6.1%	-1.8%
2009	27.5%	1.1%	-10.0%	10.2%	14.8%	17.0%	-19.2%
2008	-56.5%	-28.1%	-38.0%	-72.4%	-47.5%	-39.8%	-34.5%
2007	39.1%	34.3%	24.7%	43.7%	51.7%	61.9%	24.2%

	Saudi (TASI)	Qatar (QE Index)	Kuwait (Price Index)	Dubai (DFM Index)	Abu Dhabi (General Index)	Oman (MSM30 Index)	Bahrain (BASI)
5 Year CAGR return (Dec 2012)	-9.2%	-2.7%	-13.9%	-22.8%	-10.4%	-8.6%	-17.3%
5 Year Std. Dev (Daily)	25.1%	25.6%	12.5%	29.8%	18.8%	21.1%	10.1%
5 Year Std. Dev (Weekly)	28.0%	28.1%	15.4%	30.5%	22.5%	22.8%	11.3%

Increase in foreign participation □ A Light at the end of the Tunnel

GCC equity markets tend to be dominated by retail investors and local institutional investors. Foreign institutional participation has been minimal. Market characteristics such as limited breadth, lack of hedging instruments, regulatory restrictions on access, and exclusion from emerging market indices have hindered participation by foreign institutions. Foreign participation in listed companies is capped at 70% in Oman, 49% in UAE and Kuwait, 25% in Qatar, while Saudi Arabia only permits foreign participation through mutual funds or swap arrangements.

Recently, there have been indications from Saudi Arabia, Qatar and UAE to increase such caps to attract more fund flows into respective equity markets. Any focused initiatives in this regard would augment liquidity in the markets and add to the valuations of companies listed in these markets. We feel, UAE and Qatar which are under review for possible MSCI reclassification to emerging markets status are likely to lead such developments.

Possible MSCI Reclassification of UAE and Qatar to Emerging Market Status

The MSCI Emerging Market Index forms the primary benchmark for many of the global emerging market funds. With a significant number of funds tracking the index, inclusion or exclusion will drive in substantial shifts in flows and consequently valuations of underlying equities. The last time that MSCI upgraded markets to emerging market status was in 2000-2001 with Egypt and Morocco. MSCI has announced review of UAE and Qatar, which are classified as □Frontier Markets□ and have been kept on review for a possible upgrade to □Emerging Market classification□. We believe this reclassification is not assured for either UAE or Qatar markets and this requires changes to the regulatory and market framework in both countries. Both countries have indicated as their inflation of moving forward with the required changes which includes:-

- Increase of the foreign ownership limits in UAE and Qatar;
- Introduction of delivery versus payment (DVP) settlement model in both the markets;
- Need to set up and operate with a dual account structure, custody and trading accounts compatible to other emerging markets.

We believe any reclassification to be positive in terms of enhanced visibility for both the markets, although the weights expected are low.

Why Invest In High Dividend Yield GCC Companies?

In the current market environment, which is characterized by negative real returns on safer assets, a strategy that invests into high dividend in GCC equity appears attractive. GCC companies in particular pay out a large share of their profits in an international comparison. Due to the price decline in equity markets their average dividend yield has risen. With a dividend strategy focusing mainly on a portfolio of high yielding stocks, anticipated dividend earnings can be boosted considerably.

Based on historical analysis, approximately 152 companies out of the total listed GCC equities have distributed cash dividend in four out of 6 year period of 2007-2012. This was a period marked by high volatility in global asset prices along with economic slowdown triggered by financial crisis in the year 2008. We feel GCC companies have been able to distribute handsome dividends by virtue of the core competencies among different sectors. Also, large share of promoter holdings by Government, Government related enterprises and family groups tends to make these companies investor friendly when it comes to dividend payments. Hence we feel it is in the benefit of the investor to invest into high dividend yield companies which provide them sustainable returns in terms of dividends. While no one can predict how stocks prices will move, dividend income has proven to be a less volatile component of total return.

Dividends are an important part of a successful long-term investment strategy. The additional revenue stream from earnings distributions and capital appreciation is not the only way in which dividend strategy can offer added value for the portfolio in the long run. Selection of companies in the portfolio, by virtue of itself in terms of fundamental characteristics that drive dividends benefit the investor. A focused approach to select companies with a healthy balance sheet, growth, visibility and cash flows adds to the dividend income from the portfolio. A fundamental dividend strategy, under which equities are selected not on the basis of recently paid, but future, expected dividends, will increase the probability of earning handsome dividend yields. This strategy appears to be a promising addition to the equity portfolio, especially in a low interest rate environment.

Dividend Focus Tends to be a Quality Investment Proposition

Adopting a dividend strategy provides consistent exposure to high quality investments for investors in GCC equity markets. The high dividend yield portfolio seeks to identify high quality stocks among companies having healthy fundamentals. The consistency of dividends from corporates benefits the investors as high yields may indicate inexpensive valuations, strong balance sheets with healthy cash flows and management commitment of returning cash to the shareholders. Dividend strategy fits in as better replacement for income options in the portfolio. Focus on a mix of dividend yields and dividend growth strategies would add growth flavour to the portfolio. The model portfolio comprising of high dividend yield companies from GCC markets has outperformed regional equity benchmarks due to the inherent fundamentals of these companies. The model portfolio comprises of traditional yield plays from telecom and power utility sectors. The presence of healthy businesses from cyclical and growing sectors like banking, petrochemical and related industries and the services sector augments the growth flavour of the portfolio.

Chapter 4 - The Management Body

The fund shall be managed and supervised by the Management Body elected by the General Meeting in accordance with the provisions of the Articles of Association.

The members of the Management Body shall not be less than three and not more than seven including the Chairman and Vice Chairman. The Chairman or anyone authorized by the Chairman shall represent the Fund before third parties and the courts.

The AoA shall define the term of the Management Board provided that it shall not exceed five years since the date of forming the Management Board.

The Sponsor in agreement with the Promoters shall appoint the first Management Body provided that its term does not exceed one year from registering the Fund in the Funds Register.

Criteria for selection of a member to the Management Body

1. The member should have good conduct and a sound reputation.
2. The member should not be convicted in any crime or an offence involving moral turpitude, or breach of trust or a crime stipulated in the Capital Market Law, Commercial Companies Law or Commercial Law unless rehabilitated.
3. The member should not be a person declared as insolvent or bankrupt.

Member's Term on The Management Body

The Articles of Association shall determine the term of office of the Management Body provided it shall not be more than five years from the date of formation. The first Management Body shall be appointed by the sponsor of the Fund in coordination with other sponsors (if any), provided its term shall not be more than one year from the date of its registration in the Funds Register.

Where any member's position falls vacant prior to the end of the term, the other members may co-opt member as replacement until the end of the term.

Members of NBO GCC Fund's -Management Body

Sulaiman bin Mohamed bin Hamed Al Yahyai - The Chairman

Suleiman Al Yahyai is an investment advisor at the Royal Court Affairs. He is also the vice chairman of Bank Muscat SAOG, chairman of Oman Chlorine SAOG and chairman of the audit committee of BMI Bank, Kingdom of Bahrain. He is also chairman of Oman Fixed Income Fund and Oman Integrated Tourism Projects Fund.

Suleiman Al Yahyai holds a certificate in Asset Management - Lausanne University, Switzerland (2002), MBA - Institute of Financial Management - University of Wales, UK (2000), and a certificate in Financial Crisis - Harvard University, USA (1999).

Sheikh Khalid Mohammed Ali Al Hamoodah

Sheik Khalid Mohammed Ali Al Hamoodah is the deputy chief executive officer of Diwan of Royal Court Pension Fund. He has a career spanning over 18 years. He has served Diwan of Royal Court for more than 16 years in different department and has long experience in administrative, investment and real estate fields. He is currently associated with the investment committee of Diwan of Royal Court Pension Fund. He has also spent couple of years in Ministry of Oil and Gas.

He holds a Degree in Business Administration from Coventry University, England.

Abdullah Humaid Said Al Mamary

Abdullah Humaid Said Al Mamary, is the director of Sultan Special Forces Fund. He is the Chairman of Bank Sohar SOAG. He is a Member in, Board Executive Committee, Human Resources Committee & Chairman of Board Credit & Risk Committee in Bank Sohar SAOG. He is also the vice chairman of Hotel Management Company International and Middle East College of Information Technology.

