



Markaz Fund for Excellent Yields
Prospectus

Fund Manager

Kuwait Financial Centre (S.A.K) announces the availability of investment Units for public subscription of The Markaz Fund for Excellent Yields, in accordance with the provisions of the Law Decree No. 31 for the year 1990 regulating the trading of Financial Securities and establishment of Investment Funds and its Ministerial Resolution No. (113) for year 1992 and the subsequent amendments thereto. And pursuant to the approval of the Ministry of Commerce & Industry as well as the Central Bank, the Fund terms are summarized as follows:

1-Fund's Name:

"MARKAZ Fund for Excellent Yields".

2- Fund's Objectives:

The Fund aims at investing the money in favor of Kuwaiti citizens, Gulf Cooperation Council countries' citizens, and foreigners, whether natural or nominal persons, in accordance with the law, and to achieve yields that exceed Kuwait Investment Company index, by selling and buying the securities of the companies listed on Kuwait Stock Exchange as well as the other Gulf and Arab stock markets, in addition to primary bonds issues, Government bonds, and public subscriptions expected to be listed in those markets.

Cash surplus may be invested in short and medium term investments, provided that such investments shall be temporary to be liquidated when appropriate investment opportunities arise. The purpose of such investments is to maximize returns on cash surplus in short and medium term; which may include bonds, units of money market funds, treasury bonds of short and medium term, and other similar investments.

3- Fund's Capital:

The Fund capital is open-ended and shall range from KWD 5,000,000/- (Kuwaiti Dinars Five Million only) as minimum and KWD 100,000,000/- (Kuwaiti Dinars One Hundred Million only) as maximum.

4- Nominal Value of the Unit:

The Investment Units in the Fund are nominal, and the value of each is KWD 1/- (Kuwaiti Dinars One only).

5- Fund's Term:

The term of the Fund shall be fifteen (15) calendar years, commencing from the date of publishing the approval to establish the Fund in the official gazette and shall be renewed for similar period or periods upon the approval of the Investors, who hold more than fifty percent (50%) of the issued Investment Units.

6- Right to subscribe to the Fund:

Subscription to the Fund is permitted for the Kuwaiti citizens, Gulf Cooperation Council Countries' citizens, those residents of the State of Kuwait - regardless of their nationality, the enterprises and companies and other institutions having independent corporeal identity. It is inadmissible to subscribe in the Fund with in- Kind shares of whatever type.

7- Subscription Period:

Subscription will remain open throughout the period specified in the invitation and it may not be closed, until this period ends. If this period comes close to an end without covering all the Units, the Fund Manager may request extending it to a similar period, unless the Fund Manager covers the value of the Units that were not subscribed for but not to exceed the maximum limit required to subscribe for.

If the period specified for the subscription elapsed without covering all the offered Units, the Fund Manager will be entitled to ask the Ministry of Commerce & Industry to reduce the Fund's capital to the limit it was covered by the capital, provided this limit is not less than fifty percent (50%) of the total value of the Units that were offered. Besides, it may abstain from establishing the Fund and in the last case, the Fund Manager must return to the subscribers the sums they paid as well as the interest earned while deposited at the bank, or with the party who received the subscription applications, within a period not exceeding ten days from the date it receives a request thereof.

8- Minimum and Maximum Limit for Subscription:

The minimum limit to subscribe in the Fund for the first time will be (100) One Hundred Units, then will be (10) Ten Units when subscribing thereafter. The maximum Units' limit an Investor may own in the Fund will be equivalent to seventy five percent (75%) of the Fund's issued Units.

9- Fund Manager's Subscription:

The Fund Manager shall subscribe to the Fund for not less than Five percent (5%) of the Fund's capital and the Fund Manager's Units, may not fall below Five Percent (5%) of the Fund's total issued Units as long as the Fund exists. The maximum limit for the Fund Manager's Unit shall be Seventy Five percent (75%) of the issued Investment Units. The Fund Manager may cover the Units not subscribed for, if the investors did not cover them during the subscription period, provided it does not exceed the maximum limit required to subscribe for.

10- Subscription Applications Submittal:

1) The applications for subscribing in the Fund shall be available with the Fund Manager and must be submitted

to it after being filled out completely, in accordance with the instructions stated therein. Furthermore, the Fund Manager may refuse any application not satisfying any of the required information.

