

**PRIVATE AND CONFIDENTIAL**

**ARQAAM ISLAMIC INCOME DISTRIBUTION FUND  
OPEN ENDED PCC LIMITED**

# **INFORMATION MEMORANDUM**

**06 July 2021**

**Adopted by the Board of Directors**



**Arqaam Islamic Income Distribution Fund  
Open Ended PCC Limited**

a company incorporated as an open-ended protected cell  
company in the DIFC

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# ARQAAM ISLAMIC INCOME DISTRIBUTION FUND

## OPEN ENDED PCC LIMITED

(incorporated as an open-ended protected cell company in the DIFC)

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### INFORMATION MEMORANDUM

**Fund Manager: Arqaam Capital Limited**

06 July 2021

An umbrella Shari'ah Compliant fund registered as an open-ended protected cell company in the Dubai International Financial Centre and classified as an Exempt Fund in accordance with the Collective Investment Law No. 2 of 2010 and Collective Investment Rules of the Dubai Financial Services Authority.

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The DFSA does not accept responsibility for the content of the information included in the Information Memorandum, including the accuracy or completeness of such information. The liability for the content of the Information Memorandum lies with the Issuer of the Information Memorandum and other Persons, such as Experts, whose opinions are included in the Information Memorandum with their consent. The DFSA has also not assessed the suitability of the Securities to which the Information Memorandum relates to any particular investor or type of investor and has not determined whether they are Shari'ah Compliant. If you do not understand the contents of this Information Memorandum or are unsure whether the Securities to which this Information Memorandum relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor. The Securities to which this Information Memorandum relates may be illiquid and/or subject to restrictions on re sale. Prospective purchasers of such Securities should conduct their own due diligence.

Fund Manager and Investment Manager



**Arqaam Capital Limited**

Registered in the DIFC and regulated by the DFSA

## TABLE OF CONTENTS

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|  | Page      |
|--|-----------|
| TABLE OF CONTENTS.....   | 3         |
| 1. IMPORTANT INFORMATION.....  | 5         |
| 2. FUND DIRECTORY.....   | 8         |
| 3. DEFINITIONS AND INTERPRETATION .....                              | 9         |
| 4. FUND SUMMARY.....   | 15        |
| 5. THE FUND MANAGER.....   | 20        |
| 6. FUND STRUCTURE AND OPERATIONS .....                               | 23        |
| 7. SERVICE PROVIDERS TO THE FUND .....                               | 30        |
| 8. FEES AND CHARGES.....   | 34        |
| 9. SUBSCRIPTIONS.....  | 38        |
| 10. REDEMPTIONS.....   | 41        |
| 11. TRANSFER OF SHARES.....  | 44        |
| 12. NET ASSET VALUE .....  | 45        |
| 13. ALTERATIONS AND AMENDMENTS TO THE FUND AND/OR SUB-FUND.....      | 49        |
| 14. WINDING-UP, DISSOLUTION AND AMALGAMATION .....                   | 51        |
| 15. MATERIAL CONTRACTS AND GOVERNING LAW .....                       | 53        |
| <b>SCHEDULE 1 – ARQAAM ISLAMIC INCOME GENERATION FUND 2024 .....</b> | <b>54</b> |
| 1. INVESTMENT OBJECTIVE AND POLICY .....                             | 55        |
| 2. SHARI'AH COMPLIANCE .....   | 57        |
| 3. INVESTMENT PROCESS.....   | 60        |
| 4. KEY TEAM MEMBERS .....  | 60        |
| 5. BASE CURRENCY .....   | 61        |
| 6. SHARE CLASSES .....   | 61        |
| 7. FEES .....  | 61        |
| 8. SUBSCRIPTIONS.....  | 64        |

|   |   |           |
|---|---|-----------|
| 9.  | REDEMPTIONS.....  | 66        |
| 10.   | VALUATION.....  | 67        |
| 11.   | DIVIDENDS AND DISTRIBUTIONS.....                                    | 67        |
| <b>SCHEDULE 2 – ARQAAM ISLAMIC INCOME GENERATION FUND 2024 TRANCHE 2.....</b> |   | <b>69</b> |
| 1.  | INVESTMENT OBJECTIVE AND POLICY .....                               | 70        |
| 2.  | SHARI'AH COMPLIANCE .....   | 72        |
| 3.  | INVESTMENT PROCESS.....   | 75        |
| 4.  | KEY TEAM MEMBERS .....  | 76        |
| 5.  | BASE CURRENCY .....   | 76        |
| 6.  | SHARE CLASSES .....   | 76        |
| 7.  | FEES .....  | 77        |
| 8.  | SUBSCRIPTIONS.....  | 78        |
| 9.  | REDEMPTIONS.....  | 80        |
| 10.   | VALUATION.....  | 81        |
| 11.   | DIVIDENDS AND DISTRIBUTIONS .....                                   | 81        |
| <b>ANNEX 1 – RISK FACTORS .....</b>   |   | <b>83</b> |
| 1.  | GENERAL .....   | 84        |
| 2.  | RISKS RELATING TO THE USE OF SHARI'AH COMPLIANT FINANCING .....     | 85        |
| 3.  | RISKS RELATING TO THE STRUCTURE OF THE FUND.....                    | 86        |
| 4.  | SHARI'AH COMPLIANCE .....   | 87        |
| 5.  | RISKS RELATING TO THE ASSETS COMPRISING THE SUB-FUND PROPERTY ..... | 88        |
| 6.  | LEGAL AND REGULATORY RISKS .....                                    | 90        |
| 7.  | RISKS RELATING TO THE FUND MANAGER & OTHER SERVICE PROVIDERS .....  | 92        |

