

# Ahli Capital KD Money Market Fund

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## Articles of Association

November 19, 2024

Ahli Capital Investment Company K.S.C.C.

Baitak Tower, Block 10, Floor 16, Abdullah Al-Salem Street, Qibla - Kuwait City

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## **Article 1**

### **Preface**

This Fund was initiated pursuant to the provisions of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and its Executive Bylaws and amendments, and by Ahli Capital Investment Company K.S.C.C. The Fund has a corporate entity and an independent financial standing that the Fund acquired from the date of its registration in the Authority's records. The Fund was registered in the records of the Capital Markets Authority under license No. LCIS/2024/0003. The Fund and these Articles are subject to the provisions of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and its Executive Bylaws and the amendments thereto, as well as any circulars, resolutions, instructions or amendments issued by the Authority.

This preface shall constitute an integral part of these articles and is complementary and supplementary to the provisions hereof.

A printed or electronic copy of these Articles of Association shall be provided to each subscriber or any person wishing to subscribe to the Fund. Having reviewed the Fund's Articles of Association, the signature on the paper or electronic subscription/participation request, shall be deemed to constitute approval of these Articles.

## Article 2

### Glossary

<b>Money Market Instruments</b>	Short-term investment instruments such as deposits or their equivalent in Islamic banks, government bills, bonds, and sukuk, bonds and sukuk issued by banks or companies, whether in Kuwaiti Dinars or another foreign currency, bank certificates of deposit, repurchase agreements, sukuk or any other money market instruments approved by the Authority.
<b>Fund's Assets</b>	All cash, non-cash, real estate and other monies owned by the Fund.
<b>Custodian</b>	A corporate entity licensed by the Authority to practice custody of clients' funds and assets, including those constituting collective investment schemes in accordance with the provisions of the Law and the Bylaws.
<b>Dealing Days</b>	The days on which the units of the Collective Investment Scheme can be subscribed to or redeemed
<b>Valuation Days</b>	The days on which the Net Asset Value (NAV) of the Collective Investment Scheme is calculated.
<b>Boursa</b>	Boursa Kuwait Stock Exchange.
<b>Record Keeper</b>	An entity licensed by the Authority to practice the activity of a custodian or a clearing agency, who performs the tasks associated with the register of the Collective Investment Scheme Unit Holders.
<b>Unit Holder/ Subscriber/ Participant</b>	The entity/natural or legal person who owns units in the Fund as permitted by these articles.
<b>Person</b>	Any natural or legal person.
<b>Net Asset Value</b>	The Fund's total assets on the valuation day, less the Fund's liabilities due on the valuation day, divided by the number of outstanding units on the valuation day.

<b>Fund Name</b>	Ahli Capital KD Money Market Fund.
<b>Open-ended Fund</b>	It is a Fund with variable capital, of which the capital increases by issuing new investment units or decreases by redeeming some of its units during the period specified in its Articles of Association.
<b>Law</b>	Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and its amendments.
<b>The Fund's Net Asset Value (NAV):</b>	It is the value of the Fund's investments evaluated in accordance with the provisions of the Fund's Articles of Association, plus the items of other assets, such as cash and other debit balances, less the Fund's obligations towards third parties on the same date (without taking into account the proposed cash dividends to the Fund's subscribers – if any).
<b>Executive Bylaws or Bylaws</b>	The Executive Bylaws to Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and its amendments.
<b>Fund Manager</b>	Ahli Capital Investment Company K.S.C.C., which is a person licensed by the CMA to practice the activity of a collective investment scheme manager and undertake the establishment and management of Funds.
<b>Investment Controller</b>	A legal person licensed to practice the activity of controlling and supervising collective investment schemes.
<b>External Auditor</b>	A natural person registered with the Authority in the Auditors' Register, who gives an independent technical opinion on the fairness and clarity of the financial statements of the collective investment schemes, prepared in accordance with International Accounting Standards approved by the Authority.
<b>Articles of Association</b>	These Articles of Association of the Fund and any amendments hereto.
<b>Authority</b>	The Capital Markets Authority (CMA).

<b>Administrative Body</b>	The body in charge of managing the Fund, which is formed by two or more employees of the Fund Manager who meet the conditions of representatives of the activity of a collective investment scheme manager, provided that one of them is senior executive or CEO of the Fund Manager.
<b>Investment Units</b>	An investment unit is an indivisible Security that represents a share in a Collective Investment Scheme's Assets directly vesting its holders with all rights resulting therefrom.  If one unit is owned by more than one owner, they must choose one person amongst them to represent them before the Collective Investment Scheme.
<b>Subscription Agent (Selling Agent)</b>	A person who offers or sells Securities for the benefit of an Issuer or Ally, or obtains Securities from an Issuer or Ally for the purpose of re-marketing the same or managing their issuance.
<b>Business Day</b>	An official business day at the Authority.
<b>Official Announcement</b>	Registration in the Commercial Register or the Register of Collective Investment Schemes with publication in the Official Gazette.
<b>Material information</b>	Any information concerning a Listed Company, Listed Fund, Issuer or Obligor, as the case may be, relating to its activity, a person, its financial position or its management which is not available to the public and which relates to its assets, liabilities, financial position or general course of business, which may lead to a change in the price or volume of trading in a relevant Listed Security, or affect the willingness or unwillingness to acquire or divest an interest in such a Security, or may affect the Issuer's ability to meet its obligations.
<b>Clearing Agency</b>	Any entity that conducts settlement and clearing operations of Securities, and one which provides the central custody of Securities, and one which provides other related services.

<b>Security</b>	<p>Any instrument - whatever its legal form - that establishes a share in a negotiable financing transaction with a license from the Authority, such as:</p> <ul style="list-style-type: none"> <li>a) Shares issued or proposed to be issued in the capital of a company.</li> <li>b) Any instrument creating or recognizing indebtedness that has been or will be issued by a company.</li> <li>c) Loans, bonds, sukuk and other instruments convertible into shares in the capital of a company.</li> <li>d) All negotiable public debt instruments issued by various government agencies or public bodies and institutions.</li> <li>e) Any right, option or derivatives related to any of the securities.</li> <li>f) Units in a collective investment scheme.</li> <li>g) Financial instruments whose value is derived from assets or price references, specifically the value of shares, bonds, commodities, currencies and interest rates. They can be bought, sold, and traded in a way similar to shares or any other financial assets.</li> </ul> <p>Not to be considered as Securities are commercial papers such as cheques, promissory notes, bills of lading, letters of credit, cash transfers and instruments negotiated by banks exclusively between each other, insurance policies and rights arising from retirement funds established for the benefit of the beneficiaries therefrom.</p>
<b>Senior Executives</b>	persons occupying executive positions and performing important and essential work relating to Securities Activities carried out by the Licensed Person
<b>Chief Executive Officer (CEO)</b>	a person appointed by the company's Board of Directors from amongst the members of the Board or others, who shall be directly under the Board of Directors, who is in charge of managing all executive works relating to the company's main activities, in



	accordance with the responsibilities and authorities granted to him. This includes the general manager of a limited liability company.
<b>Investment Advisor</b>	A corporate entity that provides investment advice relating to Securities for remuneration.
<b>Money Market Fund</b>	It is an investment Fund whose main objective is to invest in money market instruments in a low-risk and highly liquid manner, and to ensure that the Fund continues its activities as stipulated in the Articles of Association.
<b>Licensed Person</b>	A natural or corporate entity that has a license from the Authority to practice one or more of the Securities Activities of these Bylaws.
<b>Care of a Prudent Person</b>	Care undertaken by a Person of sufficient experience and commitment to perform his duties.

### **Article 3**

#### **Fund Name**

Ahli Capital KD Money Market Fund.

### **Article 4**

#### **Fund Type**

Money Market Fund.

### **Article 5**

#### **Name of Fund Manager and Statement indicating that the Fund Manager is a Person Licensed by the Authority, Address and Profile**

The Fund Manager is Ahli Capital Investment Company K.S.C. (Closed), a Kuwaiti company established on (04/06/2006) in the State of Kuwait in accordance with the provisions of the Commercial Code No. 68 of 1980, Companies Law No. 1 of 2016 and the amending laws thereof, and Commercial Business Places Licensing Law No. 111 of

2013. Its capital is KD 18,000,000 (Eighteen Million Kuwaiti Dinars). The company has commercial register in the State of Kuwait No. (114608). The company conducts its business activities in the State of Kuwait at the following address: Baitak Tower, Block 10, Floor 16, Abdullah Al-Salem Street, Qibla, Kuwait City. It is a company licensed by the Capital Markets Authority (CMA) to carry out the activity of manager of a collective investment scheme, License No. (Ap/2015/0035). It performs the duties of the Fund Manager in accordance with the provisions and rules contained in these Articles.

## **Article 6**

### **Fund Structure**

This Fund is Open-ended.

## **Article 7**

### **Fund Classification**

This Fund is public and subject to the investment and borrowing controls stipulated in the Bylaws. Subscription to the Fund is made by client(s) through public subscription.

## **Article 8**

### **Offering Targeted Class**

The target class for this subscription are Kuwaiti citizens, citizens of the Gulf Cooperation Council (GCC) countries, resident Arabs and foreigners, non-residents of the State of Kuwait, Kuwaiti, Gulf and foreign companies and institutions inside of the State of Kuwait and abroad.

## **Article 9**

### **Nature of the Fund**

This Fund is conventional.