He has done MBA from University of Lincolnshire and Humberside, UK and Bachelor's Degree in Business Administration from the International University, London.

Ahmed Al-Musalmi

Ahmed Al-Musalmi is the Deputy Chief Executive Officer of National Bank of Oman SAOG (NBO). Prior to his appointment, he was NBO's general manager and chief operating officer. Besides having worked earlier with NBO, for over 6 years, Al- Musalmi has also served in organizations such as Majan International Bank and National Bank of Abu Dhabi. Al-Musalmi has more than 16 years of extensive hands-on experience in most areas of banking. Prior to moving to NBO, Al-Musalmi was the deputy country manager Oman, at National Bank of Abu Dhabi (NBAD).

Al-Musalmi holds a Masters in Business Administration, with distinction, from University of Luton U.K. Al-Musalmi's academic and professional qualifications also include International Diploma in Financial Services, Chartered Market Analyst with Financial Analyst Designate, Chartered Portfolio Manager and Chartered Wealth Manager. He is a fellow of American Academy of Financial Management-USA. Prior to joining NBO, Al-Musalmi attended an intensive High Performance Leadership Program with IMD-Switzerland.

Moosa Masoud Al Jadidi

Moosa Al Jadidi is the Assistant General Manager heading the Private Banking and Wealth Management departments. He is a seasoned professional with more than 15 years of wide-ranging experience within the Retail, Investment, Private Banking and Islamic Banking businesses. He started his career in the investment banking department of NBO and after contributing to the setup of Private Banking Business at Bank Muscat he moved on to pursue international assignments with Royal Bank of Canada, EFG Bank and Dubai Bank.

Managing the Private Banking & Wealth Management Business Moosa successfully grew the department through strategic initiatives, innovative products and exceptional customer service programs. He is also well versed with Islamic Banking and was instrumental in taking Dubai Bank to Mauritius and London prior to contributing to NBO's Islamic window offering. After turning around the Wealth Management offering from NBO, Moosa has also successfully set up the Private Banking business to cater to the Investment needs of the banks High Net-worth customers.

Responsibilities of The Management Body

The Management Body shall oversee and supervise the Fund's business. The Management Body shall have the following responsibilities:

1. Evaluation of the Fund's investment performance compared to similar funds or any other benchmark taking into account the investment objectives of the Fund;
2. Ensure the Fund's compliance with the Prospectus, Articles of Association and statutory requirements;
3. Evaluation of the performance of Investment Manager and other service providers;
4. Ensure adequacy of the Fund's systems to safeguard its assets and ensure that adequate accounting controls are in place;
5. Ensure that the Investment Manager's systems and controls are adequate to ensure compliance with the interests of the Fund and Unitholders;
6. Avoidance of conflicts of interest and ensuring that adequate procedures are in place to resolve any conflict of interest in the best interest of the Fund and Unitholders;
7. Ensure segregation of functions when one company is acting as provider of more than one service to the Fund;
8. Approve transactions with related parties and disclosure of the same;
9. Approve the annual report, financial statements and other information and disclose to the public and Unitholders to ensure that disclosure is fair, timely, transparent and not misleading;
10. Appointment and removal of service providers and determining their fees;
11. Pass resolutions pertaining to distribution of dividends.

Management Body Meetings

The Management Body meeting shall observe the following:

1. The Management Body shall meet at least four times per year with a maximum time gap of four months between any two consecutive meetings;
2. The number of attending members shall not be less than two third of the total strength;
3. A member of the Management Body shall not take part in discussions and/or voting on matters if he or his spouse or relatives up to second degree have an interest;
4. Approval of resolutions shall need support from majority of the members of the Management Body;
5. Objection by a member of the Management Body to any resolution shall be recorded in the minutes of the meeting.

Investors who hold at least 5% of the Units may request the Management Body to cancel any resolution adopted by the Management Body or in the General Meeting as the case may be, if such resolution is detrimental to the Fund or Unitholders. The request shall be referred to the same body which has issued the resolution, to decide on it.

Chapter 5 - The Investment Manager

The Management Body shall be appointing NBO as the Investment Manager of the Fund vide an Investment Management Agreement between the Management Body and the Investment Manager. The services of the Investment Management will be bound by the details provided in the Investment Management Agreement, as per CMA regulations. A copy of the Agreement shall be made available for inspection in the office of the Investment Manager.

Profile Of NBO

NBO was established in 1973 and has become one of the leading banks in Oman. NBO is Oman's second largest commercial bank of the country with total assets of R.O. 2,538 Mn (USD 6,591 Mn) as of 31st December 2012. The Bank has a strong presence in Oman with wide network of 67 branches including five branches in Egypt and one branch in UAE.

NBO's first Omani CEO, Mr. Salaam Said Salim Al Shaksy, is a highly educated and experienced banker with wide exposure to the Oman and GCC banking sector. He was named 'Best Banker of the Year' by The Islamic Business & Finance Award 2008, Dubai.

NBO has the following recognition of its services:

- Bank of the Year - Oman, for 2012 by The Banker Magazine, UK;
- Oman Asset Manager of the Year - Award in 2012 by MENA Fund Manager Magazine
- Best institution in the field of Social Responsibility in Oman, 2012 from the GCC Council of Social Affairs Ministers.
- Developing Sustainable Strategies Award' at the Asian CSR Leadership Awards 2012.
- Hawkamah Bank Corporate Governance - 'Honorable Mention' Award 2012
- Best Retail Bank in Oman 2011 - by the Asian Banker Excellence in Retail Financial Services Awards Programme
- First Runner Up - Banking Category - '2nd Corporate Governance Excellence Award 2011' organised by Capital Market Authority (CMA).
- 2010 Distinguished Corporate Governance Practices Award - for the third consecutive year from the Institute of Corporate Governance (Hawkamah) and the Union of Arab Banks (UAB).
- Best Current Account - Award - The Banker Middle East Product Awards 2010.
- Best Mortgage Product Award' accolade by The Banker Middle East Magazine 2008.

NBO- Investment Banking Division

NBO's Investment Banking Division (IBD) was established with approvals from the Central Bank of Oman and CMA in 1995. Among the local banks, NBO was the first bank to provide investment banking and brokerage services on the MSM. IBD has also introduced new instruments and solutions to the capital market, advised on mergers and corporate restructuring, and acts as brokers on behalf of its clients on the MSM.

The IBD has the following divisions under its umbrella-

- Asset Management
- Corporate Finance
- Capital Market Research
- Brokerage

NBO's Asset Management Division

NBO has a professional investment team with over 90 years of collective experience in managing assets among local, GCC and international markets. Currently, NBO manages discretionary portfolios for investment in local, GCC and International markets across various asset classes for:

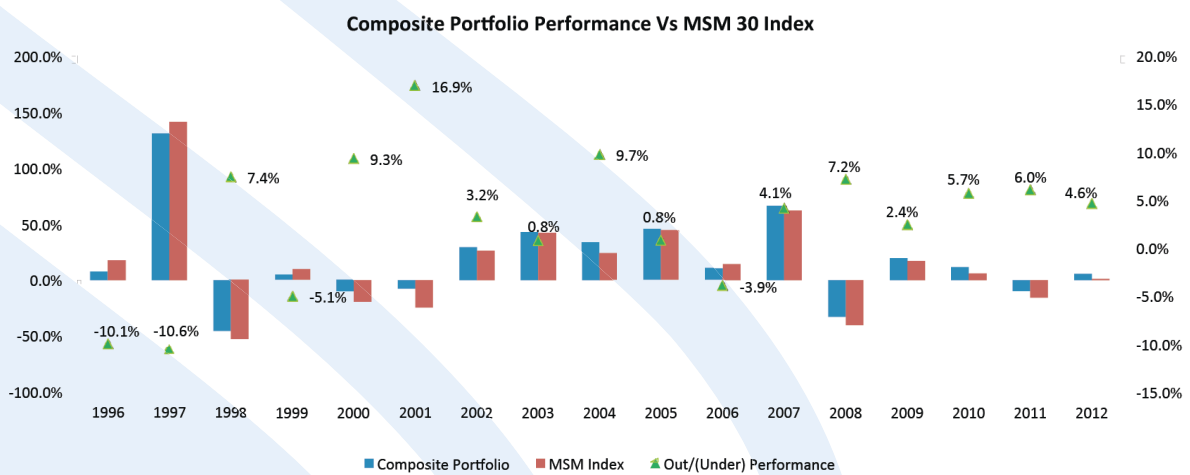
- Pension Funds
- Institutional Investors
- Corporates and
- High Net Worth individuals

NBO's Asset Management Division follows a prudent process for investment management. The team follows a disciplined investment process that aims to achieve the set objectives for the clients. The entry and exits are based on analytical valuation with Risk-management through optimal diversification strategies. The performance of portfolios is monitored on a daily basis and periodic feedback is given to clients.

