

**SUEZ CANAL BANK**

**Suez Canal Bank  
Mutual Fund  
Of  
Periodic and Cumulative Dividend  
Authorization No.(143) issued  
by the Capital Market Authority on 24.3.1996**

**PUBLIC SUBSCRIPTION PROSPECTUS**

**Public Subscription Prospectus**  
**For the Suez Canal Bank Mutual Fund**  
**of Periodic Cumulative Dividend**  
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**1. Definition of the Mutual Fund**

By the "Fund" is meant the Suez Canal Mutual Fund, hereinafter called the "Fund", established by Suez Canal Bank under the provisions of the Capital Market Law promulgated by Law No.95/1992 and its Executive Regulations, the CBE consent and the Capital Market Authority consent issued on 24.3.1996 for exercise of the Fund activity.

**2. Objective of the Mutual Fund:**

Investment in a diversified portfolio of domestic and foreign shares and bonds and government securities, to be managed by specialized experts to maximize the annual return of the Fund Securities portfolio, to be distributed to certificate-holders and to develop the invested capital.

**3. Term of the M.F.**

Twenty-five (25) years starting from the date of authorization for the Fund to exercise its activity

**4. Currency of the M.F.:**

Acceptance of Subscriptions to the Fund as well as evaluation of its assets and liabilities shall be in Egyptian pounds. So will be payment of redemption of the certificates

**5. The amount allocated for exercise of activity**

The Bank has allocated for exercise of the Fund activity the sum of L.E.5 million represented in 10 000 (ten thousand) certificates that shall be redeemable only at the termination of the Fund term unless it is renewed. The nominal (par) value of each certificate is L.E.500 (five hundred Egyptian pounds)

## **6. Value of the M.F. investment certificated floated for public subscription**

The Bank shall float 190 000 (one hundred and ninety thousand) certificates for public subscription. The nominal value of each of which shall be L.E.500 and the total amount thereof shall be L.E.95mn. (ninety-five million Egyptian pounds). Such certificates shall be nominal instruments of the following denominations: 1,5,10,25,50,100 and 1000 certificates

All certificates shall be on an equal footing as to rights and obligations towards the Fund and the holders thereof shall share in the profits or losses resulting from investments of the Fund, each pro rata his certificate holding, as well as in regard to the Fund net assets upon liquidation. Every certificate shall be indivisible.

## **7. Name of the Bank receiving subscriptions**

Suez Canal Bank and its branches

## **8. Subscription to Mutual Fund Certificates:**

8.1. Subscription to and redemption of the Mutual Fund Investment Certificates shall be through the bank mentioned under item 7 hereof.

8.2. The certificates may not be traded by buying or selling between holders thereof.

8.3. The certificate shall be considered as producing its effects if subscribed to by the person(s) so appointed and authorized by the Bank as well as by the Investment Manager and the seal of the Fund shall be affixed thereto.

8.4. The right to subscribe is given to Egyptians and foreigners alike, whether natural or artificial persons, on such conditions as are stipulated in the prospectus and the Subscriber shall pay the value of the certificate immediately upon issue thereof.

8.5. There are no commissions on subscription

### **9. Minimum amount for subscription to Mutual Fund Investment Certificates**

The minimum amount for subscription to the Fund certificates shall be in accordance with the amount announced at the said Bank under clause No.(7), which shall be reckoned on the basis of the nominal value per one certificate (L.E.500) in case of subscription at the start of activity of the Fund, thereafter to be determined on the basis of the net value of the Fund assets at the end of the last banking workday of the preceding week. The Bank may purchase investment certificates provided that the total amount of the certificates (including the amount set apart) owned by the Bank shall not exceed at any time 25% of the total certificates. The Bank shall be entitled to recover the certificates exceeding the amount set apart without bearing the redemption expenses.

### **10. Subscription Period**

Subscription shall be open as from 17.11.1996 and shall remain so for two months. The deadline for subscription may be accelerated in case of subscription is covered completely provided that the subscription period shall not be less than fifteen days, in application of the provision of Art.154 of the Executive Regulations of Law No.95/92.

### **11. Method of Allotment**

In case applications for subscription to Mutual fund certificates exceed the number of Mutual Fund certificates floated for public subscription, such certificates shall be allotted to the subscribers pro rata their respective subscription amounts (number of the certificates floated divided by the number of the certificates subscribed to) and the fractions resulting from the allotment process shall be allocated in favour of smaller subscribers.