## **Article 10**

### **Fund Term**

The term of the Fund is fifteen years, commencing from the date of its registration in the fund register with the Authority. The term is renewable for a similar period or periods at the request of the Fund Manager and upon obtaining the approval of the Authority. In the event of approval of the extension, the Fund Manager shall notify the Unit Holders thereof within a maximum period of ten working days from the date of the Authority's approval.

## **Article 11**

### **Fund Currency**

The Fund's currency is the Kuwaiti Dinar (KD).

## **Article 12**

### **Fund Capital and Payment Mechanism**

The capital of the Fund is variable and its limits range between KD 2,000,000 (Two Million Kuwaiti Dinars only) as a minimum, and KD 1,500,000,000 (One Billion and Five Hundred Million Kuwaiti Dinars only) as a maximum. The Fund's capital shall be divided into units of equal value. The responsibility of the Unit Holders in the Fund shall be limited to the value of their participation in the capital. The value of the units shall be paid in cash upon subscription therein, and the capital of the Fund shall not be less than the minimum stipulated in this Article. The Fund Manager – in the event that the capital of the Fund decreases below the minimum level – shall notify the Authority within five working days from the date of the decrease in the capital. The Authority may take what it deems appropriate - in each case - in the interest of the Unit Holders.

## **Article 13**

### **Number of Investment Units and the Nominal Value of Each**

The number of Fund units range from 2,000,000 units (Two Million units only) as a minimum to KD 1,500,000,000 (One Billion and Five Hundred Million Units) as a maximum. The nominal value of the unit is KD 1 (One Kuwaiti Dinar only) upon incorporation.

## **Article 14**

### **Fund's Investment Objectives**

The Fund aims to provide returns in excess of the rate of return on fixed deposits in Kuwaiti Dinars. The Fund seeks to increase the net asset value while providing a high level of liquidity by investing in high-quality and diversified monetary instruments such as Sukuk and/or bonds issued by the governments of the Gulf Cooperation Council (GCC) countries or guaranteed by them and any corporate or government treasury bonds and Sukuk and investing in other money market funds licensed by the Authority or licensed by a foreign regulatory authority.

## **Article 15**

### **Investment Controls**

The Fund adheres to the following controls:

1. The Fund may invest in any bonds and/or Sukuk issued by the governments of the GCC countries or guaranteed by them, and any rated bonds and Sukuk whose credit rating is not less than BBB or equivalent by one of the recognized international rating agencies or local rating agencies licensed by the Authority. In the event that the credit rating falls below that, the Authority's approval must be obtained.
2. The Fund must invest its assets in monetary instruments, ensuring high liquidity for the Fund, taking into account the following:
  - a) The weighted average of maturity shall be calculated according to the following equation:

$$(\sum_{i=1}^n x_i a_i)$$

Where:

x = Investment ratio.

a = Maturity period (in days).

n = Total number of Fund investments in cash instruments.

- b) The maximum duration of any investment in the Fund shall not exceed three hundred and ninety-seven days, except for investments that can be liquidated within five working days.
  - c) The maximum weighted average maturity of the Fund's total investments shall not exceed one hundred and eighty days.
3. Without prejudice to Clause (2) above, the Fund may invest a maximum of 15% of its Net Asset Value in other money market funds licensed by the Authority or subject to another regulatory body, provided that the following is adhered to:
- a) None of these funds be managed by the same Fund Manager.
  - b) Investment in private funds should not exceed 10% of the Fund's NAV.
  - c) The investment in funds managed by one manager should not exceed 10% of the Fund's NAV
4. The Fund may not own more than 10% of monetary instruments issued by a single issuer, with the exception of monetary instruments issued by or guaranteed by the governments of the GCC countries.
5. The Fund's investments in monetary instruments issued by a single issuer may not exceed 15% of the Fund's NAV at the time of investment, with the exception of monetary instruments issued by or guaranteed by the governments of the GCC countries, and deposits and their equivalents in Islamic banks.

6. The Fund's assets may not be invested in deposits or their equivalents in Islamic banks with a single entity to exceed 25% of its NAV. The Authority may make an exception as it deems appropriate in each case individually, based on a request submitted by the Fund Manager that includes the reasons and justifications for exceeding this percentage in a manner that achieves the interests of the Fund and the Unit holders.
7. The Fund is prohibited from investing in assets other than cash instruments and money market funds: such as shares of listed and unlisted companies and real estate.
8. The assets that the Fund may acquire as a result of the following shall be excluded from the provisions of clause (7) above:
  - a) Settle between the creditor group and the issuer of the defaulting cash instruments.
  - b) Exercise its implied right in the convertible currency instruments.

The Fund Manager shall notify the Authority within ten working days and obtain its approval on the mechanism for dealing with these assets.

9. The Fund Manager may stop the process of redeeming the Fund's units and liquidating it if the net value of the unit falls below the nominal value, after obtaining the Authority's approval.
10. In all cases, the Fund Manager must follow a risk management system and prudent investment policy that aims to achieve a favorable return on investment, in which the investment ratios are distributed in a balanced manner to anticipate risks and take into account the rights and protection of Unit Holders.

11. The Fund Manager should not keep cash or its equivalents unless it is necessary for one of the following events:

- 1) Fulfilling unit redemption requests.
- 2) Good management of the Fund in accordance with the Fund's investment objectives and the purposes complementing those objectives.

In this regard, it shall exercise the diligence of a prudent person in the interest of the Fund and the Unit Holders. The provisions of this article shall not apply during the first year from the issuance of the Fund's final license.

#### **Article 16**

##### **Scope of Fund Investment, Sector, or Adopted Index (if any), and Fund's Geographic Range**

The Fund does not follow a specific field, sector or index.

The geographical scope of the Fund is Kuwaiti, Gulf and Global markets.

#### **Article 17**

##### **Borrowing Powers and Limits (as the case may be)**

It is not permissible to borrow or enter into transactions that entail obligations, with the exception of borrowing to cover redemption requests, with a maximum of 10% of the NAV of the Fund.



## **Article 18**

### **Investment Risks**

Investment in this Fund is subject to the following risks:

1. Investing in the Fund entails risks typically associated with investing in securities and money markets, currency exchange rate fluctuations, political risk, liquidity risk, interest rate fluctuation risks, and economic risks at the country and regional levels, which may lead to a decline in the value of the Fund's units.
2. In all cases, investment in the Fund should be viewed as there is no guarantee that the Fund's objectives will be achieved, as the Fund's investments are subject to normal market fluctuations and the risks inherent in all investments, and there is no guarantee that the value of the investment will increase. The Fund's policy is to maintain a diversified portfolio in order to minimize risk.
3. Although the Fund seeks to reduce the impact of interest rate fluctuations on the net value of the unit by investing some of its assets in variable interest investment instruments, a rise in the interest rate can cause the price of securities to fall and thus reduce the net value of the unit.
4. Although the Fund seeks to maintain the value of the units in the Fund, the NAV of the Fund per unit may fall or rise. There is no guarantee that the Fund will achieve its investment objectives or that the investor will recover the full amount invested in the Fund.
5. Investing in the Fund is not considered as depositing money in deposits or secured accounts with banks.
6. Although the Fund will not grant loans and intends to invest in high quality investments, such investments are subject to risks such as non-payment of

interest or capital by the original borrower and consequently a decline in the value of the investment, which affects the net value of the unit. In addition, changes in the financial condition of the issuer of the financial instrument may affect the prices of some financial instruments in which the Fund invests.

7. There is no guarantee that the Fund will be able to invest to the full capacity of all amounts received from investors from time to time with the required effectiveness as desired, which may negatively affect the expected return to investors.
8. Since the Fund is denominated in Kuwaiti Dinars, the Fund's assets exposed to or denominated in foreign currencies may be exposed to fluctuations in the value of those units against the Kuwaiti Dinar, which may negatively affect the expected return for investors.

## **Article 19**

### **Beginning and End of Fund's Financial Year**

The Fund's financial year begins in January and ends at the end of December of each year, with the exception of the Fund's first financial year, which begins from the date of its registration in the Funds Register with the Authority and ends at the end of December of the following year.

## **Article 20**

### **Method of Subscription, Participation and Redemption of Fund Units and Transfer of their Ownership**

Subscription and redemption transactions in the Fund's units are subject to the provisions of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity, its Executive Bylaws and their amendments, the prospectus and these articles, and in particular the following provisions:

#### **First: Subscription Method**

1. It is not permissible to subscribe to the Fund with in-kind shares of any type.
2. The Fund Manager shall not accept any cash subscription to the Fund.
3. The Fund Manager must complete the minimum capital of the Fund and issue ownership units within three months from the date of issuance of the temporary license. It is not permissible to carry out any of the Fund's activities based on this temporary license. If this period ends without covering the minimum, the Fund Manager may request the Authority for a similar period from unless he covers the value of the units that have not been subscribed.
4. The door for subscription remains open throughout the period specified in the invitation, which may not exceed three months from the date of opening the subscription period. The subscription period may not be closed until the minimum capital of the Fund has been completed. The subscription period may be closed and the subscribed capital shall be sufficient at any time during the temporary license, provided that the announcement or notification of the target group that has been invited to subscribe is made not less than three working days before the new closing date.