Total assets under management covering portfolio management and fund advisory services as on 31st Dec 2012 have crossed USD 400 Mn with some of the institutional clients retaining the asset management services of the division for well over 17 years.

Asset Management Track Record

NBO's Asset Management division has demonstrated its ability in managing portfolios with consistent outperformance against the set benchmarks over the years. The asset management team has a proven track record in terms of preserving the capital of investors in falling markets while capturing the upside in a rising market. The following chart shows annual performance of the composite portfolio managed by NBO against MSM 30 Index from year 2000 to 2012.



The out-performance is more pronounced when reviewed on a cumulative basis over 5 years. The case is similar when performance is compared from inception-to-date for all the long-term portfolios. The Composite Performance of all discretionary portfolios under Management is as given below:

GLOBAL PORTFOLIO - COMPOSITE PORTFOLIO PERFORMANCE			
	Composite Portfolio	MSCI AC World Index	Out/(Under) Performance
Inception (Till End of Dec 12)	9.30%	-17.50%	26.80%

NBO GCC Fund – The Investment Team

NBO's investment team in the Asset Management Division is one of the most experienced in the country, with collective investment experience of over 90 years.

Mr. Humayun Kabir - GM – Wholesale Banking

Mr. Humayun Kabir presently serves NBO in the capacity of General Manager Wholesale Banking. He joined the Bank in February 2008 and has handled important portfolios in the bank. He has also served the bank as Chief Retail officer and Chief Financial Officer prior to his present assignment.

Mr. Kabir is a seasoned professional with more than 20 years of wide-ranging experience of Banking & Financial Services with organizations like ABN Amro Bank Canada, Royal Bank of Canada, Saudi American Bank, Ernst & Young and Inforica Inc, Canada. He is a Fellow of the Institute of Chartered Accountants in England & Wales and holds an MBA in General Management from the University of Western Ontario, Canada.

He is a Member of various committees in the Bank covering business, risk and other operational matters.

Sayyid Wasfi Al Said - Head Investment Banking (DGM)

Sayyid Wasfi Jamshid Al Said is highly experienced in managing institutional assets. Sayyid Wasfi brings with him his decade-long experience of managing large institutional investment portfolios and supervising asset management teams. Prior to joining NBO he worked as Deputy Director of Investments, State General Reserve Fund where he was responsible for overseeing global money markets, global fixed income, domestic equities, hedge funds and investment allocation to global institutional money managers. Additionally, he served as Deputy Chairman of the Investment Committee for domestic equities and as a member of the Investment Committee of the National Investment Funds Company (NIFCO) National Equity Fund (NEF).

Sayyid Wasfi was a key member of the high level team responsible for strategy formulation and in charge of implementation of the successful RO 50 Mn government sponsored stabilization fund set up after the stock market liquidity problems of the late 1990's in Oman. He was also a member of the Investment Adviser team for the Investment Stabilization Fund established in 2009 to support the MSM following the global financial crisis. He maintains excellent and long standing relationship among both regional and international investment banks & private equity houses.

Sayyid Wasfi is a Board member of National Aluminum Products Company SAOG, and a member of company's audit committee. He is also a member of the Investment Committee of Oman Integrated Tourism Projects Fund.

Rajat Dewan - Head- Asset Management

Rajat holds a Bachelor of Engineering degree and a post-graduation degree in Finance from University of Delhi. He started his career in Investment Banking in 1992 in India, in the area of equity sales, advising foreign and local institutions, and High Net Worth individuals on investments in the Indian stock markets. He joined NBO in 1998 in the Asset Management Department and worked as Senior Portfolio Manager for over 4 years before joining a leading brokerage firm in Muscat as Head – Research and Proprietary Investments. He re-joined NBO in June 2004 as Head – Asset Management and has been with the bank's asset management Unit since then.

He brings with him over 20 years of Investment Banking experience, 17 of which are in the local, GCC and international markets covering various asset classes.

He specializes in managing long-term Institutional assets, covering local Pension Funds and government/Quasi-Government Institutions as clients. He has demonstrated proven ability to out-perform the markets during bull and bear cycles over a sustained period of time in local as well as International markets.

Ajeev Gopinathan - Fund Manager

Ajeev joined the bank in March 2011 and is a fund manager in the Asset Management Department in their Investment Banking Division. He holds a Bachelor of Engineering and post-graduation degree in Business Administration from Mahatma Gandhi University, India. He brings with him over 9 years of experience in Investment Management. He has close to 5 year of Investment Research experience covering Indian and GCC markets on the sell-side as well as buy-side. Prior to joining NBO, he worked with a leading financial services company in Oman as AVP-Asset Management.

He has assisted the Fund Manager for The First Mazoon Fund (a GCC Fund sponsored by Gulf Investment Services SAOG, managed by Gulf Baader Capital Markets SAOC and regulated by CMA, Oman). He was actively involved in management of portfolios with primary focus among GCC (Ex-Oman) markets. Ajeev was also managing the mandated portion of the Government sponsored Investment Stabilization Fund in Oman.

Paramita Sanyal - Portfolio Manager

Paramita is a portfolio manager in the Asset Management Department in the Investment Banking Division of the bank. She joined the bank in June 2008 and has been managing client portfolios since then. She holds a Masters of Science degree and is also a qualified Company Secretary from Institute of Company Secretaries of India. She brings with her over 10 years of capital market experience covering portfolio management, equity research and compliance in Oman and India.

Duties and Responsibilities of the Investment Manager

The duties of the Investment Manager include the following:

1. Managing the portfolio of the Fund in the best interest of investment objectives of the Fund as stipulated in the Articles of Association;
2. Taking all investment decisions or other decisions in the best interest of the Fund and its Unitholders;
3. Accurately recording all purchase and sale transactions undertaken in favour of the Fund and in keeping their time sequence;
4. Maintaining an accounting system to classify, monitor and check all transactions in the Fund's portfolio which are entered into the system and adjusting to the cash and securities accounts opened in the name of the Fund with the Custodian;
5. Providing liquidity for the Fund to discharge any obligations;
6. Safeguarding the Fund from any unnecessary investment risks.

Chapter 6- Other Service Providers

Custody Services

Gulf Custody Company shall be appointed as the Custodian of the Fund pursuant to a Custodian Agreement. A copy of Custodian Agreement shall be available for inspection at the office of the Investment Manager after its appointment. All services rendered by the Custodian to the Fund shall be covered in the Custodian Agreement.

Services of the Custodian

Fund's assets will be kept with the Custodian whose principal place of business is within the Oman. To facilitate transactions done outside Oman assets may be kept abroad. In such cases, the Custodian may appoint a Sub-Custodian to keep the assets located outside Oman. Appointment of Sub-Custodian shall not exonerate the main Custodian of any of its obligations.

The assets of the Fund shall be registered in the name of the Custodian or Sub-Custodian or their respective nominee with an account number or other designation in the records of the Custodian or Sub-Custodian or the nominee, to establish that the ownership of the assets is vested with the Fund.

The Custodian or sub-Custodian shall exercise due diligence in keeping the assets of the Fund and shall protect the interests of the Fund in every act, and they shall be liable for any loss to the Fund's assets resulting from any omission or wrongful act by them or their respective employees, directors or managers.

Written consent of the Management Body shall be obtained for all contracts concluded with the sub-custodian and such contracts shall provide adequate protection for the assets of the Fund on terms and conditions consistent with the contract with the main Custodian.

All contracts concluded with the main Custodian or Sub-Custodian shall at least cover:

1. Requirements that enable the Fund to exercise all the rights pertaining to the assets kept with the Sub-Custodian;
2. Requirements pertaining to the location where the Fund's assets are kept;
3. Method of holding the assets;
4. Care and liability for loss;
5. Review and compliance reports;
6. Fees, method of payment and timing of payment.