### **12. Investment Policy of the Fund**

The Fund adopts a policy aiming at preservation and maximization of the moneys of the Subscribers and minimization of risks. The Fund Manager shall observe the foregoing and shall exert in this connection the care of an assiduous man, complying with the investment conditions stipulated in the

Capital Market Law, its Executive Regulations and the resolutions made by the Capital Market Authority in this regard mainly represented in the following:

12.1. The percent of investment in purchase of securities of one company shall not exceed 10% of the assets of the Fund or 15% of the Securities of such company.

12.2. The percent invested by the Fund in the investment certificates issued by other mutual funds shall not exceed 10% of its own assets or 5% of the assets of the Fund invested in

12.3. The percent of investment made by the Fund in any one sector of the production and vital service sectors shall not exceed 25% of the total Fund assets.

12.4. The securities targeted to be bought shall be selected out of a securities list based on accurate studies of such securities. The said list can include securities owned by Suez Canal Bank provided that the entity issuing such securities shall be announced and provided further that the fair value of such securities, as declared accurate and true by the Bank Auditors, shall be used based on the market price according to latest closing announced in the Stock Exchange at the date of purchase or according to what the Auditors of the Fund should decide in respect of the securities unlisted on the Stock Exchange and the purchase of which is not prohibited (in the manner provided for under Art.169 of the Executive Regulations of Law No. 95 for 1992).

### **13. Redemption and redemption value of the certificate:**

#### **13.1. Certificate redemption**

The certificate-holder shall be entitled to recover all or part of the certificates to which he/she subscribed. Such redemption shall be made during official working hours on the first banking workday every week, pursuant to an application for redemption signed by the Subscriber. Payment of the value of the redeemed certificates shall be made in Egyptian pounds at the date of execution of the application through the branches and offices of Suez Canal

Bank as well as its correspondents designated for dealing in the M.F. Investment certificates at the redemption value announced for the certificate.

In cases of loss or damage to any certificate, the person entitled thereto shall be issued with replacement(s) on submission of evidence of such loss or damage and on payment of the replacement actual expenses. The issued certificate shall be annotated to the effect that it has been issued as a replacement for one lost or damaged. The damaged certificate shall be withdrawn and destroyed and a note to this effect shall be made in the registers.

### **13.2. Redemption value of the certificate**

#### **13.2.1. Determination of the Redemption Value**

The redemption value of the certificate shall be determined on the basis of its share in the net value of the assets of the Fund by the end of the last banking workday of every week. The redemption value of the certificates shall be announced on the First Sunday morning of every week to be transacted on and the net amount of the Fund assets shall be determined as follows:

a. Total amount of cash in hand and with banks – to which shall be added:

b. Value of the investments traded on the Stock-Exchange as follows:

b.1. Securities listed on Stock-Exchanges: on the basis of closing prices prevailing at the time of evaluation. In case trading prices are multiple on that day, evaluation shall be based on the weighted average for the quantities and the trading and closing prices on that day, provided, however, that in case of no dealing in respect of one or more security (securities) for a period not less than two months, the Investment manager may evaluate such securities at a price less than the that determined in the preceding paragraph within a percent not exceeding (10%) of such price

b.2. Treasury bills shall be evaluated on the basis of the net present value.

b.3. The M.F. investment certificates of other mutual funds of banks and insurance companies shall be evaluated on the basis of the latest redemption value.

b.4. The unlisted securities dealt in at least once every two weeks shall be evaluated at the latest dealing price, unless the value of such security, according to one of the acceptable evaluation methods, is less, in which case the evaluation shall be made at the lesser value; while evaluation of the unlisted securities in respect of which no dealing at least once every two weeks shall be at cost or the value determined by any of the acceptable methods of evaluation whichever is the lower. Foreign securities or Egyptian securities issued in a foreign currency shall be evaluated via the foreign exchange prices of the Free Market to determine the amount in Egyptian pounds equal to the value thereof

b.5. the rest of the elements of the assets and liabilities shall be evaluated according to the International Accounting Standards.

- c. the amount of Long-term assets (after deduction of the accumulated depreciation) shall be added.
- d. total revenues, including the return on investment in securities and the gains from sale of securities as well as any other revenues shall be added.