5. In case if the specified subscription period is about to end and the minimum number of units offered for subscription has not been covered, the Fund Manager may request the Authority to extend the subscription period for a similar period unless he covers the value of the unsubscribed units.
6. Subscription is made through the Fund Manager, whereby the subscriber submits to the Fund Manager the prepared subscription application with the required documents. The Fund Manager accepts the applications accordingly. The Fund Manager collects the subscription monies in a separate special account in the name of the Fund, provided that the Unit Holders do not incur any additional fees as a result of opening that account. These funds shall be delivered to the Custodian after completing the procedures for establishing the Fund.
7. Subscribers shall receive from the Fund Manager a confirmation notice that includes the subscriber's name, nationality, address, date of subscription, number of units subscribed to and their value, total subscription amount and total balance after subscription. Confirmation notices shall be sent to subscribers via the email address mentioned by the unit holder.
8. Those wishing to subscribe must provide the Fund Manager when submitting the application for subscription with the following:
  - a) A copy of the civil ID or passport of the applicant for subscription, for natural persons applying for subscription.
  - b) A copy of the commercial register and the license issued by the Ministry of Commerce and Industry for all legal entities, including companies, as well as a copy of the authorized signatory certificate with the civil ID of the authorized person, the license issued by the Ministry of Commerce and Industry for individual establishments and the civil ID card of the

owner of the establishment, as well as the identification documents approved by the competent authorities in the State for establishments and companies incorporated in other countries.

- c) The subscription value, to be deposited in a special account opened in the name of the Fund.
  - d) The form prepared for requesting subscription must have complete data and signatures.
  - e) Know Your Customer (KYC) Form and attached documents if the Fund Manager does not have a previous, non-expired form.
9. The Fund Manager may reject any subscription request if it does not fully meet the conditions as requested by the Fund Manager in terms of documents or information that the Fund Manager deems necessary to complete the subscription in the Fund. The Fund Manager may also reject a subscription request for any other reason, including but not limited to, if the Fund Manager believes that such subscription would undermine the Fund Manager's ability to achieve its investment objectives or affect the liquidity required to meet the Fund's obligations.
10. In the event that the subscription documents and conditions are not fulfilled or the subscription application is not accepted by the Fund Manager, Subscribers will be refunded the amounts they have paid without any interest and after deducting any bank commissions, if any.
11. The subscription application may not be withdrawn after it has been submitted to the Fund Manager.

12. Prior to allocation, the Fund Manager's share of the subscribed capital is excluded.
13. Duplicate applications from the same subscriber will be disqualified, and only the application that includes the largest number of investment units will be approved.
14. Units will be allocated to those wishing to subscribe within ten working days from the expiry of the subscription period.
15. In case the subscription volume exceeds the Fund's capital, the units will be distributed to the subscribers in proportion to their subscription after distributing the minimum subscription amount to all subscribers.
16. The subscriber shall be refunded any amounts in excess of the value of the units allocated to him within ten working days from the date of completion of the allocation procedures, and no interest shall be due on them.
17. Based on the proposal of the Fund Manager, the minimum and maximum limits for investors' subscription to the Fund may be amended after obtaining the Authority's approval in accordance with Article Thirty-Seven of this Articles of Association.
18. Without prejudice to the provisions of the preceding paragraph, in the event that the subscription does not cover the minimum limit, the Fund Manager may withdraw from establishing the Fund, provided that the Fund Manager shall return any Funds collected from the clients and the returns achieved, if any, within a period not exceeding ten working days from the date of expiry of the temporary license period, and notify the Authority in writing accordingly.
19. Excess amounts of subscription money will be transferred to the subscriber's bank account, provided that the transfer is made in the Fund's currency for

subscribers who have accounts with the Al Ahli Bank of Kuwait and in Kuwaiti Dinars for subscribers who have accounts with banks other than the Al Ahli Bank of Kuwait, based on the exchange rate at the Al Ahli Bank of Kuwait as of the transfer day. The subscriber shall bear any expenses or banking expenses related to such transfers, if any.

20. Client is allocated an integer, indivisible number of units, and any additional amounts resulting after the allocation are returned to the client.

## **Second: Participation Method**

1. A subscriber to the Fund in accordance with this Article shall comply with all the controls, terms and conditions that a subscriber would comply with in the case of a subscription.
2. It is not permissible to subscribe to the Fund with in-kind shares of any type.
3. The Fund Manager shall not accept any cash subscription to the Fund.
4. Subscribers shall receive from the Fund Manager a confirmation notice that includes the subscriber's name, nationality, address, date of subscription, number of units subscribed to and their value, total subscription amount and total balance after subscription. Confirmation notices shall be sent to subscribers via the email address mentioned by the unit holder.
5. Those wishing to subscribe must provide the Fund Manager, when submitting the application for subscription, with the following:
  - a) A copy of the civil ID or passport of the applicant for subscription, for natural persons applying for subscription.

- b) A copy of the commercial register and the license issued by the Ministry of Commerce and Industry for all legal entities, including companies, the license issued by the Ministry of Commerce and Industry for individual establishments and the civil ID card of the owner of the establishment, as well as the identification documents approved by the competent authorities in the State for establishments and companies incorporated in other countries.
  - c) The subscription value, to be deposited in an account opened in the name of the Fund.
  - d) The form prepared for requesting subscription must have complete data and signatures.
  - e) Know Your Customer (KYC) Form and attached documents if the Fund Manager does not have a previous, non-expired form.
6. Subscription is made during the Fund's term based on the subscription request submitted by the person or persons wishing to subscribe after filling in his/her data and submitting it to the Fund Manager, provided that the subscription value is actually paid into the Fund's account.
7. Subscription and redemption requests may be executed through modern means of communication and websites without the need for the investor to be present in person at the Fund Manager's headquarters, without prejudice to the investor's rights, including access to the Fund's Articles of Association.
8. The Fund Manager may reject any subscription request if it does not fully meet the conditions as requested by the Fund Manager in terms of documents or information that the Fund Manager deems necessary to complete the



subscription to the Fund. The Fund Manager may also reject a subscription request for any other reason, including but not limited to, if the Fund Manager believes that such subscription would undermine the Fund Manager's ability to achieve its investment objectives or affect the liquidity required to meet the Fund's obligations.

9. In the event that the subscription documents and conditions are not fulfilled or the subscription application is not accepted by the Fund Manager, Subscribers will be refunded the amounts they have paid without any interest and after deducting any bank commissions, if any.
10. The subscription application may not be withdrawn after it has been submitted to the Fund Manager.
11. Excess amounts of subscription money will be transferred to the subscriber's bank account, provided that the transfer is made in the Fund's currency for subscribers who have accounts with the Al Ahli Bank of Kuwait and in Kuwaiti Dinars for subscribers who have accounts with banks other than the Al Ahli Bank of Kuwait, based on the exchange rate at the Al Ahli Bank of Kuwait as of the transfer day. The subscriber shall bear any expenses or banking expenses related to such transfers, if any.
12. Client is allocated an integer, indivisible number of units, and any additional amounts resulting after the allocation are returned to the client.

### **Third: Redemption Method**

1. Unit holders have the right to redeem their units by submitting a valid application to the Fund Manager.

2. Subscription and redemption requests may be executed through modern means of communication and websites without the need for the investor to be present in person at the Fund Manager's headquarters, without prejudice to the investor's rights, including access to the Fund's Articles of Association.
3. The Fund Manager shall pay the Unit holder the appropriate redemption value, provided that Unit holders who have accounts with banks other than Al Ahli Bank of Kuwait shall bear any expenses or bank charges, if any, related to the transfer of the redemption value to their accounts.
4. Unit holders have the right to redeem their units in the Fund by submitting a request to that effect to the Fund Manager, provided that this request is final and irrevocable by the unit holder.

#### **Fourth: Ownership Transfer Method**

The transfer of the Fund's unit holder's ownership is done through a request submitted by the unit holder or the concerned parties to the Registrar in accordance with the prescribed rules of the stock exchange or the provisions of the rules for trading unlisted securities and these Articles of Association of the Fund.

## **Article 21**

### **Minimum and Maximum Limits for Subscription and Redemption by the Fund Manager and Unit Holders in the Fund**

1. Upon incorporation, the Fund Manager's participation in the Fund's units must not be less than KD 100,000 (One Hundred Thousand Kuwaiti Dinars) or the equivalent in other currencies as a minimum. They may dispose of or redeem some of the units owned by them in the event that their net value exceeds the minimum stipulated in this Article. The number of units subscribed to by the Fund Manager may not exceed (95% ninety-five percent) of the issued capital of the Fund.
2. It is not permitted for any of the Unit Holders to subscribe/participate in the Fund for the first time with less than KD 1,000 (One Thousand Kuwaiti Dinars) (Initial Subscription) for indivisible units, and thereafter may subscribe/subscribe in multiples of one unit.

The number of units subscribed to by a single investor may not exceed (90% ninety percent) of the issued capital of the Fund.

3. The number of units to be redeemed must not be less than one unit only, and partial redemption will not be permitted if the value of the remaining units of the unit holder after redemption falls below KWD 1,000 (One Thousand Kuwaiti Dinars), in which case the full amount will be redeemed.

## **Article 22**

### **Subscription and Redemption Periods**

The subscription and redemption periods are at the end of the application deadline of each week.

## **Article 23**

### **Circumstances of Early Redemption and the Mechanism for Calculating its Fees**

Early redemption of Fund units is not permitted.

## **Article 24**

### **Deadline for Submitting Applications for Subscription and Redemption of Fund Units**

The Fund Manager receives subscription and redemption requests at any time during the official working hours of the calendar week. Requests are closed on the Monday preceding the valuation day at twelve o'clock noon.