No contract concluded with the main Custodian or sub-Custodian shall provide for creation of any encumbrance on the assets of the Fund, except for claims of payment of fees and charges to the Custodian or the sub-Custodian for acting in such capacities. The contracts shall not contain any provision that would require the payment of fees or expenses to the Custodian or sub-Custodian in the form of transfer of ownership of assets belonging to the Fund. The Management Body and Investment Manager shall ensure that the Custodian Agreement and Sub-Custodian Agreement, if any, shall cover these requirements.

Fund Administration Services

NBO shall be appointed as the Administrator of the Fund. A copy of Fund Administration Agreement signed between the Administrator and the Fund shall be available for inspection at the office of the Investment Manager/ Administrator after its appointment. In addition to Fund Administration services, the Administrator shall act as the Registrar of the Fund on its own or shall be appointed third party Registrar with the approval of the Management Body.

Services of Administrator

The Services of the Administrator shall include, but not be limited to the following, as per the Fund Administration Agreement:

1. The Administrator shall administer the issue of Fund Units in accordance with this Prospectus and instructions of the Management Body;
2. The Administrator shall be responsible for maintaining the accounts of the Fund and all financial records as required by law. The Administrator shall prepare quarterly and annual accounts of the Fund in accordance with the accounting policies set out in this Prospectus. The Administrator shall arrange for the annual accounts to be audited, printed and dispatched to Unitholders, the members of the Management Body or any other persons entitled to receive them as required by law;
3. The Administrator shall dispatch all circulars, notices of meetings, reports, financial statements and other written material as may be requested from time to time by the Management Body. The Administrator shall manage all correspondence and communications addressed to the Fund;
4. The Administrator shall determine the NAV of the Fund and NAV per Unit, as per the Prospectus. Also, it will make such details of the NAV available to the Management Body and the CMA;
5. The Administrator shall calculate all fees payable by the Fund and calculate the Fund's returns as required by the rules and regulations of the MSM and the CMA;
6. The Administrator shall supervise and co-ordinate activities of auditors and other professional advisers who render services to the Fund in connection with the Fund's investments;
7. The Administrator shall distribute dividends to Unitholders;
8. The Administrator shall perform all administrative and secretarial functions relating to meetings of the Management Body, including providing space and arranging for meetings to be properly called in accordance with the Articles of Association and applicable law, preparing minutes and draft resolutions as needed and arranging for a representative of the Administrator to attend at meetings of the Management Body;
9. The Administrator shall provide or procure the provision of all general administrative services required in connection with the business and operation of the Fund in addition to keeping safe custody of all documents held by it in performance of its duties hereunder or otherwise in relation to the Fund;

10. The Administrator shall generally perform all the duties usually performed by secretaries including the keeping and making of all statutory returns and records (along with the Register, on its own or through third party registrar) required to be kept and made under Omani law for the time being in force and such other services as may be agreed upon from time to time between the Administrator and the Management Body of the Fund.

Distributors

The Fund shall enter into a distribution agreement with NBO as its distributor for distribution services at the initial stage. The Fund may appoint more distributors with distribution agreement in future for the purpose of marketing and distribution of the Fund. The fee payable to the distributor shall be limited to the subscription fee for subsequent subscriptions (post Initial Subscription Period) and will be charged to the investor. Distributor will be appointed after seeking approval of Distribution Agreement by the Management Body.

External Auditor

An external auditor shall be appointed for the Fund's financial audit on an annual basis. Pricewaterhousecoopers LLP has been appointed as the external auditors for the first financial year of the Fund.

Legal Adviser

Al Busaidy, Mansoor Jamal & Co has been appointed as legal advisor for initial launch of the Fund and may subsequently be retained for provision of annual services.

Chapter 7 - Subscription Conditions and Procedures

Subscription Eligibility

Investment in the Units is open to Omani and non-Omani institutions/individuals and other juristic persons.

IPO Application

Minimum Size for Fund's Establishment

The Fund will be established with a minimum initial size of R.O. 2,000,000 comprising 2,000,000 (2 million) Units. In the event that subscription received during the Initial Subscription Period, is less than R.O. 2,000,000, all application money received during the Initial Subscription Period, shall be refunded to applicants.

Initial Subscription Forms

Potential investors may obtain Initial Subscription Forms and a copy of this Prospectus from the main office(s) of the Collecting Banks or from the office of the Issue Manager.

Initial Subscription Price

During the Initial Subscription Period, Units will be allotted at price of R.O. 1.020 per Unit comprising of R.O. 1.000/- value of the Unit and R.O. 0.020 charges towards issue expenses.

Minimum Subscription for Initial Issue

The minimum Initial Subscription shall be 2,000 Units per Subscriber and thereafter in multiples of 100 Units.

Maximum Subscription for Initial Issue

There is no maximum limit on subscription.

Initial Subscription Period

The Initial Subscription Period shall be from 12/05/2013 to 11/06/2013 during the business hours.

Mode of subscription during the Initial Subscription Period

- i. Subscribers shall be required to fill in a complete Initial Subscription Form and furnish all their particulars as required in the Form, including the "Civil Status Number" and "date of birth", copy of the "Birth Certificate" in case of minor children, and "Commercial Registration Number" in case of companies, etc.
- ii. A Subscriber shall have the responsibility of submitting all particulars, ensuring correctness and validity of information provided for in the Initial Subscription Form.
- iii. Before filling in the Initial Subscription Form, the Subscriber is required, to examine the Prospectus and read the conditions and procedures governing subscription for Units with due attention.

- iv. Subscribers shall submit duly filled-in Initial Subscription Forms to a Collecting Bank along with payment in the form of cheque/demand draft/bank transfer/account debit, towards the Units as specified in this Prospectus and ensuring that the documents in support of the information furnished referred to above are enclosed.
- v. In case of payment of the value for the subscription made through cheque/demand draft, the same shall be submitted in favour of **“NBO GCC Fund IPO”**.

Subscription during the Initial Subscription Period on Behalf of minor children

- Any person of age less than 18 years as of the first day of the Initial Subscription Period will be considered a minor.
- A father may subscribe on behalf of his minor children.
- If an Initial Subscription Form is submitted on behalf of a minor by any person other than the minor's father, the person submitting the Initial Subscription Form will be required to attach a legally valid power of attorney authorizing him or her to deal in the funds of the minor through sale, purchase and investment.

Bank Account and Documentation Details

- Along with the duly completed Initial Subscription Form, the Subscriber is required to submit a document confirming the correctness of the bank account number as provided for in the Initial Subscription Form except for any subscription through a bank other than the one with whom the Subscriber has his account.
- In case the Subscriber is applying for subscription through a Collecting Bank in which he does not hold an account, he can subscribe by submitting any document from his bank evidencing his account number and name such as the upper portion of the bank account statement issued by the bank containing these particulars only or a letter or any document issued by the said bank containing the said information. The Subscriber shall ensure that the evidence submitted is clearly readable, contains account number and full name of the account holder.
- An application for subscription, which contains the bank account number of a person other than the Subscriber shall be rejected, with the exception of the applications made on behalf of minor children that contain bank accounts particulars of their father.
- Copy of a valid power of attorney duly endorsed by the competent legal authorities in the event the subscription is on behalf of another person (with the exception of the subscription made on behalf of minor children).
- In case of applications by juristic persons (non-individuals), which are signed by a person in his/her capacity as an authorized signatory, a copy of adequate and valid documentation should be attached.
- Following is the check list for documentation requirement for Unitholders.

Applicant	Documents Required
Omani Male & Female ≥ 18 years and above	<ol style="list-style-type: none"> 1. Copy of identity card/passport 2. Proof of Bank Account
Non-Omani Individuals	<ol style="list-style-type: none"> 1. Passport copy 2. Resident Card copy 3. Proof of Bank Account
Minor below 18 years, Both Omani and Non-Omani Individuals	<ol style="list-style-type: none"> 1. Copy of birth certificate of the minor/passport 2. Father's Identity Card or Passport Copy (<i>where he is applying on behalf of the minor</i>). 3. Proof of Bank Account
Companies and Enterprises	<ol style="list-style-type: none"> 1. Commercial registration copy or its equivalent for overseas registered companies 2. List of authorized signatures as registered with the Ministry of Commerce & Industry (MOCI). 3. ID copies of the signatories to the application 4. Proof of Bank Account
Authorities and Pension Funds	<ol style="list-style-type: none"> 1. Copy of constitutive decree or decision 2. List of authorized signatories 3. ID copy of the signatory to the application 4. Proof of Bank Account

Collecting Banks

Subscribers shall submit duly filled in Initial Subscription Forms for Initial Subscription to any of the following list of Collecting Banks during their official working hours in the Initial Subscription Period:

1. Ahli Bank SAOG
2. Bank Dhofar SAOG
3. National Bank of Oman SAOG

The Bank shall have the right not to accept an Initial Subscription Form that reaches the Collecting Bank after Business Hours on the Closing Date.