## **1. IMPORTANT INFORMATION**

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### **DUBAI INTERNATIONAL FINANCIAL CENTRE**

THIS INFORMATION MEMORANDUM RELATES TO AN EXEMPT FUND IN ACCORDANCE WITH THE COLLECTIVE INVESTMENT LAW NO. 2 OF 2010 AND THE COLLECTIVE INVESTMENT RULES OF THE DUBAI FINANCIAL SERVICES AUTHORITY ("DFSA").

THE DFSA HAS NO RESPONSIBILITY FOR REVIEWING OR VERIFYING ANY INFORMATION MEMORANDUM OR OTHER DOCUMENTS IN CONNECTION WITH THIS FUND. ACCORDINGLY, THE DFSA HAS NOT APPROVED THIS INFORMATION MEMORANDUM OR ANY OTHER ASSOCIATED DOCUMENTS NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT IN THIS INFORMATION MEMORANDUM, AND HAS NO RESPONSIBILITY FOR IT.

THE SHARES TO WHICH THIS INFORMATION MEMORANDUM RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTIONS ON THEIR RESALE. PROSPECTIVE PURCHASERS OF THE SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE SHARES.

IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

THIS INFORMATION MEMORANDUM IS INTENDED ONLY FOR PROFESSIONAL CLIENTS AND MUST NOT BE DELIVERED TO OR RELIED UPON BY A RETAIL CLIENT.

### **UNITED ARAB EMIRATES (EXCLUDING THE DIFC)**

THE PROMOTION OF THE FUND AND SUB-FUNDS BY WAY OF A PRIVATE PLACEMENT OF THE SHARES HAS BEEN NOTIFIED AND APPROVED BY THE DFSA UNDER THE FUND PROTOCOL RULES OF THE DFSA.

THE DFSA HAS NO RESPONSIBILITY FOR REVIEWING OR VERIFYING ANY INFORMATION MEMORANDUM OR OTHER DOCUMENTS IN CONNECTION WITH THIS DOMESTIC FUND. ACCORDINGLY, THE DFSA HAS NOT APPROVED THIS INFORMATION MEMORANDUM OR ANY OTHER ASSOCIATED DOCUMENTS NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT IN THIS INFORMATION MEMORANDUM AND HAS NO RESPONSIBILITY FOR IT.

NO OTHER REGULATORY AUTHORITY IN THE UAE HAS ANY RESPONSIBILITY FOR REVIEWING OR VERIFYING THIS INFORMATION MEMORANDUM OR ANY OTHER DOCUMENTS IN CONNECTION WITH THE PROMOTION OF THIS FUND. ACCORDINGLY, NO REGULATORY AUTHORITY IN THE UAE HAS APPROVED THIS INFORMATION MEMORANDUM OR ANY OTHER ASSOCIATED DOCUMENTS, NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT HEREIN, AND THEREFORE NO REGULATORY AUTHORITY IN THE UAE HAS ANY RESPONSIBILITY FOR THE SAME.

THIS PASSPORTED FUND IS A PRIVATE FUND AND, ACCORDINGLY, THE SHARES THEREOF MAY ONLY BE PROMOTED TO QUALIFIED INVESTORS IN THE UAE BY MEANS OF PRIVATE PLACEMENT.

THE SHARES TO WHICH THIS INFORMATION MEMORANDUM RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTIONS ON THEIR RESALE. PROSPECTIVE PURCHASERS OF THE SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER

### **KINGDOM OF SAUDI ARABIA**

THIS INFORMATION MEMORANDUM MAY NOT BE DISTRIBUTED IN THE KINGDOM EXCEPT TO SUCH PERSONS AS ARE PERMITTED UNDER THE RULES ON THE OFFER OF SECURITIES AND CONTINUING OBLIGATIONS ISSUED BY THE CAPITAL MARKET AUTHORITY. THE CAPITAL MARKET AUTHORITY DOES NOT MAKE ANY REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS DOCUMENT, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS DOCUMENT. PROSPECTIVE PURCHASERS OF THE SECURITIES OFFERED HEREBY SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE ACCURACY OF THE INFORMATION RELATING TO THE SECURITIES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS DOCUMENT, YOU SHOULD CONSULT AN AUTHORIZED FINANCIAL ADVISOR.