## **Article 25**

### **Dealing Days in which Applications for Subscribing or Redeeming Units of the Fund can be Submitted**

Dealing days are the days allowed to receive applications for subscription and redemption, which are any business day up to the Monday preceding the calendar day. Applications for subscription and redemption may be executed through the following means:

- By visiting Ahli Capital Investment Company at the address stated in Article (38) of this Articles "Method of Correspondence with Unit Holders" and submit printed copies.
- Via the e-mail indicated in Article (38).
- By written authorization.

Without prejudice to the investor's rights, including his access to the Fund's Articles of Association.

The Fund Manager must execute the applications for subscription or redemption at the valuation price following the application for subscription or redemption.

## **Article 26**

### **Standards and Mechanism for Evaluating the Fund's Assets in accordance with International Accounting Standards and Controls Approved by the Authority**

The Fund has specific dealing days on which units can be subscribed to or redeemed.

1. Fund's assets must be evaluated according to the last day of dealing and not exceeding one business day after the deadline for submitting applications for subscription and redemption transactions.
2. Fund's assets may be evaluated within a period not exceeding three working days from the valuation day in the event that it is not possible to evaluate a large part of the Fund's assets, provided that the evaluation and net asset value of the Fund are computed as on the evaluation day specified in these articles.
3. The Fund Manager may cease accepting applications to subscribe to the Fund for the period it deems appropriate if this is in the interest of the Fund and the Unit Holders.
4. In the event that one of the Fund's assets is incorrectly evaluated or the unit price is miscalculated, the one who caused this by their own fault must compensate the one who was harmed by this error.

Fund Manager must attach with the reviewed interim financial statements or the audited annual financial statements a report showing all evaluation and pricing errors that occurred during that period.

5. The process of subscribing or redeeming units shall be reflected in the first calculation of the NAV of the Fund after the subscription or redemption process.
6. Fund Manager shall pay the Unit Holder the redemption value within a period not exceeding six working days following the valuation day specified in these articles.
7. Fund Manager may postpone fulfillment of any application for redemption until the next dealing day or until the next redemption date as stipulated in these articles, in any of the following two cases:
  - a) If the total percentage of all applications for redemption for Unit Holders that are required to be met on any dealing day or redemption date is 10% or more of the net asset value of the Fund, provided that the manager in this case is obligated to meet the applications for redemption that are less than 10% of the net asset value of the Fund, provided that all redemption requests are taken into account on a pro-rata basis, and the percentage of redemption requests that exceed 10% of the net asset value of the Fund is postponed until the next dealing day or the next redemption date.
  - b) If trading in the stock exchange or regulated financial markets in which dealing in securities or other assets owned by the Fund is suspended, or trading in securities that represent an effective value in its assets is suspended.
8. The Authority, if it appears to it that the Fund Manager, or any of the Fund service providers, does not comply with the provisions of the Law or the Bylaws, may take any of the following actions:

- a) To instruct the Scheme Administrator to temporarily suspend the redemption process or subscription - or both - in the Fund's units on the date specified in those instructions.
  - b) To suspend the non-compliant entity and assign one of the authorized persons or registered persons to perform the duties of the suspended entity, or to act as a custodian and receiver of the Fund's assets until a final decision is taken by the Authority in this regard.
9. The investment supervisor calculates the net value of each unit of the Fund, in accordance with the controls or international accounting standards approved by the Authority, as follows: the total assets of the Fund minus the total liabilities, and the result is divided by the total number of units remaining in the Fund on the valuation day.
10. Without prejudice to the international accounting standards approved by the Authority, investments denominated in a currency other than the Kuwaiti Dinar are valued when converted into the Kuwaiti Dinar based on the exchange rate determined by the Central Bank of Kuwait, which is announced on the relevant valuation day.
11. All debts and liabilities due will be deducted from the total value of the Fund's assets, including:
  - Management expenses and other fees and expenses due to the Fund Manager that have not yet been reimbursed
  - Any provision for the Fund's estimated fees for auditing financial statements and legal services
  - Mediation fees and expenses
  - All costs related to any litigation involving the Fund

- Fees of the Fund's service providers

12. The Fund's assets shall be evaluated in accordance with the international accounting controls and standards approved by the Authority, and the provisions of Appendix No. (1) "Minimum Requirements for the Valuation or Assessment of the Impairment of Assets" of Book Eleven (Dealing in Securities) of the Bylaws.

13. The Fund Manager may not rely on a valuation report that was prepared more than three months ago when purchasing or selling any asset of the Fund.

14. When the Fund Manager seeks the services of an external party to evaluate the Fund's assets, the external party must be independent of the Fund Manager and the parties related to the Fund.

## **Article 27**

### **Valuation Days on which the Fund's Net Asset Value (NAV) is Calculated**

The Fund has valuation days in which the Fund's Net Asset Value (NAV) is calculated in accordance with the provisions set forth in these articles, whereby the valuation day is the day on which the assets are evaluated, which is Tuesday of every calendar week. If the valuation day falls during an official holiday in the State of Kuwait, the valuation is made and issued on the first working day after this official holiday, with Tuesday being considered the actual valuation day.

## **Article 28**

### **Mechanism for Calculating Net Asset Value**

1. The net value of one unit is calculated on the valuation day in accordance with international accounting standards approved by the Authority and in accordance with the provisions of these articles and as determined by the Investment Controller.



2. The Net Asset Value shall be announced by one of the following means:
  - 1) Fund Manager's website
  - 2) Email
  - 3) Modern means of communication, for example, social media channels such as "WhatsApp" or "Telegram", short message service (SMS), and official books.

## **Article 29**

### **Method and Principles of Dividend Distribution**

Fund Manager may, according to what they deem appropriate for the benefit of the Fund and its subscribers, determine the portion to be distributed to the Unit Holders, after the end of the financial period on semi-annually and annually basis. The distribution, its date and value shall be announced through the Fund Manager's website. The Fund Manager may distribute in cash, in kind, or by distributing bonus units in the Fund at the nominal value of the units, or by both methods together, provided that the distribution is within a maximum period of three months from the date of the announcement, after notifying the supervisory authority accordingly, noting that the Fund Manager has the right not to distribute any returns in full or any part thereof, but rather to reinvest these returns in investment opportunities that are consistent with the Fund's policy.

## **Article 30**

### **Unit Holder Rights**

- 1) The Unit Holders have equal rights in the Fund, each pro-rata the units he owns in the Fund's capital. Each Unit Holder has the right to obtain a share in the distributable amounts and the obligation to bear the losses, each within the limits of the units he owns, and each of them has the right to obtain a percentage of the net assets of the Fund upon its liquidation, in proportion to the units he owns.

- 2) Each Unit Holder has the right to obtain a copy of periodic reports and financial statements, which are sent via e-mail and through the company's website or the Kuwait Stock Exchange website.
- 3) The Unit Holder or his general or private successor shall not have the right to interfere in the affairs of the Fund's management.
- 4) Fund Manager shall not be liable towards the Unit Holders for any damages incurred by them unless as a result of infringement or negligence in managing the Fund's money and violating the provisions of the law, Executive Bylaws, or these articles.
- 5) The same terms and conditions shall apply to all Unit Holders of the same class in the Fund.
- 6) The Unit Holder, or his representative, shall update his data with the Fund Manager on a periodic basis or when any change thereto occurs, within one month of such change or whenever it is required or when the Fund Manager so requests through the following means:
  - Personal attendance at Ahli Capital Investment Company at the address stated in Article (38) of this Articles "Method of Correspondence with Unit Holders".
  - Via the e-mail indicated in Article (38).
- 7) The Fund Manager or registrar has the right to freeze the subscriber's account and refrain from implementing any instructions or requests of the subscriber in the event that he does not comply with the previous clause. The Fund Manager or the registrar shall not bear any legal, non-legal or financial liability or any

losses that the subscriber may sustain as a result of not complying with the same and freezing the account.

- 8) Upon his final departure from the State of Kuwait, the resident shall notify the Fund Manager in writing, in person or by e-mail, within a maximum of one month from his departure, of his address outside the State of Kuwait.

## **Article 31**

### **Periods for Submitting Periodic Reports to Unit Holders**

Fund Manager must submit a periodic report to each Unit Holder on a quarterly basis within a maximum period of fifteen business days from the end of the period. In particular, such report includes the following information:

- 1) The Fund's Net Asset Value.
- 2) The number of Fund units owned by the Unit Holder and their net value.
- 3) A registry of the movement of each Unit Holder's account, including any dividends paid after the last report submitted to the Unit Holder.
- 4) A statement showing all fees and expenses due on the Fund's assets, provided they are indicated in the Fund's currency.

## **Article 32**

### **Methods and Dates of Disclosure of Information**

Methods and dates of disclosure of information:

- 1) Fund Manager must prepare the interim financial statements to be reviewed by the External Auditor and submit the reviewed version to the stock exchange and the

Authority within a maximum period of fifteen working days from the end of the period.

- 2) Fund Manager must prepare the annual financial statements to be audited by the External Auditor and submit the audited version to the stock exchange and the Authority within a maximum period of forty-five days from the end of the Fund's fiscal year.
- 3) The Fund Manager must publish monthly information about the Fund to the public through the stock exchange within seven working days from the end of each month according to the form contained in Appendix No. (5) of Module Thirteen (Collective Investment Schemes) of the Bylaws.