Collecting Banks receiving Initial Subscription Forms shall be required to accept the Subscription Forms after confirmation of compliance with the procedure and subject matter, in line with the requirements as provided for in this Prospectus. Hence, the relevant Collecting Bank shall instruct Subscribers to comply and fulfill any requirement that may appear in the Initial Subscription Form.

Acceptance of the applications for subscription

The Collecting Banks receiving the Initial Subscription shall not accept Initial Subscription Forms under the following circumstances:

- i. if the Initial Subscription Form does not bear the signature of the Subscriber;
- ii. in case of failure of payment of the full value of the Units subscribed;
- iii. if the value of the Units subscribed is paid through cheque and if the same is dishonored for whatever be the reason;
- iv. if the Initial Subscription Form is submitted under joint names;
- v. if the Subscriber has subscribed through more than one Initial Subscription Form in the same name;
- vi. if the supporting documents referred to in this Prospectus are not enclosed with the Initial Subscription Form;
- vii. if the Initial Subscription Form does not contain all the particulars of the bank account of the Subscriber;
- viii. if any particulars of the bank account held by the Subscriber as provided for in the Initial Subscription Form are noted to be incorrect;
- ix. if the particulars of the bank account provided for in the application are found to be not relevant to the Subscriber, with the exception of the applications submitted in the name of minor children, who are allowed to make use of the particulars of the bank accounts held by their father;
- x. in case of failure to have the power of attorney attached with the application as provided for in this Prospectus in respect of the person who subscribes and signs on behalf of another person (with the exception of a father who subscribes on behalf of his minor children);
- xi. if the application has not complied with the legal and organizational requirements as provided for in this Prospectus.

In the event that following acceptance of an Initial Subscription Form and before delivery of the same to the Issue Manager, a Collecting Bank observes that the Initial Subscription Form does not comply with legal requirements as provided for in this Prospectus, the Collecting Bank will endeavor to contact the Subscriber so as to rectify the position. In case of failure to rectify the position within the period referred to, the Collecting Bank shall return the Initial Subscription Form to the Subscriber, together with the subscription money before expiry of the period specified for handing over of the applications to the Issue Manager.

The Collecting Banks shall submit a comprehensive report furnishing the details of the Initial Subscription Forms that are required to be rejected and reasons behind such rejection.

Allotment of Units and refund of money following the Initial Subscription Period

Following the completion of the Initial Subscription Period, the Issue Manager will arrange to allot Units within 21 (twenty one) days from the Closing Date and shall refund the subscription money to applicants whose application has been rejected. The Issue Manager will send allotment notices to the Subscribers who have been allotted Units, at the addresses as specified in their Application Forms.

The refund of subscription amounts in respect of which Units have not been allotted during the Initial Subscription Period (whether on account of rejection of the application or otherwise) by electronically transferring such amounts to the bank account numbers provided in the Subscription Forms.

Responsibilities & Obligations

The Issue Manager and the Collecting Banks receiving Initial Subscription Forms, shall abide by the responsibilities and functions specified pursuant to the instructions and regulations laid down by CMA. They shall also abide by any other responsibilities that are provided for in the agreements entered into between them and the Fund.

The parties concerned shall be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. The Issue Manager shall coordinate with the regulatory authorities in order to take all necessary actions and procedures in this regard.

Enquiry & Complaints

Subscribers who intend to seek clarifications or file complaints with regard to the issues related to the allotment or rejected applications may contact the branch of the Collecting Bank where the subscription was made. In case of absence of any response from the branch, the Subscriber may contact the person concerned as hereunder:

Bank	Key person	Postal Address	Phone No.	Fax No.	Email
Ahli Bank SAOG	Sulaiman Ali Al-Hinai	P.O. Box: 545, PC: 116, Mina Al Fahal, Oman	24577081	24567841	Sulaiman.ALHinai@ahlibank-oman.com
Bank Dhofar SAOG	Prakash Saraogi	P.O. Box 1507, PC: 112, Ruwi, Oman	24790466; Ext ☐ 404/407	24790311	prakashs@bankdhofar.com
National Bank of Oman SAOG	Koukab Ali Said Al Hasni	P.O. Box: 751, PC: 112, Ruwi, Oman	24778757	24778993	KoukabH@nbo.co.om & nbobackoffice@nbo.co.om

In case of Initial Subscriptions, if the Collecting Bank receiving the Initial Subscription Form fails to arrive at a solution or settlement with the person who has subscribed, it shall refer the subject matter to the Issue Manager, and keep the Subscriber posted of the progress and development in respect of the subject matter of the dispute. The Subscriber shall also keep in touch with the Collecting Bank that received the Initial Subscription Form only so as to know the decisions arrived at.

Expected time schedule for completion of allotment of Units following the Initial Subscription Period

		Business Days
1	First day of the Initial Subscription Period	12 th May 2013
2	Closing Date	11 th June 2013
3	Due date for Issue Manager to receive Initial Subscription Forms from Collecting Banks	20 th June 2013
4	Notifying CMA of the result of the subscription	27 th June 2013
5	Approval of CMA with regard to the proposal for the allotment of Units	4 th July 2013
6	Commencement of refund and dispatch of the notices regarding allotment of Units	9 th July 2013
7	Incorporation of the Fund (subject to CMA approval)	11 th July 2013
8	Commencement of subsequent subscriptions to the Fund	Three months after registration of the Fund on the register of investment funds maintained by the CMA

Subscription for Units after the Initial Subscription Period

Following the closure of the Initial Subscription Period, investors may subscribe for Units in the Continuous Offer Period, which shall commence three months after registration of the Fund on the register of investment funds maintained by the CMA after the Fund has published its first NAV.

Subscribers must submit a duly completed Subscription Form to the Administrator, during business hours along with payment for the Units, on any Business Day along with documents in support of the subscription applications (referred to in the table on page 41).

*Office Address of the Administrator/Issue Manager:

Fund Custody and Administration Unit
Investment Banking Operation
National Bank of Oman SAOG
PO Box 751, PC 112, Ruwi
Oman
Tel: 24778625, Fax: 24778993
nbocustody@nbo.co.om

Allotment of Units after the Initial Subscription Period

All duly completed Subscription Forms received two (2) Business Days prior to a Valuation Day will be processed for issue of Units on such Valuation Day at the then prevailing NAV. Subscription Forms received less than two (2) Business Days prior to a Valuation Day, will be passed over for processing on the next occurring Valuation Day. The Administrator shall issue the Units within three (3) Business Days from the relevant Valuation Day.

Rejection of Applications

The Administrator may reject any Subscription Form, which does not comply with the requirements set out on page 42 (*Acceptance of the applications for subscription*) which apply mutatis mutandis to applications for subscription of Units during the Continuous Offer Period once the Fund has reopened for continuous Subscription and Redemption of Units.

Refund of subscription applications received after the Initial Subscription Period

The Administrator shall effect all refunds within three (3) Business Days from the Valuation Day.

Clarifications and complaints

Subscribers that apply for allotment of Units during the Continuous Offer Period may contact the office of the Administrator (address as provided in this Prospectus) for clarifications or registration of complaints.

Subsequent Subscription Fee

Subscription for Units during the Continuous Offer Period shall carry a subscription fee or up to 2% of the NAV. This subscription fee shall be charged to the Subscriber at the discretion of the Investment Manager or the Management Body in full or in part.

Minimum and Maximum Subscription after initial Issue

The minimum subscription for all subsequent subscriptions during the Continuous Offer Period shall be R.O. 1,000 per Subscriber for existing Unitholders and RO 2,000 for new Subscribers. There is no maximum limit on subscription, as per CMA regulations.