**The following shall be deducted:**

- e. Accounts of creditor banks, provisions and any other current liabilities.
- f. Investment Manager's fees, bank commissions provided for under clause 18 of the prospectus, brokerage or any operation expenses including marketing, advertisement and finance expenses. The total net amount of the items from (a) to (f) above shall be divided by the number of the M.F. Investment Certificates issued and outstanding by the end of each banking workday of every week, including the certificates subscribed to by the Bank, in order to reach the redemption value of the certificate.

**13.2.2. Redemption expenses**

From the redemption value of the certificate, a redemption commission at the rate of 0.5% (five per mill) shall be deducted and divided equally among the Bank and the Fund.



**14. Selling value at which the certificates sold instead of the redeemed certificates shall be issued:**

The Selling value at which the certificates sold – instead of the ones redeemed – shall be issued shall be on the basis of the latest announced redemption value.

**15. Assets of the Fund**

15.1. Without prejudice to the provisions of Law No.95 for 1992 and its Executive Regulations, the properties, moneys, investments and activities of the Fund shall be segregated from those of Suez Canal Bank and the obligation of the Fund in respect of the applications for redemption of Suez Canal Bank certificates shall be limited to payment out of its assets after settlement of its liabilities towards third parties without any right whatsoever of recourse on the assets of the Investment Manager or of the Bank excepting the case of mismanagement. In its management of the moneys of the Fund, the Investment Manager shall exert the assiduity and care expected of a careful man, shall endeavour to protect the interests of the Fund in every disposal or act including the necessary hedging against the market risks, diversification of investments, avoidance of any conflict of interests between the holders of the certificates of and the dealers with the Fund and the Bank. The heirs or creditors of the certificate - holder may not, under any pretext whatsoever, request sequestration of the fund's properties or request division or sale thereof in whole due to impossibility of division, nor may they interfere in any manner in the management of the Fund.

15.2. In this respect, the Investment Manager shall keep the records and accounts relative to assets, liabilities, profits and expenses of the Fund, all of which shall be subject to audit by certified accountants by the end of each financial year in the manner provided for under item 16 hereof.

**16. The Financial year of the Fund – The financial statements approved by the Auditors**

16.1. The financial year of the Fund shall start on the First of January and end on the last day of December every year, provided, however, that the

first year shall include the period elapsing from the date of authorization for the Fund to carry on its activity until the end of the immediately following year.

16.2. Financial statements shall be prepared, approved by the Auditors and issued during the first quarter of the following financial year. The following gentlemen have been appointed as auditors of the Fund:

1. Prof. Dr. Mohammed Lotfy Hassouna, recorded in the Register of the Mutual Fund Auditors sub No.29 at the Capital Market Authority.
2. Mr. Aly Mohammed El Sabaawy, recorded in the Register of the Mutual Fund Auditors sub No.16 at the Capital Market Authority

16.3. Semi-annual reports on the activity and results of operation of the Fund shall be prepared and shall include the financial position statement and the Result of operation (income statement), contents of which shall be authenticated by the Fund Auditors, all the foregoing being subject to the provisions included in the Executive Regulations of Law No.95 of 1992 and in accordance with the Accounting Standards and the International Auditing Rules. The Capital Market Authority shall be advised thereof during the month following the period.

An adequate summary of the semi-annual reports and the annual financial statements shall be published in two widely-distributed daily newspapers at least one of them shall be in Arabic.

The Fund Auditors shall prepare, every three months at the latest, a periodic examination report on the financial position of the Fund as at the end of the period and the income statement for the period. Such report shall include the opinion of the two auditors about the extent of expression of the said financial statements and whether they give a fair view of the Fund's financial position and the result of its activity, whether there is any need for introducing to such financial statements any significant adjustments that could produce effect thereon, the extent of conformity of the principles of evaluation of the assets and liabilities of the Fund as well as the determination of the redemption value of the investment certificates during

the period under examination with the guidelines issued by the Capital Market Authority in this connection.

The Capital Market Authority shall be advised of the quarterly, semi-annual and annual reports within the month just following the period

### **17. Periodic Information**

To every subscriber, the Mutual Fund shall send a list on a quarterly basis indicating the number of the certificates to which it subscribed, the activity occurring thereon during such period, the returns entered in his favour, the movement and activity and the cash balance due to him at end of the period along with a report summarizing the performance of the Mutual Fund and mentioning the various securities in which the Fund invests its money and the value of every certificate according to the last evaluation approved by the Auditors of the Fund at the end of such quarter.