### **Article 33**

#### **A summary of the Responsibilities of the Service Providers, in addition to the Provisions Related to the Termination of their Services or Replacement**

##### **First: General Obligations**

All Fund service providers, whether natural or legal persons, must comply with the following:

- 1) They have adequate human, technical and financial capacities and capabilities to meet their obligations.
- 2) Concluding a contract with the service provider that includes a statement of the rights and obligations of its parties, in particular the fees of the service provider and the basis for their calculation, payment dates, the procedures to be followed upon termination or annulment of the contract, and measures and procedures resulting from terminating the relationship with the service provider, except for the

Fund Manager, where the Fund's Articles of Association supersede the contract, which includes the requirements of this clause.

- 3) Exerting the diligence of a person who is keen in carrying out the tasks entrusted to the service provider and cooperating with the rest of the service providers to the Fund, and bear responsibility for any default, professional negligence, or fraud committed by them while performing their work, and compensate every person who sustains damage as a result of any error committed by the service provider, provided that the Authority is notified within five working days of the recognition of any of the cases stipulated in this clause.
- 4) The service provider shall not deal, whether for their own benefit or on behalf of others, on the Fund's units, except for the Fund Manager.
- 5) Compliance with the Law, Bylaws, circulars, resolutions and instructions issued by the Authority, the Articles of Association and the prospectus.
- 6) To take all the necessary steps immediately to rectify any failure to fulfill their obligations stipulated in the Articles of Association, the Bylaws and any instructions issued by the Authority.
- 7) Access, at any time, the records, books, documents and papers related to the Fund that are held by other service providers within the limits that fall within their competence and enable them to perform their duties as required.
- 8) Not to exploit the Fund's assets for private interest.
- 9) Details of the service providers' fees are specified in the appendix to the Fund's Articles of Association and the prospectus, with an indication of the entity that bears such fees. The Fund shall bear the incorporation expenses, the Authority's

licensing fees, or any other fees imposed by the Authority. No amount of the Fund's assets may be paid if the service provider is appointed to perform any of the tasks related to the functions of the Fund Manager, or for investment advisor fees, or to promote or sell units. This includes but is not limited to expenses of copying and distributing the Fund's Articles of Association - as the Fund Manager must bear these expenses.

## Second: Fund Manager

- a) The management of the Fund is carried out by an Executive Committee consisting of two or more employees of the Fund Manager who meet the conditions of representatives of the activity of a collective investment scheme manager, provided that one of them is a senior executive or CEO of the Fund Manager. The members of the Executive Committee must be persons registered with the Authority and represent the Fund Manager in the responsibilities and powers stipulated in the Bylaws. The signature of the members of the Executive Committee or whomever they delegate from among them is considered as the signature of the Fund Manager. These members shall be jointly liable with the manager for any errors, negligence or fraud in managing the Fund.
- b) In particular, the Fund Manager shall comply with the following:
  - 1) Representing the Fund legally and exercising the rights and obligations associated with the Fund in favor of and on behalf of the Unit Holders and having - or whomever they delegate - the right to sign on its behalf.
  - 2) Managing the Fund's assets to achieve its investment objectives specified in its Articles of Association.
  - 3) Compliance with all provisions of the Fund's Articles of Association.

- 4) Take all investment and other decisions in the interest of the Fund and the Unit Holders and to guarantee equal treatment of Unit Holders.
- 5) Not exposing the Fund to any unnecessary investment risks in accordance with the Fund's objectives, investment policy and Articles of Association.
- 6) Take appropriate measures to protect the Fund's assets.
- 7) Apply appropriate policies and procedures to prevent or limit wrong practices that are expected to affect the stability and integrity of the market.
- 8) Ensure the use of fair, correct and transparent pricing models and valuation systems for the Fund's assets. If the Fund Manager evaluates or studies a decline in the value of any of the Fund's assets included in its financial statements based on the requirements of the International Accounting Standards approved by the Authority, the Fund Manager must comply with the provisions of Appendix No. (1) "Minimum Requirements for the Valuation or Assessment of the Impairment of Assets" of Book Eleven (Dealing in Securities) of the Bylaws.
- 9) Accurately record the purchase and sale transactions that take place in favor of the Fund, and according to their chronological sequence and timing.
- 10) Apply an appropriate accounting system to record the Fund's financial transactions.

- 11) Ensure the existence of an appropriate system to reconcile the transactions entered into the accounting system against the cash and securities accounts opened in the name of the Fund with the Custodian.
- 12) Prepare the Fund's interim and annual financial statements.
- 13) Appoint service providers and ensure that they carry out the tasks entrusted to them.
- 14) Provide all necessary information about the Fund to service providers, enabling them to carry out their tasks effectively.
- 15) Provide sufficient liquidity for the Fund to meet any obligations that may arise thereon.
- 16) Notify the Authority and the Unit Holders immediately upon the occurrence of material events or core information that may jeopardize the interests of the Unit Holders.
- 17) In case the manager manages more than one Fund, they must segregate between the operations related to these Funds.
- 18) The Authority may replace the Fund Manager if it deems that they have materially breached their obligations under the Bylaws.
- 19) Fund Manager may not grant credit and finance other parties under different names by concluding contracts that involve providing funds to third parties.



- 20) Without prejudice to Article (1-7) of Module Thirteen (Collective Investment schemes) of the Bylaws, Fund Manager may not purchase any security issued by it or its subsidiaries except in accordance with the following controls:
- a) Obtain the approval of the Investment Controller before purchasing.
  - b) The total securities invested by the Fund and all other funds managed by the Fund Manager should not exceed 10% of the total value of securities issued by the company managing the Fund or any of its subsidiaries.
- 21) Without prejudice to Article (1-7) of Module Thirteen (Collective Investment Schemes) of the Bylaws, in the event that the Fund Manager undertakes the task of the subscription (selling) agent or the subscription management for a certain issuer, they may not purchase the securities under subscription for this issuer while carrying out these tasks. In the event that the Fund Manager or any of its subsidiaries undertakes to cover the public or private offering of a security, this security may not be purchased for the benefit of the Fund during the undertaking period. Deposits with banks in accordance with their deposit systems, debt instruments, or any financial instruments offered for sale in the primary market or the secondary market are not considered aspects of credit prohibited by the Fund.
- c) Position restrictions and conflict of interests
- 1) Without prejudice to the Fund Manager's obligations under the provisions of Chapter Three (Conflicts of Interest) of Module Eight (Conduct of Business) of the Bylaws, the Fund Manager's employees, other than

those registered as representatives of a collective investment scheme manager, may serve as a member of the board of directors of a company whose securities are part of the assets of a Fund managed by the Fund Manager.

The employees of the Fund Manager who are registered as representatives of a collective investment scheme manager may not take over the membership of the board of directors of the companies referred to in the preceding paragraph.

In the event that the Fund Manager employs a person as a representative of a collective investment scheme manager to whom the prohibition in this clause applies, such person must resign from the membership of the board of directors of the company whose securities are part of the assets of a Fund managed by the Fund Manager.

- 2) The Fund Manager must take into account the provisions of Chapter Three (Conflict of Interests) of Module Eight (Conduct of Business) of the Bylaws, and undertake to take the necessary measures to avoid conflict of interests in its dealings on behalf of and for the benefit of the Fund and the Unit Holders.
- 3) Unless the Fund Manager discloses - in advance - cases of potential conflict of interests for the Fund or for the Fund Manager's employees who are registered as representatives of a collective investment scheme manager or for a Unit Holder, they must immediately disclose any of these cases or transactions, once they come to their knowledge, to the Investment Controller and obtain their approval thereof.

In all cases, Fund Manager must notify the Unit Holders and the Authority of any conflict of interest case that has been declared by the Investment Controller in accordance with this clause within five working days from the date of the declaration.

- 4) Neither the Fund Manager nor the Unit Holders may participate in voting on matters relating to a private benefit for them or in the event that their interests conflict with the interests of the Fund.

### **Third: Investment Controller**

Each Fund shall have an Investment Controller from among the licensed persons appointed by the Fund Manager upon obtaining the approval of the Authority, provided that they adhere in particular to the following:

- 1) Ensure the Fund Manager's compliance with the Law, the Bylaws, the Authority's resolutions and instructions, the Articles of Association, the Prospectus, and any other documents issued by the Fund Manager.
- 2) Evaluate the investment units and calculate their net value in an independent and impartial manner, in accordance with the methods, periods and policies stipulated in the Fund's Articles of Association.
- 3) Notify the Fund Manager and the Authority of all unit valuation or pricing errors that occurred during any period, within five working days of discovering the error.
- 4) Ensure that the Fund Manager carries out its responsibilities in the interest of the Unit Holders in accordance with the Fund's Articles of Association and the

provisions of the Bylaws, and that its funds are invested within the limits of the methods and policies specified in these articles.

- 5) Implementation of the Fund Manager's instructions related to the scope of work of the Investment Controller.
- 6) Acknowledgment of any dealings that involve a conflict of interests.
- 7) Meeting at least twice a year with the Fund's Executive Committee to review the Fund's compliance with the Law, the Bylaws, the Authority's resolutions and instructions, the Articles of Association, the prospectus, and any other documents issued by the Fund Manager.
- 8) Notify the Authority in the event that the Fund Manager fails to comply with the Law, Bylaws, or Articles of Association of the Fund within five working days of becoming aware thereof.
- 9) Preparing an annual report to be submitted to the Unit Holders in accordance with the mechanism specified in the Articles of Association on the Fund's business, including a record of violations, cases of non-compliance and violation of the investment and borrowing controls referred to in the Bylaws, the actions taken and the time span for rectifying such violations.
- 10) Attending the Fund Unit Holders assembly.