- 2) The subscription applications must be submitted for one name only, and those submitted for several names will be excluded. As for the applications submitted by minors, their legal guardian must sign the application and mention the capacity by which he is signing and must enclose supporting evidence thereof.
- 3) The Fund Manager and the Placement Agent shall not accept cash payments from any Subscriber, whose total exceeds during any one day three thousand Kuwaiti Dinars (KD 3,000) or its equivalent in foreign currencies, in settlement of the Subscription Amount; where any excess over this limit may be settled by other non-cash means of payment, such as cheques, bank transfer or point-of-sale service (K-NET).
- 4) In the event that the submitted applications are from individuals by virtue of an official power of attorney, from enterprises, companies or institutions having independent nominal identity, then the person signing the application must state the capacity, by which he is signing and must enclose supporting evidence thereof.
- 5) The application shall be submitted accompanied by official documents identifying the Subscriber's identity as follows:
 - Civil ID card for Kuwaiti individuals and non-Kuwaiti residing individuals provided that such card is valid.
 - Travel document for the individuals not residing in State of Kuwait provided that such document is valid.
 - The license issued by Ministry of Commerce & Industry for sole proprietorships in addition to the business owner's civil ID card provided that such documents are valid.
 - The license issued by Ministry of Commerce & Industry as well as Authorized Signatures Form for commercial companies provided that such documents are valid.
 - Official documents, for individuals and other local entities and bodies and the documents issued or approved by the state concerned authorities to which non-resident businesses, firms and companies belong.
 - The papers, documents, instruments, and court judgments which prove the capacity of the person action on their party behalf and that they are authorized to represent their principal.

Any application can be refrain from executing the transaction in case a copy of personal identity document of the subscriber is not furnished , Forbidden any subscription with faked names, and will exclude all requests that violate the law or Articles of the Fund.

- 6) The Investment Units will be traded, by selling or buying, upon concluding the allotment procedures, on any working day.

11- Allotment:

- 1) The Fund Manager's Units will be excluded from the capital subscribed for prior to the allotment.
- 2) The duplicate applications for subscriber shall be excluded and only the application containing the largest number of Investment Units will be considered.
- 3) In the event that the size of subscription exceeded the Fund's capital, the Investment Units will be distributed among the subscribers pro rata to what they had subscribed for, after distributing the minimum limit for subscription to all the subscribers.
- 4) The Investment Units will be allotted to the subscribers within fifteen (15) days from the ending date of the subscription period.
- 5) The sums in excess of the value for what it was allotted from Investment Units shall be returned to the subscriber during one week from the date of concluding the allotment procedures. No interest on these sums will be payable.

12-Fund Manager:

Kuwait Financial Centre S.A.K. («Markaz»), established in 1974, is one of the leading investment institutions in Kuwait. Markaz offers quality asset management, investment advisory, as well as state-of-the-art investment services, covering the Middle-East, Europe and the United States. Markaz is also active in managing real estate funds and transactions, both locally and internationally.

13- Custodian:

Kuwait Clearing Company (S.A.K.).

14-Auditor:

Bader & Co. - Price Waterhouse Coopers.

15-Legal Advisor:

Dr. Bader Jassim Al-Yaqoub

16-Disclosure of Information:

- 1) The Fund Manager undertakes to prepare quarterly, semi-annually and end-period reports every year, so as to demonstrate the Fund's activity during the reporting period. Also, it must issue quarterly and semi-annual reports within thirty days following the conclusion of that period, which must contain the financial statements after having been reviewed by the Auditor. As for the annual report, it must be issued within forty-five (45) days from the year-end, containing the Annual Financial Statements, after the Auditor's have examined and issued their opinion in accordance with the international accounting principles. Copies of those reports must be dispatched to the Supervisory Authority. Moreover, the Fund's annual financial statements must be published in two daily newspapers, at least, following the approval thereof by the Supervisory Authority. Copies of the Fund's annual report must be forwarded to the Investors, who have the right to peruse these reports.
- 2) The Fund Manager must disclose to the Investors any data or information that may have genuine impact on the value of these Units, as well as the procedures it carried out to encounter the same.
- 3) The Fund Manager shall compute the net profit of the investment in the Fund, on a weekly basis. Moreover, the Fund Manager shall announce the total net profits realized from investing the Fund's Capital at the week that follows valuation.