### **18. Commissions and Amounts received by the Bank**

As a result of its services to both of the Fund and the Subscribers, the Suez Canal Bank fees shall consist of the following:

18.1. An amount equal to 0.25% shall be deducted from the redemption value of the certificate as a redemption commission.

18.2. A commission at the rate of four per mill (0.4%) per annum calculable on the basis of the net assets of the Fund according to the latest evaluation announced by the Investment Manager to be calculated and paid by quarterly installments at the end of every quarter.

18.3. Securities custody commission for the Securities constituting investments of the Fund calculated according to the "Banking Services Tariff" at the rate of 0.3% (three per mill) of the purchase value of the securities.

18.4. Profits of M.F. Investment Certificates against the amount allocated for practice of the activity

18.5. Increase in the amount allocated by the Bank for investment (five million Egyptian pounds) at the end of the term of the Fund.

## **19. Profits of M.F. Investment Certificates and distribution of periodic income**

### **19.1. Method of determination of the net profits of the Fund:**

The net profit of the Fund shall be determined by matching the revenues and expenses in both local and foreign currencies represented in the following:

- a. Dividends collected and accrued
- b. Interest collected and accrued
- c. Gains (or losses) resulting from sale of securities and investment certificates
- d. Gains (or losses) resulting from increase (or decrease) in the net market value of the securities and investment certificates.
- e. To find the net profit figure, the investment manager's fees, the bank commissions, the brokerage and the financial expenses accrued and due by the Fund concerning the financial period shall be deducted.

### **19.2. Distribution of the periodic income of the Fund:**

In addition to the right of the Subscriber to recover the redemption amount of the certificates as determined in accordance with item 13 above, the Fund shall distribute, at the end of the months of June and December every year, a periodic semi-annual income to the investors, out of the profits realized for the period concerned and an amount equal to 75% (as a maximum) of the aforementioned net profit shall be distributed, while the rest of the profit shall be reinvested in the Fund.

### **19.3. Distribution of the Cumulative income of the Fund**

The cumulative income of the fund shall be distributed at the termination or liquidation of the Fund (as indicated under item 13)

## **20. Investment Manager and its fees**

### **20.1. Investment Manager**

In application of the provisions of the Capital Market Law requiring that management of all the activity of the Mutual fund shall be entrusted to an

entity having experience in management of mutual funds, to be called "the Investment Manager", the Bank has entrusted with the management of the Mutual Fund, Messrs. HC Securities & Investment Company, S.A.E., having its Chairman of the Board of Directors Mr. Hussein Hassan Choucri and established under Law No.230 for 1989, Law No.95 for 1992 and their Executive regulations, having its premises at 3, El Zohour Street, Mohandeseen, Giza Governorate , registered with the Capital Market Authority license sub No.147 on 5.5.1996, having a Commercial Registration in Giza sub No.153602 on 10.6.2003. Objectives of the Company can be summarized in constitution and management of portfolios of securities and (underwriting) subscriptions to securities, participation in establishment of companies issuing securities, in increasing their share capitals and in management of Mutual Funds.

## **20.2. Investment Manager's Fees**

- a. **Management Fees:** Four and a half per mill (0.45%) per annum payable by monthly instalments in advance to be calculated on the net value of the Fund assets as per the latest evaluation announced by the Investment Manager in the preceding month according to the Subscription Prospectus.
- b. **Performance fees**

At the rate of 15% per annum calculated on the basis of the difference between the net profits of the Fund and the rate of discount interest on government treasury bills for the period of 91 days. In case such bills have not been issued by the CBE during such period, the average interests shall be reckoned on the basis of a time deposit for an amount not less than L.E.10 mn. (ten million Egyptian pounds) deposited with the National Bank of Egypt, Banque Misr or Bank of Alexandria. Such fee shall be payable at the end of the last working day every six month after closure of the Fund accounts and approval thereof by the Auditors.

The first term shall be calculated from the date of investment start to end of the financial year on 31.12.1996. No performance fees may be

paid unless after realization of total returns (i.e. including distributions of profits (variable yield) of the Fund from the date of start of its activity) exceeding the annual returns of the treasury bills (or the other ratio replacing it).

### **21. Termination and Liquidation of the Mutual Fund**

Subject to provisions of Law No.95 for 1992 and its Executive Regulations, the Mutual Fund shall end in case of fall in the number of the investment certificates thereof to less than 50% of the total number of the certificates subscribed to, unless the majority of the holders of such certificates should decide continuation of the activity of the Fund, but it shall terminate in any and all cases if the number of the certificates should fall below 25% of the number subscribed to.