#### **Fourth: Custodian**

- a) The Fund's assets must be kept with a Custodian from among the licensed persons appointed by the Fund Manager after obtaining the Authority's approval. It may appoint a sub-custodian who is licensed or registered with another regulatory authority, in order to keep the assets outside the State of Kuwait. Contracting with a sub-custodian does not relieve the original Custodian of their responsibilities.
- b) Subject to the provisions of Module Seven (Clients' Funds and Clients' Assets ) of the Bylaws, the Custodian shall take the necessary steps to ensure the following:
  - 1) Opening and managing the necessary bank accounts, accounts with the clearing agency, accounts with brokers, or any other accounts in the name of the Fund.
  - 2) Maintaining the Fund's assets in separate accounts from its own accounts or the accounts of third parties.
  - 3) Not to use the Fund's assets and any rights related thereto except in accordance with the objectives specified in the Articles of Association, and not to exploit the same for their own benefit or for the benefit of other clients or for the benefit of any other collective investment schemes.
  - 4) Developing appropriate systems for keeping records related to the Fund's assets.
  - 5) Ensure that all assets of the Fund - except for usufruct rights - are registered in the name or for the benefit of the Fund, and ensure that all necessary legal arrangements are met to preserve the ownership rights

of the Fund's assets and Unit Holders in a legally enforceable manner, wherever applicable.

- 6) Ensuring that the usufruct contract is transferred in the name of the Fund in a manner that does not conflict with the investment controls in the funds.
  - 7) Receiving and keeping profits, distributions and other cash dues arising from the Fund's activity and depositing them in the bank account in the Fund's name.
  - 8) Executing the Fund Manager's instructions regarding the scope of work of the Custodian.
  - 9) Notifying the Fund Manager of any obligations arising from the Fund's assets and sending any notifications they receive to the manager within the prescribed period.
  - 10) Preparing and keeping a register of Unit Holders, unless it is kept with another registrar.
- c) A written approval must be obtained from the Fund Manager on all contracts concluded between the principal Custodian and the sub-custodian. All contracts concluded, whether with the original Custodian or sub-custodian must contain regulation of the following matters:
- 1) Requirements that enable the Fund to exercise the rights related to the assets it maintains with the Custodian.
  - 2) Requirements for the location of the Fund's assets.
  - 3) The method used to preserve and protect the Fund's assets.

- 4) Evidence of the commitment of its parties to exercise due diligence of a prudent person and responsibility for damage and destruction.
- 5) Fees and their method of calculation.

**Fifth: Unit Holders Registrar:**

- a) The Fund's Unit Holders register shall be kept at a clearing agency. This register may be kept with a custodian. In the event of the Fund's liquidation, the Unit Holders register may be kept with the Fund's liquidator if the services of the entity that keeps the register are terminated.

In all cases, the fees of the entity that maintains the register shall be paid from the money of the Fund.

- b) The registrar must comply with the following:
  - 1) Keeping a register showing the names of the Unit Holders, their nationalities, their domicile, the number and type of units owned by each of them, and the value paid for them, and any update on the balance of the remaining units and the units that were issued, redeemed, created or canceled, as well as providing the Investment Controller with a copy of this statement.
  - 2) Transferring the ownership in the cases stipulated in the stock exchange rules. The registrar performs the tasks assigned to the clearing agency in accordance with the provisions of the rules for trading in unlisted securities.
  - 3) Attending the Unit Holders assemblies and declaring the quorum after verifying the validity of the identities and proxies of the attendees.

## **Sixth: External Auditor**

- a) Fund Manager must appoint an External Auditor from among the persons registered with the Authority, provided that he adheres in particular to the following:
- 1) Reviewing and auditing the Fund's accounts in accordance with international accounting standards approved by the Authority.
  - 2) Preparing a report on the Fund's interim and annual audited financial statements.
  - 3) Notifying the Authority, within five working days of becoming aware, in the event that, when reviewing and auditing the Fund's accounts, it was found that the Fund Manager did not comply with the Law, Bylaws, or Articles of Association of the Fund.
  - 4) Attending the Unit Holders assembly scheduled for presenting the financial statements audited by the External Auditor, presenting and discussing those statements, and responding to the related inquiries.
- b) The Fund's External Auditor shall be appointed for one fiscal year, renewable annually, for a period not exceeding four consecutive fiscal years, unless the Fund is in the liquidation phase. The same External Auditor may be re-appointed after a break of not less than two consecutive fiscal years.

Fund Manager may not replace the External Auditor during his contracted term of office except after giving reasons and justifications to the Authority and obtaining the Authority's approval thereof.



- c) The Fund's External Auditor may not be the same as the Fund Manager's External Auditor.

**Seventh: A vacancy in the position of a member of the Fund's Executive Committee or any of the service providers**

1. In the event of a vacancy in the position of a member of the Fund's administrative board, Fund Manager shall notify the Authority accordingly within a maximum period of five working days and submit an application to fill the vacant positions within a maximum period of twenty working days from the date of the position becoming vacant. In all cases, the Fund Manager must notify the Unit Holders within a maximum period of ten working days from the vacancy of the position, and they shall also be notified within five working days from the date of appointment.
2. Without prejudice to the provisions of Article (8-1) contained in Module Thirteen (Collective Investment Schemes) of the Bylaws, Fund Manager shall notify the Unit Holders within a maximum period of five working days from the date of the Authority's approval to replace the Fund's manager, Custodian or Investment Controller.
3. In the event of a vacancy in the External Auditor position, Fund Manager must notify the Authority and the Unit Holders of the same within a maximum period of five working days. The Fund Manager must also appoint a replacement for the vacant position within a maximum period of one month from the date of the vacancy, and notify the Authority and the Unit Holders within a maximum period of five working days from the date of appointment.

4. Without prejudice to the provisions of Article (2-19-2) contained in Module Thirteen (Collective Investment Schemes) of the Bylaws, in the event that the Authority approves the justifications for replacing the External Auditor during the period of his contractual work, Fund Manager must appoint someone to replace those vacant positions and notify the Authority and Unit Holders accordingly within a maximum period of five working days from the date of appointment.
5. Without prejudice to the provisions of Article (2-19-2) contained in Module Thirteen (Collective Investment schemes) of the Bylaws, in the event that the contractual period with the External Auditor expires, Fund Manager must appoint someone to replace those vacant positions and notify the Authority and Unit Holders accordingly within a maximum period of five working days from the date of appointment.
6. In the event of a vacancy in the position or appointment of the registrar or any of the service providers not referred to in Article (2-11-1) of Module Thirteen (Collective Investment Schemes) of the Bylaws, Fund Manager shall notify the Authority and the Unit Holders accordingly within a maximum period of five working days from the date of vacancy or appointment.
7. Unit holders shall be notified by one of the following means:
  - 1) E-mail
  - 2) Modern means of communication, for example, social media channels such as "WhatsApp" or "Telegram", short message service (SMS), and official letters.

## **Article 34**

### **Provisions of the Unit Holders Assembly**

1. Each Fund shall have an assembly of Unit Holders to be held at least once during the Fund's fiscal year. Each subscriber has the right to attend the meetings of

this assembly and vote on its resolutions, and each of the Unit Holders has one vote for every single investment unit he owns.

The Unit Holders assembly may be held electronically in a way that does not conflict with the provisions regulating the assembly in the Bylaws with the participation of the concerned parties to attend and enable Unit Holders to express their opinion and vote on the topics presented at the meeting.

The Unit Holders Assembly shall be competent to consider or issue resolutions on the following matters:

- a) Fund Manager's or liquidator's report on the Fund's activity and its financial position for the Fund's fiscal year.
  - b) The External Auditor's report on the Fund's annual audited financial statements.
  - c) Fund's annual audited financial statements.
  - d) The Investment Controller's report for the Fund's fiscal year.
  - e) Articles of Association amendments affecting the acquired rights of Unit Holders.
  - f) Appointment of an alternative manager.
  - g) Approving the liquidation, selecting the Fund's liquidator and monitoring its work.
  - h) Appointment of an alternative liquidator.
2. The Unit Holders assembly convenes at the invitation of the Fund Manager or the liquidator to consider matters falling within its competence. It must invite the meeting based on a reasoned request submitted by the Unit Holders who

represent no less than 10% of the Fund's issued capital, or based on a request from the Investment Controller or the External Auditor, within twenty-one days from the date of receiving the request, unless agreed between the party responsible for calling the assembly and the applicants on a later date. The agenda is prepared by the party that calls for the meeting.

If the Fund Manager or the liquidator does not invite the Unit Holders assembly in the cases in which it is necessary to do so, or if it is not possible to invite it for any reason whatsoever, the Authority may assign the Investment Controller, the External Auditor, or whomever it deems appropriate to call on this assembly to convene.

3. The invitation to attend the Unit Holders assembly meeting, including the agenda, date and venue of the meeting, shall be sent in one of the following ways:
  - a) Announcing at least ten working days prior to the meeting in two daily local newspapers and the stock exchange to publish the announcement of the agenda, date and venue of the meeting.
  - b) Registered letters sent to Unit Holders at least ten working days prior to the date set for the meeting.
  - c) Announcement through electronic or modern means of communication at least seven working days prior to the meeting.
  - d) Delivering the invitation by hand to the Unit Holders or their legal representatives at least three working days prior to the date of the meeting. Acknowledgement of receipt shall be marked on the copy of the invitation.

