

NCB Capital Company

Changes to the Terms and Conditions of AlAhli Health Care Trading Equity Fund

11 May 2016

Valued Unitholders

AlAhli Health Care Trading Equity Fund

Pursuant to CMA approval and in order to ensure compliance with the Investment Funds Regulations, this is to inform you that changes will be made to the Terms and Conditions of AlAhli Health Care Trading Equity Fund (“the Fund”). These changes also include changing Valuation Days and Dealing Days, and amending the Fund’s strategy and benchmark. Such changes have been made for the benefit of unitholders in order to potentially improve returns over the long run.

We are pleased to set out below a summary of the material changes that have been made in the Terms and Conditions of the Fund. These changes shall take effect and will be applied to the Fund’s Terms and Conditions after at least 60 calendar days from the date hereof.

Yours faithfully,

NCB Capital

A. Changing the Valuation Days and the Dealing Days:

Amend the Valuation Days and the Dealing Days wherever they appear in the Fund’s T&Cs. Valuation Days will be five days a week (from Monday to Friday) instead of two days a week to increase the level of transparency of the Fund monetary value. In addition, Dealing Days will be four days a week (from Monday to Thursday) provided that they are business days in Saudi Arabia and the United States due to the fact that the Fund invests globally.

B. Currency of the Fund

In line with the requirements of paragraph (7) of Annex (1) of the IFRs, a paragraph will be added to cover cases of participation in another currency that is different from the currency of the Fund will be converted to at the exchange rate prevailing at the time of the subscription. The Unitholder shall be responsible for any fluctuation in exchange rate.

C. Principal Risks of Investing in the Fund

Additional risk factors will be disclosed including but not limited to the risks of Shariah Compliant investment, geopolitical risk and other applicable risks factors.

D. Fund Objective

AlAhli Health Care Trading Equity Fund is an open-ended investment fund which aims to achieve capital growth over the medium to long term through investing in the securities of health care and health care related companies listed on global stock markets in line with the Shariah Guidelines.

Fund Benchmark: MSCI ACWI Islamic M Series Healthcare. Investors can monitor the benchmark performance on NCB Capital’s website.

E. Principal Investment Strategy

- The Fund invests primarily in the listed equities.
- The Fund's investments will be concentrated in the stocks of health care and health care related companies.
- The Fund will be actively managed; the Fund’s investments are subject to the Fund Managers investment process which includes quantitative screens, company analysis and a rigorous review discipline through conducting fundamental analysis of companies, management assessment, level of risk, and future strategies. The Fund may hold non-invested cash as cash or Shariah complaint money market and murabaha funds.
- The Fund will not invest in securities other than those mentioned above.
- The Fund shall comply with the applicable provisions of the IFRs as well as of Article 39 of the Investment Funds Regulations, "Investment Limitations". In addition, the following restrictions shall be applied as a percentage of the Fund NAV:

Type of Investment	Min	Max
Listed Equity	90%	100%
Cash and Shariah Complaint Money Market Fund	0%	10%

- The Fund may obtain Shariah compliant finance for investment purposes provided that such financing shall not exceed 10% of its net asset value and that the term shall not exceed one year, except for borrowings from the Fund manager or affiliates to meet redemption requests.

- Securities markets on which the investment fund buy and sell Fund investments are international reputable markets.
- The Fund has the right to invest up to 10% of its NAV in Shariah complaint mutual funds that invest in money market provided that they approved to be publicly offered by the CMA or other reputable regulators subject to jurisdiction which is at least equivalent to that applied to investment funds in Saudi Arabia. Such investment funds will be screened based on liquidity, level of risk, and manager reputation.
- The Fund may invest up to 10% of its NAV in a market or markets using derivative securities for only hedging purposes against currency risk subject to approval from the Shariah Board.

F. Fees and Expenses

NCB Capital would like to introduce a subscription fee of up to 2% of each subscription.

G. Auditor

NCB Capital nominated KPMG Al Fozan & Partners replacing the current auditor Ernst & Young, and the Fund Board has approved the appointment of the new auditor. Changing the auditor would increase the independence of the audit process.

H. Fund Manager

- The paragraph will be redrafted with further disclosure in accordance with the requirements of Annex (1) of the Investment Funds Regulations.
- Additional disclosure of potential conflicts of interest will be incorporated as required by paragraph (15) of Annex (1) of the Investment Funds Regulations.

I. Confidentiality

- Changed the title of the paragraph to “Other Information” in order to be consistent with Annex (1) of the Investment Funds Regulations.
- Disclosure of the suspension of transactions (subscriptions and Redemptions) in the event of the unitholder’s death or disability.
- Disclose The Fund Manager compliance with the Anti-money Laundering and Counter-Terrorist Financing Regulations issued by the CMA.
- Disclose the obligations of the Fund Manager.
- Disclose that the Fund Manager does not give any representation or guarantee in respect of the performance or profitability of any investment.
- It is the responsibility of unitholders to provide the Fund Manager with right contact details.
- Should any provision of this agreement be or become invalid or unenforceable, the remaining provisions shall remain in full force and effect.
- Pursuant to paragraph (b) of Article (13) of the Investment Funds Regulations – “Requirement to Produce Terms and Conditions”, the terms and conditions of the Fund shall be in Arabic.

J. Subscription and Redemption Procedures

- NCB Capital will change and unify the subscription/redemption and switch in cut off time across all sales channels (branches, Phone, Internet) to be at 12:30 PM on the Saudi Business Day prior to the target Dealing Day.
- A Dealing Day shall be Saudi Business Day and U.S. Business Day (Monday to Thursday) since the Fund invests internationally.

- Timeframe for payment of redemption proceeds to client accounts has been extended to four business days (provided that they are Business Days in the U.S. and in Saudi Arabia) after the valuation point to have more sufficient time for the Fund Manager to deal with heavy redemptions and remain within the time limit specified in Investment Funds Regulations set in Article (46) “Pricing, Valuation and Redemption”.

K. Fund Manager Investment in the Fund

This paragraph will be added to reflect the possibility of the Fund manager investment in the fund, its size, and the timing of its disclosure.

L. Complaints Procedure

Specify the different channels to send complaints to the Fund Manager which are website and phone.

M. Summary of Financial Disclosure

In line with the best international practices in managing investment funds, the Basis of calculating expenses will change from 360 days to 365 days or 366 in case it is a leap year. This will be reflected in the Summary of Financial Disclosure.

N. Other Changes

Certain sections of the Terms and Conditions will be amended and re-arranged in order to comply with the requirements of Annex (1) of the Investment Funds Regulations. The following provisions have also been added:

International Investment Fund, Initial Offers, and Early Redemption Fee.

O. The following clauses have been amended linguistically:

Fund Manager’s Head Office Address and further information, Winding up and Appointment of a Liquidator, Custodian, Annual Audited Financial Statements, Islamic Shariah, Fund Termination, Reporting to Unitholders, Conflicts of Interest, and Custodian.

P. Deleting the repeated clauses

The following clauses either since they repeat what is already mentioned in other clauses throughout the Term & Conditions or not required as per Annex (1) of the Investment Funds Regulations:

Fund Structure, Responsibilities, Islamic Shariah, and Appendix (1): Investment Restrictions.