17-Subscription and Redemption:

The Investors are entitled to redeem their Units and the others are also entitled to subscribe to the Fund by submitting an application, by that means, to the Fund Manager. Valuation of the Units for the purpose of redemption and subscription will be carried out according to the valuation announced at that time, and pursuant to the approval of the Fund's Supervisory Authority, as follows:

- 1) The redemption and subscription process shall commence on the date determined by the Fund Manager, which is six months following the conclusion of the initial subscription and allotment procedures, thereafter it will be carried out on a weekly basis. Besides, announcing the valuation of the Fund's Units shall take place at the week that follows the valuation.
 - 2) The subscriber may resell all or part of the subscription Units owned by him directly to the Fund according to the computed price, as mentioned in Article No. (31) of the Articles of Association related to the Fund..
 - 3) The redemption and subscription process will be confirmed and executed on weekly basis. The redemption application will cease to be valid if not submitted to the Fund Manager at least two working days prior to the weekly valuation date, and the applicant must renew his application for the subsequent period.
- * The number of Units to be redeemed must not be less than 10 Units.
- 4) Valuation shall take place at the end of the last working day of each week.
 - 5) If the difference between the number of Units to be redeemed and the Units to be invested in, exceeded twenty five percent (25%) of the Fund's capital issued prior to the deadline specified for receiving the redemption and subscription applications, then the Fund Manager may suspend the redemption process for that period, following the approval of the Supervisory Authority, or it may reduce the number of redeemed Units using the pro rata basis whereby the total redemption does not exceed twenty five percent (25%) of the Fund's capital.
 - 6) If the subscription applications exceeded the maximum limit of the authorized capital, the allotment of the Units to the new subscribers shall be performed on pro rata basis.
 - 7) The Fund Manager is entitled, at any time, to suspend the redemption process for a period or periods it deems appropriate in the cases determined by the Fund Manager, according to its discretionary authority and following the approval of the Supervisory Authority.
 - 8) The redemption will be according to the announced valuation price of the net assets value as stated in Article (31) and as the Custodian determines by virtue of the provision of the Articles of Association, less the redemption charges, which amount to quarter percent (0.25%) of the Unit's net value. The subscription

will be according to the valuation price announced at that time plus the subscription fees, which amount to quarter percent (0.25%) of the Unit's net value.

- 9) Trading of the Units will be carried out by selling or buying in the manner stated in Article (21) of the Articles of Association, by way of filling out the subscription application prepared thereto and submitting the same to Fund Manager together with the required documents and the value of the Investment Units to be bought, while observing the minimum and the maximum limits stipulated in the Articles of Association.
- 10) The redemption requests may be made over the telephone (after filling out the portion designated thereto in the subscription application), or by registered mail to the following address: Markaz Fund For Excellent Yields, P. O. Box no. 23444 Safat - 13095 Kuwait, or via fax number (2425828) or any other fax to be reported to the Investors in the Fund.
- 11) The value of the redeemed Units will be dispatched to the Investor on the address stated in the subscription or transfer application directly to the Investor's account at any Kuwaiti Banks.
- 12) Payment of the redeemed Units' value will be made on the workday following the valuation date.

18 - Investment Units Valuation:

Computing the net market value of a single Unit in the Fund shall be carried out at the last working day of the week, excluding the official holidays as well as the holidays of the Fund Manager, where the valuation results will be announced on the first working day of the week that follows. The Units net market value would be the outcome of adding the value of all the assets owned by the Fund plus the liquid cash and any other assets, then subtracting the Fund obligations and then dividing the outcome of these mathematical operations by the number of the issued Investment Units. The Fund Manager shall perform the valuation, and shall also issue the decisions necessary for the valuation procedures, and shall determine the timing thereto.

19 - Investment Policies, Methods and Risks:

- 1) The Fund Manager shall have all the authorities required to manage the Fund and directs its investments in a manner not contradictory to the provisions of the applicable law, the Articles of Association or whatever instructions issued to it by the Supervisory Authority. Also, the Fund Manger may appoint a deputy to manage any part of the Fund's investments and the Fund Manager shall shoulder the fees of whomever it sought assistant from. Besides, the Investors in the Fund will not be entitled to interfere in the management of the Fund.
- 2) The Fund shall adopt a balanced investment policy aiming at achieving a yield to the Investors that is higher than the index of Kuwait Investment Company. The Fund Manager undertakes to exert its best efforts in managing the Fund's investments in a manner congruent with the profession requirements, yet it does not guarantee any profits or yields to the investors> consequent to its management of the Fund's Capital. The Fund Manager, its employees, workers or agents will not be responsible, in any way whatsoever, for any losses or damages the Investors may incur as result of investing in the Fund, unless the same was a result of violating the provisions of the Law-Decree No. 31 for year 1990 or its Executive Regulations, the Articles of Association, or as a result of misuse of the authority vested in it, willful error or gross negligence in managing the Fund's Capital from the side of the Fund Manager or any of its affiliates mentioned above.
- 3) Investing in the Fund entails the risks usually associated with investment in the money market, lending and interest rates fluctuations.
- 4) The expenses, expenditures, wages and costs the Fund undertakes to pay subsequent to its establishment shall be accounted for as establishment expenses, which the Fund shall bear over five years period, while the remaining thereof will be incurred in full by the Fund in the event it is liquidated earlier than five years.
- 5) The Investment Units in the Fund represent investment instrument that are tradable and redeemable, thus providing liquidity and flexibility to the Investors in the Fund.