Illustration of Subscription after initial Issue

This illustration is to explain the methodology of Subscription after the initial Issue of the Fund. The calculations described below are for illustrative purpose only. The Subscription will be subject to terms and conditions as provided in this Prospectus and the NAV relevant for Subscriptions from time to time.

Example: 1		
	Subscription	RO
A	Subscription application amount	2,000.000
B	NAV on the valuation date	1.125
C	Subscription Fee (%)	2.00%
D	Maximum value that can be allotted after deduction of subscription fee (A-(A*C))	1,960.000
E	Maximum number of Units that can be allotted after deduction of Subscription fee (D/B)	1,742.22
F	Rounding off to the nearest whole number of E- Number of units for Allotment*	1,742
G	Actual Value of Allotment (F*B)	1,959.750
H	Actual Subscription Fee that will be deducted (C*G)	39.195
I	Balance to be refund to the subscriber	-1.055
	Allotment Check Process	
	Check whether $I < B$ (Yes or No)	Yes
	If $I < B$ then this allotment is confirmed	Confirmed
	If $I > B$ then increase the number of units to be allotted and check again till $I < B$	Not Applicable in this example
	*Rounded off to nearest whole number after considering the Subscription fee	

Example 1: The Subscription application is for an amount of RO 2,000 received after the initial issue and lock-in period. Based on theoretical NAV of RO 1.125, the application once accepted by the Fund Administrator shall be processed for allotment of Units. In this case, the allotment shall be based on the maximum eligible units after considering for the subscription fee of 2% and then rounding off to the nearest whole number.

For arriving at the number of Units to be allotted to the Subscriber, initially the Subscription fee is deducted from the Subscription application amount (A). Maximum number of Units, in fraction is calculated using the NAV (E). This is rounded off to the nearest decimal place (F) and actual value of allotment is calculated (G). The actual Subscription fee (H) is finally calculated on the actual allotment value. The balance amount (I) after allotment value and Subscription fee is cross verified against the NAV for likelihood of additional units that could be allotted. If the balance amount is less than the NAV, the amount is refunded to the subscriber.

In this example the Subscriber shall be allotted 1,742 units, valued at RO 1,959.750 and shall be charged towards subscription fee of 2% on the allotment value, RO 39.195. Hence, the left over amount of RO 1.055 shall be refunded to the subscriber within three (3) Business Days from the Valuation Day.

Example: 2		
Subscription		RO
A	Subscription application amount	2,000.000
B	NAV on the valuation date	0.910
C	Subscription Fee (%)	2.00%
D	Maximum value that can be allotted after deduction of subscription fee (A-(A*C))	1,960.000
E	Maximum number of Units that can be allotted after deduction of Subscription fee (D/B)	2,153.85
F	Rounding off to the nearest whole number of E- Number of units for Allotment*	2,154
G	Actual Value of Allotment (F*B)	1,960.140
H	Actual Subscription Fee that will be deducted (C*G)	39.203
I	Balance to be refund to the subscriber	-0.657
Allotment Check Process		
	Check whether I is less than B (Yes or No)	NO
	If I then this allotment is confirmed	Confirmed
	If I then increase the number of units to be allotted and check again till I becomes less than B	Not Applicable in this example
*Rounded off to nearest whole number after considering the Subscription fee		

Example 2: The Subscription application is for an amount of RO 2,000 received after the initial issue and lock-in period. Based on theoretical NAV of RO 0.910, the application once accepted by the Fund Administrator shall be processed for allotment of Units.

For arriving at the number of Units to be allotted to the Subscriber, initially the Subscription fee is deducted from the Subscription application amount (A). Maximum number of Units, in fraction is calculated using the NAV (E). This is rounded off to the nearest decimal place (F) and actual value of allotment is calculated (G). The actual Subscription fee (H) is finally calculated on the actual allotment value. The balance amount (I) after allotment value and Subscription fee is cross verified against the NAV for likelihood of additional units that could be allotted. If the balance amount is less than the NAV, the amount is refunded to the subscriber.

In this example, the allotment shall be based on the maximum eligible units after considering for the subscription fee of 2% and then rounding off to the nearest whole number. In this example the Subscriber shall be allotted 2,154 units, valued at RO 1,960.140 and shall be charged towards subscription fee of 2% on the allotment value, RO 39.203. Hence, the left over amount of RO 0.657 shall be refunded to the subscriber within three (3) Business Days from the Valuation Day.

The above process is summarized as follows:

1. Receive the subscription amount from the Subscriber,
2. Calculate subscription fees and deduct the same from the subscription amount,
3. Estimate the no. of unit by dividing the subscription amount on the NAV on the relevant evaluation day.
4. The fractions/ balance shall be refunded to the subscriber and the subscriber shall not be allowed to buy additional units on the same valuation day, by additional payment to round off the allotment.

Chapter 8 - Redemption of Units

Unitholders that have subscribed for Units during the Initial Subscription Period shall have a three (3) month lock-in period from the date on which the Fund is registered on the register of investment funds maintained by the CMA. After this three month period, the Unitholder shall have the right to redeem or transfer the Units. The lock-in period is intended to provide stability to the Fund during the initial period.

In order to redeem Units, the Unitholder shall submit a duly completed Redemption Form to the Administrator's office during its official working hours on any Business Day.

All valid Redemption Forms received at least two (2) clear Business Days prior to a Valuation Day will be processed for Redemption based on the NAV prevailing as of such Valuation Day. All Redemption Forms received less than two (2) clear Business Days prior to the Valuation Day, shall be processed on (and at the NAV prevailing as of) the next following Valuation Day (except during any period when the calculation of the NAV is temporarily suspended). To be effective, the Redemption Forms should have full registration details of the Unitholder, the number of Units to be redeemed and bank details for the payment of the Redemption proceeds.

If the Administrator determines that its requirements for Redemption have not been satisfied, the Administrator shall notify, within two (2) days from the date of receipt of Redemption Form, the investor who has given the Redemption order, that its requirements have not been satisfied and further specify the procedures that would have to be completed or the documents which are needed to be submitted by the investor.

Limits on Redemption

The minimum Redemption for the Fund shall be R.O. 1,000 or the entire holdings of the Unitholder, whichever is higher, subject to limits on Redemption as provided below.

Aggregate Redemption on any Valuation Date will be limited to 5% of NAV of the Fund. If the Fund receives Redemption requests for more than 5% of the Fund, effective on any Valuation Date, applications will be addressed on pro-rata basis among those requesting for Redemption. Redemption requests not discharged, unless revoked by the Unitholder with the consent of the Fund, will be carried forward to the next Valuation Day, when they will take priority over later Redemption requests subject always to the overall limit for Redemptions during any Valuation Day. This limit may be waived off for specific requests with the approval of the Management Body.

Redemption Fee and settlement

Redemption by Unitholders for any Units held by them will be subject to deduction of a Redemption fee of 2% of NAV, if redeemed before six months of Initial Subscription and a Redemption fee of 1%, if redeemed during the remaining six months period, in the first year of subscription. The level of the fee may be amended by the Management Body.

Settlement of payment will be made at the Net Asset Value of the Units of the Fund less Redemption fee within three (3) Business days from the Valuation Day.

Illustration of Redemption from the Fund

This illustration is to explain the methodology of Redemption from the Fund. The calculations described below are for illustrative purpose only. The Redemption will be subject to the terms and conditions as provided in this Prospectus and the NAV relevant for Redemptions from time to time.

Example: Redemption		RO
	Redemption	RO
A	Unitholders total holding	1,500
B	Redemption application for no. of Units	750
C	NAV on the valuation date	1.125
D	No of Units to be redeemed **	750
E	Total Redemption value (C*D)	843.750
	The Redemption fee applicable shall be deducted from the Redemption amount. The calculation is based on the period between the redemption request and the allotment date for each Unitholder.	
	a) Redemption Fee (If redeemed before six months of Subscription) - 2% of Total Redemption value, or	16.875
	b) Redemption Fee (If redeemed during the remaining six months period of Subscription, in the first year of subscription by the Unitholder)- 1% of Total Redemption value, or	8.438
	c) Redemption Fee (If redeemed after one year of Subscription) - NIL	-
	Unitholders Balance no. of Units (A-D)	750
	**Redemption will be in terms of number of Units	

Example: The Redemption application is for 750 Units held by the Unitholder, out of the total holding of 1,500 Units, received after the initial issue and lock-in period. Based on theoretical NAV of RO 1.125, the application once accepted by the Fund Administrator shall be processed for Redemption. In this case, the Redemption amount works out to RO 843.750.