For the validity of the announcement by the means referred to in Paragraphs (b), (c) and (d) of this clause, the subscriber must have provided the Fund Manager, the liquidator, or the entity that maintains the Unit Holders register with data about his domicile, e-mail address, or fax number, and that he agrees to announce it through these means and that it is stipulated in the Fund's Articles of Association to announce it through these means.

Any change by the subscriber to any of the data referred to in the preceding paragraph shall not be considered unless he has notified the Fund Manager, the liquidator, or the entity that maintains the Unit Holders register of such change at least five working days before announcing it.

4. The entity that invited the Unit Holders assembly must send notices of the agenda, date and venue of the Unit Holders assembly meeting at least seven working days prior to the meeting to the following entities – unless any of them is dismissed during the liquidation phase:
  - a) Investment Controller.
  - b) Registrar.
  - c) External Auditor - as the case may be - if the financial statements are to be presented to the Unit Holders assembly.

The entity that invites the Unit Holders assembly must send a notice to the Authority at least seven working days prior to the meeting, provided that the notice includes the following:

- a) A copy of the invitation to the meeting.
- b) A copy of the assembly's agenda.

- c) A copy of the announcements through newspapers, the stock exchange or other advertising means specified in Article No. (2-35-5) of Module Thirteen (Collective Investment schemes) of the Bylaws.
- d) A copy of the service providers' notices inviting the assembly.

The non-attendance of the Authority's representative - after notifying it - shall not invalidate the meeting of the Unit Holders' Assembly. This meeting shall be null and void in the event that none of the entities referred to in clauses (a), (b) and (c) of the preceding clause did not attend, unless the services of any of them were terminated during the liquidation phase.

The meeting shall also be invalid if the Fund Manager is not present, unless the invitation to the meeting is directed by a party other than the Manager.

- 5. Unit Holders assembly meeting is chaired by the party that called for this meeting.
- 6. The meeting of the Unit Holders Assembly shall not be valid unless attended by the Unit Holders who represent more than 50% of the issued capital of the Fund. In case if this quorum is not available, the assembly must be called for a second meeting with the same agenda to be held within a period of no less than five working days. It shall not exceed thirty days from the date of the first meeting, and the second meeting shall be valid regardless of the attendance percentage of the capital.

A new invitation may not be sent to the second meeting if the date has been specified in the invitation to the first meeting.

Resolutions are issued by the absolute majority of the units represented at the meeting, with the exception of resolutions related to amending the Fund's Articles of Association, which affect the acquired rights of the Unit Holders, or in the event

of liquidation, which must be issued with the approval of the Unit Holders who own more than 50% of the issued capital of the Fund.

7. The Unit Holders assembly may not discuss issues that are not included in the agenda unless it is an urgent matter that occurred after preparing the agenda or was revealed during the meeting or if so requested by the Authority, the External Auditor, or the Unit Holders who own 5% of the issued capital of the Fund, provided that it is one of the matters related to the topics of the meeting. If it is found during the discussion that there is insufficient information related to some of the issues presented, the meeting shall be adjourned for a period not exceeding ten working days if requested by the Unit Holders who own 25% of the issued capital of the Fund, and the adjourned meeting shall be held without the need for new invitation procedures.
8. Each of the Unit Holders registered in the Fund's register has the right to attend the meeting of the Unit Holders assembly in person or by proxy, and it is required for the validity of the proxy to be under a special power of attorney or authorization prepared for this purpose, and the proxy or authorization may be to attend one or more meetings of the Unit Holders assembly. The proxy or authorization issued to attend a specific meeting is valid for attending the meeting that has been adjourned due to lack of a quorum.

The proxy or authorization referred to in this article must contain the following data:

- 1) The name of the Unit Holder according to an official document, or the name of the company or establishment as recorded in the commercial register.
- 2) No. of units.
- 3) Civil ID number or official document/commercial register of companies.

- 4) Name of the proxy according to an official document.
- 5) Name and description of the proxy or authorization signatory - provided that a copy of the proxy or authorization contract should be attached in the event that the proxy signatory is a proxy.
- 6) Date of issue of the proxy or authorization.

To accept the proxy or authorization, it must be either general or specific and includes an explicit text on the right of the proxy or delegate to attend the assemblies and vote on the items on their agenda, and it must be issued for a specific meeting, provided that the original proxy or authorization is presented.

9. It is not permissible for any of the Unit Holders to vote on behalf of themselves or whoever they represent in matters relating to a special benefit for them, and every condition or resolution to the contrary shall be null and void.

The party that invited the assembly must neutralize the parties who have a special interest or a conflict of interests with any resolution that is discussed in the Unit Holders assembly.

The entity responsible for keeping the record calculates the ratios that must be neutralized.

10. The Fund Manager or the party that called for the meeting - as the case may be - shall provide the Authority with a copy of the minutes of the assembly meeting after it was signed by the person who chaired the meeting and the service providers present at the meeting, within two weeks of the date of the meeting, provided that the following are attached to the minutes:

- 1) A copy of the Unit Holders register.



- 2) A copy of the civil IDs or passports of the Unit Holders and service providers attending.
- 3) A copy of the proxies or authorizations to attend by the Unit Holders and service providers.
- 4) A copy of the civil ID cards or passports of the proxies or delegates of Unit Holders and service providers.
- 5) A copy of the signature authorization (bank or any other official document) of the Unit Holder who signed the authorization to attend.

The resolutions of the Unit Holders assembly shall only be implemented with the approval of the Authority. The Authority may object or qualify any resolution contained in the minutes of the meeting if it is inconsistent with the Law, Bylaws, circulars and resolutions issued by the Authority or the Fund's Articles of Association, or outside the powers of the entity concerned with the implementation of that resolution.

The objection or reservation must be reasoned, and the entity that called for the meeting shall be notified of it within ten days from the date of providing the Authority with the minutes of the meeting. In this case, the resolution is not considered enforceable, and the Authority may request that the matter be presented to the Unit Holders assembly of new units, if necessary.

11. Each of the Unit Holders registered in the Fund's register has the right to view the minutes of the meeting of the Unit Holders assemblies or to obtain a copy thereof from the party that called for the meeting, as the case may be.

## **Article 35**

### **Fund Dissolution and Liquidation Events**

Fund terminates in the following cases:

- 1) The expiry of the period specified in the Articles of Association, unless it is renewed in accordance with the rules set forth in the Articles of Association.
- 2) The end of the purpose for which the Fund was established, or if it is impossible to achieve the objective.
- 3) Damage or destruction of all or most of the assets of the Fund, so that it is impossible to invest the remainder in a feasible investment.
- 4) At the request of the Fund Manager, provided that a decision is approved by the Unit Holders assembly who own more than 50% of the Fund's capital, to dissolve it before the expiry of its term.
- 5) Issuance of a resolution by the Authority to cancel the license of the Fund.
- 6) Issuance of a court ruling to dissolve and liquidate the Fund.
- 7) The Fund Manager is exposed to an issue that impedes its ability to continue managing the Fund, such as liquidation, bankruptcy, or revocation of its license, unless a replacement Fund Manager is appointed.

## **Article 36**

### **Fund Liquidation Procedures**

Upon recognition of one of the cases stipulated in the preceding article of these articles and the approval of the Authority, the Fund enters the liquidation period, and during the liquidation period it retains the legal personality to the extent necessary to complete the liquidation, and the phrase (under liquidation) must be added to the name of the Fund clearly written in the correspondence issued on behalf of the liquidating party, Official Announcement of the Fund liquidation must be completed.

In the liquidation of the Fund, the provisions stipulated in the following clauses shall be followed:

1. The terms of all debts owed by the Fund shall forfeit from the date of announcing the dissolution of the Fund and notifying the creditors of the opening of the liquidation, and the liquidator shall formally notify all creditors of the opening of the liquidation and invite them to submit their requests to pay off their debts within forty-five days from the date of announcing the dissolution of the Fund. Creditors may be notified by means of an announcement, and in all cases the notification or announcement must include a grace period for the creditors of not less than fifteen working days to submit their requests.
2. When the Fund terminates, the authority of the Fund Manager shall terminate. Nevertheless, the manager remains in charge of managing the Fund until a liquidator is appointed and exercises his powers, provided that he does not accept any new subscription requests or enter into new investments in the Fund.
3. During the liquidation period, the Fund's service providers shall continue to provide their services unless the liquidator decides - upon the Authority's approval - that there is no need for them to continue providing these services, or replace them with others, or merge some tasks with one service provider. In all cases, the External Auditor may not be terminated throughout the liquidation period.
4. A Fund Manager or service providers may be appointed as a liquidator for it, and the liquidator may also be appointed from among the persons licensed to practice the activity of a collective investment scheme manager, an investment portfolio manager, an Investment Controller, a Custodian, or External Auditors registered with the Authority. In all cases, the liquidator shall not be appointed except after

the approval of the Authority, taking into account not to combine the functions of the liquidator and the External Auditor.

The liquidator shall not commence his duties until after the decision of his appointment has been announced.