20-Profit Distribution Policy:

The Fund Manager may, following the issuance of the semi-annual and annual financial statements and as it deems appropriate for the interest of the Fund and the Investors, determine the portion to be distributed to the Investors as yield on the Investment Units. It shall announce the distribution and its timing in at least two local daily newspapers issued in Arabic language. The Fund Manager may distribute that portion of the Investment yield in the form of cash, by distributing Units in the Fund free of charge, or the two methods concurrently, provided that the distribution is carried out within a maximum period of three months from the publishing date, after obtaining the approval of the Supervisory Authority.

21-Fund Manager Fees:

The Fund Manager shall receive annual fees excluding Brokerage Fees at the rate of one and a half percent (1.5%) of the Fund's Net Assets Value, to be calculated weekly and paid on quarterly basis, provided that the maximum limit of the Fund Manager's fees does not exceed five percent (5%) annually. Unless upon the approval of the Ministry of Commerce & Industry and the Central Bank of Kuwait.

22 -The Custodian Fees:

The Custodian shall receive annual fees at the rate of 0.125% of the Net Assets Value. These fees shall be calculated on weekly basis and will be deducted on quarterly basis.

23-Financial Obligations:

- 1) The fees of the Fund Manager and Custodian, the fees of the Fund's auditors, and legal advisor, the fees for evaluating the Fund's assets and those for registration and subscription at Kuwait Stock Exchange, and the direct and indirect expenses in relation to the activity of the Fund within the Fund expenses, shall be accounted for as Fund's expenses. The Fund's annual expenses must not exceed one and a half percent (1.5%) of the net market value of the Fund's assets, excluding annual fees due to the Fund Manager and the Custodian.
- 2) The Fund Manager shall deduct a percentage of the Fund's profits under the Fund's disbursements and expenses account, to be accounted for as obligations against the Fund (obligations' entries) at the time of distributing the Fund's profits, during the first six months of each fiscal year and it shall deduct all these expenses prior to the distribution during the subsequent six months.

24-Cases and Procedures of Liquidation:

The Fund shall be liquidated for any of the following reasons:

- 1) Conclusion of the tenure specified for the Fund.
- 2) Accomplishment of the purpose for which the Fund was established.
- 3) Termination of the Fund Manager's Company or declaration of its bankruptcy, unless it is replaced by another Fund Manager.
- 4) Issuance of a court ruling stipulating the dissolution of the Fund.
- 5) If the value of Investment Units declined below fifty percent (50%) of its price during the last valuation thereto, conditional upon the approval of the Supervisory Authority. And if the value of the Fund's capital declined below KWD 5,000,000/- (Kuwaiti Dinars Five Million only), the Fund Manager will be entitled to adopt a decision to liquidate the Fund.
- 6) Striking out the Fund from the Investment Funds Register at the Ministry of Commerce & Industry and the Central Bank of Kuwait.
- 7) If the Supervisory Authority foresaw, on its own discretion, to liquidate the Fund, or upon request from the Fund Manager and for reasons determined by the Supervisory Authority in both cases.
- 8) Sanction by seventy five percent (75%) of the Fund investors on the liquidation, upon a request from those holding five percent (5%) of the Units or the Investment Units, which must be submitted to the Supervisory Authority.
- 9) Any other reason as stipulated in the Fund's Articles of Association.

The Fund Manager shall liquidate the Fund in accordance with the procedures stated in the Fund's Articles of Association.

25-Listing on the Stock Exchange:

The Fund Manager may, according to its discretionary authority, list the Investment Units of the Fund in Kuwait Stock Exchange, after the conclusion of the allotment procedures, in accordance with rules applied by the Stock Exchange Management in this regard.

26-Auditor's Opinion Regarding the Details Stated in this Prospectus:

"To approve the details contained in the invitation to subscribe to the Fund".

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