The Redemption fee applicable shall be deducted from the Redemption amount. The calculation is based on the period between the redemption request and the allotment date for each Unitholder.

If the Unitholder redeems within six months from the date of allotment, the Redemption fee of RO 16.875 (2% on Redemption value) shall be deducted from the Redemption amount.

If the Unitholder redeems during the remaining six months period from the date of allotment, in the first year of allotment made to the Unitholder, the Redemption fee of RO 8.438 (1% on Redemption value) shall be deducted from the Redemption amount.

After completion of one year of subscription from the date of allotment, the Redemption fee is not applicable.

Settlement of payment will be made after deduction of Redemption fee (applicable) from the Total Redemption value within three (3) Business days from the Valuation Day.

Suspension of Redemption rights

As per CMA regulations, the Fund may not suspend the right of the investor to redeem the value of his Units except:

1. For any period during which trading is suspended on securities representing at least 51% of the total assets of the Fund.
2. In accordance with any limits or provisions clearly stated in the Articles of Association of the Fund.
3. In exceptional circumstances approved by CMA.

The Fund that has suspended Redemption shall, within the next Business Day after the date of suspension, send a notice to CMA and shall disclose the same.

Dissolution and Liquidation of the Fund

The Management Body shall recommend the dissolution and liquidation of the Fund to (an extraordinary) General Meeting for any reason including:

- i. Accomplishment of the objective for which the Fund was established pursuant to the Articles of Association and this Prospectus.
- ii. Reduction of the NAV of the Fund to less than R.O. 500,000.
- iii. Fund ceasing to carry on business without a legitimate reason.
- iv. Reduction in the NAV to the extent that expenses incurred by the investors are unreasonably high.
- v. On recommendation by the Investment Manager.
- vi. On request by CMA.

The General Meeting shall issue the resolution to dissolve and liquidate the Fund including appointment of liquidator, setting its fees and the liquidation process. The powers of the Fund's management and service providers shall end immediately on appointment of the liquidator.

The proceeds of the liquidation shall be used to discharge the due and payable obligations of the Fund, after payment of dissolution and liquidation expenses. The balance shall be distributed to investors on pro rata basis according to their Unit holdings.

Chapter 9 - Net Asset Value

The calculation of NAV is the responsibility of the Administrator and is to be effected at the close of the Valuation Day. The valuation of the Units will be carried out on the Valuation Day which will be every Monday. In case Monday is not a Business Day, the valuation shall be carried out on the next occurring Business Day.

NAV will be calculated by the Administrator as the value of the assets attributable to the Fund (including accrued income) less the attributed liabilities (including accrued charges and expenses and provisions for contingent liabilities, if any, where appropriate). The NAV per Unit will be calculated by dividing the NAV of the Fund by the total number of Units outstanding on the relevant Valuation Day.

The Administrator in consultation with the Management Body and the Investment Manager shall postpone or suspend calculation of NAV, in the event of exceptional circumstances. Such exceptional circumstances shall be cases wherein breakdown occurs in the normal functioning of the Administrator in calculating the NAV and circumstances wherein market conditions are considered to be abnormal as a result of which the Administrator opines that it is not practical to calculate the NAV.

Unit Ownership and Rights

Unit Ownership

Each Unitholder shall hold 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 NBO by virtue of being a Unitholder of the Fund. The assets of the Fund will be kept separate from the assets of NBO. The Unitholders will jointly own the profits and (subject to the limit on liability) the losses of the Fund.

Unitholders Rights

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

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

All the Unitholders will enjoy equal and inherent rights, which, in accordance with CMA Regulations, are:

- i. The right to receive dividends declared in the General Meeting;
- ii. The right to share in the distribution of the proceeds of the Fund's assets on liquidation;
- iii. The right to access the Fund's balance sheet, profit and loss account and Unitholder's register;
- iv. The right to be invited to attend the General Meeting and vote in such meetings personally or by proxy;
- v. The right to apply for annulment of any resolution made by the General Meeting or the Management Body if such resolution(s) are contrary to the law or the Articles or the internal regulations of the Fund;

- vi. The right to redeem their Units in the Fund subject to the provisions of this Prospectus;
- vii. The right to institute legal proceedings on behalf of the Unitholders or the Fund against the Management Body or the auditors of the Fund; and
- viii. The right to approach the CMA (provided that the move is supported by Unitholders who own at least 5% (five percent) of the Units), to request the CMA to exercise its authority to suspend the resolutions of the General Meeting which are made in favour of a certain category of Unitholders or against a certain category of Unitholders, or in the interest of the members of the Management Body or others.

Limit of Liability

Liability of the Unitholders for commitments of the Fund is limited only to the extent of contributions to the capital of the Fund. No Unitholder will be obligated to make any payment in excess of its commitment for any liability or for the discharge of the obligations of the Fund. 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.

Dividends and Distributions

The Investment Manager has the discretion to distribute or reinvest the dividends. Dividends, in respect of any financial period may be paid to Unitholders out of the following:

- i. Dividends received by the Fund;
- ii. Interest received by the Fund;
- iii. Realized and unrealized profits derived from the purchase and sale of securities.

Dividend and distribution announcements will be published in two daily newspapers in Oman, one in English and one in Arabic. Unitholders may elect in writing to receive dividends by cheque or through payment by electronic bank transfer, net of bank charges. Unless specified otherwise, payment will normally be made in Rial Omani. If requested, payment may be made in any other major currency freely convertible into Rial Omani at the prevailing rate of exchange and subject to any applicable charges.

Transfer of Units

Units will be transferable in accordance with the provisions of the Capital Market Law and Article 233 of the Executive Regulations of CMA. Ownership of the Units shall transfer on registration in the register. Transfer of Units can be affected by the Administrator only. The transfer of ownership shall be registered free of charge within three days from the date of receipt of the necessary documents. Units in respect of which a Redemption request has been received by the Administrator will not be transferable unless the Redemption request is revoked with the consent of the Fund.

General Meetings

The General Meeting is the supreme authority of the Fund and shall comprise of all Unitholders and shall be held in accordance with the Articles of Association.

The OGM shall be held:

- i. to elect the members of the Management Body; or
- ii. for any other purpose as deemed fit by the Management Body or Investment Manager.

EGMs

The EGM may be held if the Fund's interest so requires or in accordance with the law or regulation or on request by an investor or more investors who hold 10% or more of the Fund's capital. However, the EGM shall be convened to consider the following:

- i. Amendment to the Articles of Association;
- ii. Change of main investment objectives of the Fund;
- iii. Change in the frequency of calculation of NAV or NRV;
- iv. Reducing the frequency or limits on Redemption;
- v. Change of the Funds status such as a merger, spinoff or conversion of the Fund; and
- vi. Dissolution and liquidation of the Fund.

Where the Management Body fails to convene the General Meeting the Investment Manager shall convene it.

Notice to attend the General Meeting shall not be valid unless it also includes the agenda. Notice to attend the General Meeting shall be published, after approval by CMA, in at least two daily newspapers for two consecutive days. The notice shall be sent to the Unitholders by Ordinary post or delivered by hand or to his representative after recording his signature, at least two weeks prior to the date of the meeting together with authorization form, agenda, memos and documents to be discussed on the meeting. The Management Body shall establish the agenda of the General Meeting or it may be established by Investment Manager if the meeting is convened by the Investment Manager. The agenda shall also include proposals by any investor who holds at least 5% of the capital, at least two weeks prior to the date of sending the notice to the Unitholders to attend the meeting. The General Meeting shall not consider any issues that are not included in the agenda.

- Every Unitholder or his proxy carrying a written authorization may attend the General Meeting and shall have one vote for every Unit held by him.
- As per Article 256 of the Executive Regulations of CMA, Investors and proxies who hold all the Units of the Fund may hold a General Meeting without regard to the rules stipulated for such meeting. The meeting may adopt any resolutions within the authority of the General Meeting.

The General Meeting shall be valid if attended by investors or proxies representing at least 50% of the investment Units in case of an OGM and at least 60% for EGMs. Where the required quorum is not present, a second General Meeting shall be called within one month from the date of the first meeting. The notice shall be published in the daily newspapers at least one week prior to the date of the meeting. The second OGM shall be valid regardless of the percentage of attendance. The second EGM shall require attendance by Unitholders holding at least 50% of the investment Units.