5. A liquidator shall be appointed by a resolution issued by the Unit Holders Assembly, except in cases where the Authority decides to appoint a liquidator in accordance with the provisions of the Executive Bylaws. In the event that a liquidator is selected by the Unit Holders, the prior approval of the Authority must be obtained to appoint the liquidator.

In all cases, the entity that selects the liquidator shall determine his fees and the period of liquidation, provided that the Fund bears the liquidator's fees.

6. The liquidator shall be replaced by a resolution of the entity that appointed him. In all cases, the Authority may, at the request of the Fund liquidator, one of the Unit Holders, or the Fund creditors, or on its own, issue a resolution to replace the liquidator if it sees an acceptable justification for that, and every resolution to replace the liquidator must include the appointment of a replacement. The new liquidator shall not commence his duties until after the resolution containing the replacement and his appointment as liquidator has been announced. The former liquidator shall cooperate fully in order to help facilitate the smooth transfer of responsibilities to the replacement liquidator within sixty days of the appointment of the replacement liquidator, and the former liquidator shall submit to the replacement liquidator all contracts relating to the Fund, where applicable.

7. The liquidator shall perform all actions required to liquidate the Fund, provided that he adheres to the following:

- a. Compliance with the Law, Bylaws, circulars, resolutions and instructions issued by the Authority.
  - b. Take all necessary steps immediately to rectify any failure to fulfill his obligations stipulated in the Bylaws and any instructions issued by the Authority.
  - c. Representing the Fund before the courts and others.
  - d. Due diligence of a person who is keen to preserve the Fund's assets and rights.
  - e. Paying the Fund's debts.
  - f. Allocating amounts for disputed debts and Fund obligations.
  - g. Selling the assets of the Fund, immovable or movable, by public auction, by bidding, or in any other way that guarantees obtaining the highest price, unless the resolution to appoint it stipulates that the sale should be conducted in a specific way.
  - h. Divide and distribute the liquidation output among the Unit Holders.
  - i. Provide all necessary information about the Fund to service providers to enable them to carry out their tasks effectively.
  - j. Provide a copy of the Fund liquidator's report on the quarterly liquidation work, which is submitted to the Authority, or the minutes of the meeting of the Unit Holders assemblies, or the financial statements to the Unit Holders, if requested.
  - k. Keep books and documents related to the liquidation of the Fund for a period of five years from the date of deregistration of the Fund from the Authority's register.
8. The liquidator may not start new business unless it is necessary to complete previous business, nor may he sell the assets of the Fund as a whole, or reconcile over its rights, or accept arbitration in disputes related to liquidation work, or conduct transactions with related parties, or make distributions in kind, except with the approval of the Unit Holders.

9. The Fund Manager must submit the Fund's accounts and hand over its books, documents and assets to the liquidator within thirty days from the date of declaring the resolution to appoint the liquidator. Service providers are also obligated to provide the liquidator with any data or information pertaining to the Fund. Liquidator makes an inventory of the Fund's assets and determines its financial position, including its rights and obligations, and he may seek the assistance of service providers for this purpose. The liquidator keeps the books necessary to record the liquidation, while providing the Authority - within three months from the date of Official Announcement of the Fund's liquidation and the liquidator's commencement of his work –with the following:
- a) Fund's financial position report, provided that it is audited by the Fund's External Auditor.
  - b) Unit Holders Register as of the date of Official Announcement of the liquidation.

In the event that the Fund liquidator is replaced, the obligations stipulated in this article shall apply to each of the previous Fund liquidators, the replacement liquidator, and the service providers, each in the area of their competence.

10. The liquidator shall complete the liquidation works within the period specified in the resolution appointing him. If the period is not specified, the Authority shall determine it based on the request of the concerned parties. The period may be extended by a resolution issued by the body that selected the liquidator after reviewing his report, which includes the reasons that prevented the completion of the liquidation within the specified period. The period may also be extended by a resolution issued by the Authority at the request of the liquidator in the event that it is not possible to extend the period by the entity that selected the liquidator,

and any interested party may request the Authority to shorten this period with a statement of the reasons.

11. Each Fund under liquidation shall have a Unit Holders assembly, and the Fund liquidator shall invite the Unit Holders assembly to a meeting during the Fund's fiscal year, in order to discuss the financial statements for the ended year, the External Auditor's report, and the annual report on the liquidation and ratification activities. He may call the association to meet at any time if the liquidation works so require.
12. The liquidator shall divide the remainder of the Fund's assets and distribute the liquidation proceeds to each subscriber in proportion to the number of his units in the Fund's capital, after paying his debts and obligations related to the liquidation works that have been allocated for this purpose. In all cases, it must be taken into account that no additional expenses are charged to the Fund, which would affect the share of some Unit Holders without the rest.
13. Upon completion of the liquidation of the Fund and the division of its assets, the liquidator shall submit to the Authority a final audited account and a certificate of no lawsuits filed by or against the Fund issued by the competent authority, in addition to submitting a copy of the zero bank account statement. The liquidator must also present the audited final account to the Unit Holders assembly, and the liquidation work ends with the ratification of the closing account by the Unit Holders. The liquidator shall request the Authority to announce the completion of the liquidation and to cancel the registration of the Fund from the Funds Register with the Authority after completion of the liquidation.
14. The liquidator is obligated to submit a quarterly report to the Authority on the liquidation work in accordance with the form contained in Appendix No. (10) of Module Thirteen (Collective Investment schemes) of the Bylaws, in addition to

submitting the reviewed and annual audited interim financial statements and the External Auditor's report for the Fund under liquidation within a maximum period of thirty days from the end of the period for which the report on liquidation work and financial statements is prepared. The Authority may also request the liquidator to provide it with any information or reports whenever it deems necessary.

15. The liquidator shall be liable for compensation for damages sustained by the Fund, Unit Holders or third parties due to his exceeding the limits of his authority or as a result of errors committed by him in the performance of his work. In the event of multiple liquidators, they shall be jointly liable. The end of the liquidation is not invoked against others except from the date of the Official Announcement.

## **Article 37**

### **How to Amend the Articles of Association of the Fund and its Appendix**

1. The Fund Manager may not make any amendments to these Articles of Association or to the Appendix except after approval of these amendments by the Authority. If it finds in the proposed amendments what affects the acquired rights of the Unit Holders, the Authority may request the Fund Manager to obtain the approval of more than 50% of the capital of these amendments.
2. The manager may take written or electronic approvals from the Unit Holders in relation to the amendments to the Appendix only.
3. No amendment to the Articles of Association of the Fund or the appendix shall be implemented except after the approval of the Authority with immediate effect or at the date specified by it.
4. Fund Manager must notify the Unit Holders of any amendment to any of them, within a period not exceeding ten working days from the date of the Authority's



approval of this amendment, and the Unit Holders will be notified of the amendments through one of the following means:

- 1) Modern means of communication, for example, social media channels such as “WhatsApp” or “Telegram”, short message service (SMS), and official books.
- 2) E-mail

## **Article 38**

### **Method of Correspondence with Unit Holders**

Correspondence:

All correspondence shall be directed by any subscriber to the Fund Manager at the last address registered in the Fund's records, which is as follows:

Company: Ahli Capital Investment Company

Address: Baitak Tower-Floor 16, Block 10, Abdullah Al-Salem Street, Qibla, Kuwait City

P.O. Box 1387 Safat, Postal Code 13014 State of Kuwait.

Fund Manager's website: <https://www.abk-capital.com>

Email: [ABKCapital\\_InvestmentAdvisory@abk-capital.com](mailto:ABKCapital_InvestmentAdvisory@abk-capital.com)

Phone: +965 1832832

Fax: +965 22466187

## **Article 39**

### **Complaints Procedures**

In the event of any complaint, the Unit Holders shall submit the complaint by one of the following methods:

1. Personally, to the Complaints Unit at the premises of the Fund Manager (Address: Baitak Tower-Floor 16, Block 10, Abdullah Al-Salem Street, Qibla, Kuwait City).
2. Via mail in the name of the Head of Complaints Unit, P.O. Box 1387, Safat, 13014 State of Kuwait.
3. Via email in the name of the Head of Complaints Unit on: [ABKCapital COMPLAINTS@abk-capital.com](mailto:ABKCapital COMPLAINTS@abk-capital.com).

## **Article 40**

### **Court or Arbitration**

These articles shall be governed and interpreted in accordance with the provisions of the Kuwaiti law, and the Kuwaiti judiciary alone shall have jurisdiction over all disputes related to it or arising from it. The provisions of Law-Decree No. (7) of 2010 regarding the Capital Markets Authority and its Executive Bylaws and amendments thereto, as well as the regulating decisions and conditions of the supervisory authorities shall apply to what is not mentioned in the text of these articles.

## **Article 41**

### **Money Laundering and the Financing of Terrorism**

The Fund Manager must comply with the resolutions and instructions of the Capital Markets Authority, in particular Module 16 (Anti-Money Laundering and Combating the Financing of Terrorism) of the Executive Bylaws. Manager must also comply with the laws of the State of Kuwait regarding Anti-Money Laundering and Combating the Financing of Terrorism and the international legitimacy resolutions issued in this regard and any subsequent resolutions and instructions issued regarding Anti-Money Laundering and Combating the Financing of Terrorism.

## **Article 42**

### **Additional Provisions**

Without prejudice to Article (27) of these articles, the net assets of the Fund may be valued at the end of each month for the purposes of preparing financial reports only, provided that the Fund's units are not transacted in accordance with this valuation.