The Mutual Fund shall terminate also if, in the opinion of the Bank, the value of the assets of the Fund, are not enough for continuation of the activity of the Fund, in the event of amendment to the law or on occurrence of any other circumstances which the Bank considers as enough reason for termination and liquidation of the Fund, provided, however, that the Fund may not stop its activity or liquidate its operations unless upon consent thereto by the Board of Directors of the Capital Market Authority after ascertainment and verification that the Fund has finally discharged itself from all its obligations according to such conditions and procedures as are determined by the Board of Directors of the Authority.

In such cases, the Bank may terminate the Fund by sending a notice to the participants and the assets of the Mutual Fund shall be liquidated, its liabilities shall be paid and settled and the remaining proceeds of liquidation (after approval thereof by the auditors of the Mutual Fund) shall be distributed to the holders of the M.F. certificates pro rata the proportions which their holdings respectively bear to the total certificates issued and provided further that this shall be finalized within a maximum period of nine months from the date of the notice.

**22. General Provisions**

All items of the present prospectus shall be subject to the provisions of Law No.95 for 1992, its Executive Regulations and the resolutions issued by the Capital Market Authority in application thereof.

Subscription to the Mutual Fund certificates shall entail acceptance of the above items and clauses.

Signature for Suez Canal Bank

Signature for Investment Manager

Dear investor,

You may subscribe at any of the following branches of Suez Canal Bank:

**Main Office in Cairo:**

11 Mohammed Sabry Abou Alam Street, Bab El Louk, P.O.Box 2620 postal code: 11511 – Tel. 3931033 – 3931066 – 3931215 – Fax 3913522 – Foreign Relations fax 3927920

**Port-Said Branch:**

El Mahroussa Tower (Mahmoud Sedky Street and Panama St.) Postal Code 42511 – Tel: 223791 – 234970 (trunk 066) Fax (066) 324966

**Ismailia Branch:**

43 El Thawra St., P.O.Box 219 – Postal Code 41511, Tel.: 22410 (trunk 064) – 769296 (direct) – Fax (064) 322409

**Alexandria Branch:**

60 El Horreya Road, P.O. Box 1767 – Tel.: 4835514 – 4838208 (trunk 03) Fax (03) 482 7446

**Giza Branch:**

27 Taha Hussein St. (Ex Morad) P.O.Box 141 – Postal code 12211 – Tel.: 5721851 – 5721943 – Fax 5734686

**Maadi Branch:**

14 Wadi El Nile St. (El Nahda Square) P.O. box 249 Postal Code 12211  
Tel. 3502681 – 3502834 - Fax 3502274

**Suez Branch:**

8 Saad Zaghoul & El Nahda Street – O.O.B 97 – Postal code 43524 – Tel.: 220063, 220064 (Trunk 062) – 754906 (direct) Fax (062) 229151

**Tanta Branch:**

El Mahatta (Station) Square – P.O. Box 408, Postal Code, 31511, Tel.: 338239 – 338739 (trunk 040) Fax (040) 335799



**Heliopolis Branch:**

12 Baghdad (station) Square – P.O.Box 206 Heliopolis, Postal code 11351,  
Tel.: 2906607 – 2917794, Fax 2917815

**Mohandessin Branch:**

8 Abdel Rahman Elrafei St., P.O. Box 114 Mohandessin, Postal code 12655,  
Tel. 3481981 – 3495475, Fax 3495494

**10<sup>th</sup> of Ramadan Branch:**

Center of first precinct (B) shop No.8 Postal Code 44629, Tel. 264917/8  
(trunk (015) – Fax 015364919

**Obour Branch:**

Administrative bldg. Of the Wholesale Market (Obour City) Tel. 4770082/3 –  
Fax 4770081

**Dokki Branch for Islamic Transactions:**

122 El Tahrir St., (Dokki), P.O.Box 371, Tel. 3352326/3352331 – Fax 3357241

**Sphinx Branch:**

26<sup>th</sup>. July St., shops No.29 and 34 – Zamalek Club Fence, Tel. 3037823 –  
3037944, 3037799, Fax 3037955

**Offices of the Bank:**

Meridien Hotel, Heliopolis, 2905055

Sonesta Hotel, Sharm El Sheikh: (062) 600731, 600732, 600258

**Under-construction branches**

-Sadat City

-Elfostat City