The General Meeting shall be chaired by the Chairman of the Management Body or by the Vice Chairman, and by the Investment Manager, if the Chairman and Vice Chairman are absent and the Investment Manager has called the General Meeting. The General Meeting shall appoint a secretary to record the minutes including deliberations, resolutions and votes. Every investor shall have the right to access the minutes.

Chapter 10- Fees & Charges

a. Issue Expenses

The Initial Subscription Period expenses charged to the Fund during Initial Subscription Period shall be the following:

- a. Issue Management Fee
- b. Regulatory charges
- c. Legal Advisor's fee
- d. Collecting bank charges
- e. Printing charges
- f. Marketing expenses
- g. Distribution Agent Fee

The Fund will be charged to a maximum of 2% of the issue size. Expenses that exceed 2% of the issue size shall be charged to NBO, as Investment Manager.

b. Other Fees & Charges

Investment Management Fee: The Investment Manager will be entitled to receive a management fee (the "Investment Management Fee") of 1.1% per annum of the NAV of the Fund, as provided in Investment Management Agreement. The Investment Management Fee above will be calculated based on daily Net Asset Value and paid monthly in arrears.

Performance Fee: The Investment Manager will be entitled for performance fee of 10% of excess return above 10% per annum. This fee will be paid annually to the Investment Manager.

Custody Fee: As per the Custodian Agreement, the Custodian will be entitled to charge a custody fee. The Fund will also pay charges to the Sub-Custodian on the total NAV according to the agreement between the Custodian and the Sub-Custodian. The custody fee payable to the Custodian will be calculated based on the NAV of the Fund and paid monthly in arrears. In Addition to the custody fee, the Fund shall pay transaction charges for each transaction, as provided in the Custody Agreement.

Administrator Fee: As per the Administrator Agreement, the Administrator shall be entitled for a fee of 0.15% per annum or R.O. 15,000 whichever is higher. The Administrator Fee defined above will be calculated based on daily Net Assets and paid monthly in arrears. Administrator shall act as the registrar of the Fund.

Subsequent Subscription Fee: Subscription for Units during the Continuous Offer Period may carry a subscription fee up to 2% of the NAV. The subscription fee for all subsequent subscriptions shall be charged to the Subscriber at discretion of the Investment Manager or the Management Body in full or in part.

Redemption Fee and settlement: Redemption by Unitholders for any Units held by them will be subject to deduction of a Redemption Fee of 2% of NAV, if redeemed before six months of initial subscription and a Redemption fee of 1%, if redeemed during the remaining six months period, in the first year of subscription. The level of the fee may be amended by the Management Body.

Other Fees/expenses: Any other expenses directly related to the Fund, which includes, but may not be limited to:-

- a. Brokerage commission on purchase and sale of securities or any other investments;
- b. Printing, Publishing and distribution expenses of NAV, Accounts, General Meetings, and other Notices/materials as required by regulation;
- c. Losses/Expenses incurred as a result of daily management of the Fund;
- d. Taxes, If any.

Chapter 11 ☐ More About the Fund

Taxation

As per the Royal Decree No. 28/2009 (as amended), the income of Funds such as the NBO GCC Fund (under formation) set up as joint investment account 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).

Fund Accounts & Accounting Policy

The financial statement of the Fund shall be prepared as per IFRS and as required by Omani law.

- The Fund shall have a financial liability independent from the Investment Manager and the Management Body.
- An independent and separate bank account for the Fund shall be maintained by the Custodian in Oman and where necessary outside Oman, for making withdrawals and deposits on behalf of the Fund.
- The Fund shall be treated, in respect of all sales and purchases and other transactions, as an independent entity and shall be credited in case of sales and debited in case of purchases. All costs related to the Fund shall be directly paid from the assets of the Funds.
- Accounting records for the Fund shall be maintained independently from the records of the Investment Manager and shall be audited by independent auditors approved or nominated by the Management Body.
- The Management Body 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.

Revenues 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. Income received from assets of the Fund;
- iii. Interest credited to the accounts of the Fund;
- iv. Any other revenue, directly linked to the Fund and resulting from the investment of the assets of the Fund;

Expenses of the Fund

- i. The initial set up cost of the Fund;
- ii. The cost of holding any meeting of Unitholders;
- iii. Fees paid to the Management Body;
- iv. Fees paid to the Investment Manager;

- v. Fees paid to Custodian and Sub-Custodian if any;
- vi. Fees paid to Administrator;
- vii. The fees paid to CMA and any other licensing and listing fees or similar charges and expenses;
- viii. Expenses in respect of accounting records and auditing fees;
- ix. Brokerage commission and banking fees paid in connection with the sale and purchase of securities held on behalf of the Fund;
- x. Any technical, legal or consultancy fees relating to the acquisition, maintenance and disposal of assets of the Fund;
- xi. All liabilities of the Fund in relation to taxation, whether due on the assets or income of the Fund;
- xii. Any expenditure related to the exercise of rights and duties in respect of the assets of the Fund;
- xiii. 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;
- xiv. Costs of printing any certificates or proxies;
- xv. Any losses incurred as a result of dealing in securities held on behalf of the Fund;
- xvi. The cost of maintaining accounts;
- xvii. 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;
- xviii. Legal fees and any other expenditure directly related to the Fund.

Financial Reports and statements

The Investment Manager along with the Administrator will prepare unaudited quarterly financial statements for the first, second and third quarter of each Financial Year. It will also prepare a full year financial statement within two months from the end of the Financial Year comprising the audited balance sheet, profit and loss account, and statement of changes in Units, cash flow statement and report of the Management Body. These statements will be disclosed to the public and Unitholders in a manner that is fair, timely, transparent and not misleading.

The un-audited quarterly financial statements will be forwarded to the Information Centre of the MSM within 30 days from the end of each quarter, or any other legal period prescribed by the disclosure rules and conditions issued by the CMA, through the private electronic transmission system of the MSM. The statements shall be published in two daily newspapers in Oman, One in Arabic and one in English.

Chapter 12 - Verification

First: NBO GCC Fund

The Members of the Management Body collectively and individually, undertake that:

The Fund shall comply with all provisions set out in the Capital Market Law and applicable regulations.

Signed by:

Ahmed Al-Musalmi
Member- Management Body

Moosa Masoud Al Jadidi
Member- Management Body

Second: Legal Adviser:

The legal adviser whose name is indicated below confirms that all actions taken on the offering of the Units is in accordance with the provisions of the laws and legislation related to the activities of the Fund and the Capital Market law and regulations and instructions issued by virtue of which and the requirements and the conditions for issuing units and form prospectus applicable to Capital Market Authority.

Signed by:

Al Busaidy, Mansoor Jamal & Co.
(Barristers & Legal Consultants)

Third: Issue Manager

In accordance with the responsibilities assigned to us pursuant to the provisions laid down in Article 13 of the Capital Market Law and regulations and instructions issued by CMA, we have reviewed all the relevant documents and other material required for the preparation of this Prospectus and offer NBO GCC Fund (under formation) Units through a public offering.

Issue Manager shall bear the responsibility with regards to corrections of the information provided for in the Prospectus, and they have confirmed not to have omitted any fundamental information there from, omission of which would make the Prospectus misleading.

The Issue Manager hereby confirms as hereunder:-

1. We have taken necessary and reasonable care in ensuring that the information furnished to us by the issuing party and that contained in the Prospectus is consistent with the facts available in the documents and material pertaining to the issue.
2. On the basis of our perusal and information made available to us by the Fund, it is hereby confirmed that the Fund has neither concealed any fundamental information nor omitted any important information, omissions of which would have made the Prospectus misleading.
3. The Prospectus and the information contained therein is consistent with all the rules and conditions governing transparency as provided for in the Capital Market Law along with its

amendments thereof, the regulations of CMA along with its amendments thereof and applicable specimen prospectus available with CMA.

4. The data and information presented in the Arabic Prospectus are correct, reasonable and adequate as per our perusal to assist the investor in taking an appropriate decision whether or not to invest in the Units issued for the Subscription in accordance with the rules and conditions governing the transparency.

Signed by:

**Sayyid Wasfi Jamshid Al Said
DGM - Head Investment Banking Division
National Bank of Oman SAOG**