### **1.1. GENERAL.**

Arqaam Islamic Income Distribution Fund Open Ended PCC Limited (the “Fund”) is a Shari’ah Compliant fund, which may offer investors a choice between several Share Classes in a number of Sub-Funds. The Fund is organised as an umbrella private company with limited liability registered as an open-ended protected cell company in the DIFC. As of the date of this Information Memorandum, the Fund has two Sub-Funds, the Arqaam Islamic Income Generation Fund 2024, which currently has four Share Classes, and the Arqaam Islamic Income Generation Fund 2024 Tranche 2, which currently has one Share Class. The Fund intends to establish further Sub-Funds in the future and may also establish further Share Classes (and Sub-Classes) in relation to each Sub-Fund at any time which may also be denominated in different currencies.

The Fund Manager notified the DFSA in respect of the Fund and Arqaam Islamic Income Generation Fund 2024 (as a Sub-Fund - Schedule 1) in accordance with the Rules on 29 June 2021. The Fund is constituted as an open-ended protected cell company established in the DIFC on 07 December 2020 under the Companies Law (See further Section 4.2: “Protected Cell Company”). In accordance with the Protected Cell Company (PCC) Regulations made pursuant to the Companies Law where there is any inconsistency between Companies Law and the CIR and or CIL the provisions of the CIR and or CIL will prevail and be taken to exclude, waive or modify the Companies Law and any regulations made there under to the extent of any such inconsistency.

This Information Memorandum is dated 06 July 2021.

### **1.2. RESPONSIBILITY FOR INFORMATION MEMORANDUM.**

Arqaam, in its capacity as the Fund Manager of the Fund (the “Fund Manager”), is responsible for the information contained in this document. To the best of the knowledge and belief of the Fund Manager (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Arqaam Capital Limited has prepared this information memorandum solely in its role as Fund Manager.

### **1.3. RELIANCE ON INFORMATION MEMORANDUM.**

The Shares are offered solely on the basis of the information and representations contained in this Information Memorandum and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Fund Manager. This Information Memorandum is valid as of the date shown on the front page hereof. However, neither the delivery of this Information Memorandum nor the issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund or any Sub-Fund since the date hereof. In accordance with the CIR, this Information Memorandum will expire on 06 July 2022 at which date the Fund Manager intends to replace this with an updated version. No Shares will be issued on the basis of this Information Memorandum after such expiry date. The information contained in this Information Memorandum will be supplemented by the financial statements and further information contained in the latest annual and semi-annual reports of the Fund and/or the Sub-Funds, copies of which may be obtained free of charge from the Registered Office of the Fund which is located at the offices of the Fund Manager.

### **1.4. RESTRICTIONS ON DISTRIBUTION, PROMOTION AND SUBSCRIPTION.**

The distribution of this Information Memorandum and the offering of Shares in certain jurisdictions may be restricted and accordingly persons in receipt of this Information Memorandum are required by the Fund and the Fund Manager to inform themselves of, and to observe, any such restrictions.

This Information Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

This Information Memorandum is intended for only Professional Clients (as defined in the appropriate Rules) and or Qualified Investors (as defined in the Fund Protocol Rules of the DFSA) who can make a minimum subscription of US\$50,000 (or currency equivalent) and must not, therefore, be delivered to, or relied on by, a Retail Client or a Professional Client not able to make that minimum subscription. In addition, attention is drawn to Section 9.10 “Eligible Shareholders.”

It is the responsibility of any person or persons in possession of this Information Memorandum and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

Prospective Subscribers for Shares should inform themselves as to all legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

#### **1.5. INVESTMENT CONSIDERATIONS.**

Investment in the Fund carries substantial risk. There can be no assurance that the Fund's investment objective in each of its Sub-Funds will be achieved and investment results may vary substantially over time. An investment in any of the Sub-Funds is not intended to be a complete investment programme for any investor. Prospective Subscribers should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (see further in Annex 1 "Risk Factors" annexed to this Information Memorandum) and any specific disclosures (if any) in any applicable Schedule.

#### **1.6. FORWARD LOOKING STATEMENTS.**

The statements contained in this document that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the financial and commodity markets, in which the Fund or any Sub-Fund will invest, and the beliefs and assumptions of the Fund Manager. Words such as "expects", "targeted", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "forecasts", "projects", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and returns may differ materially from what is expressed or forecasted in such forward-looking statements.

#### **1.7. TRANSLATIONS.**

This Information Memorandum (or part thereof) may be translated into other languages. Any such translation shall have the same meaning as the relevant English language document. To the extent that there is any inconsistency between the English language version of the Information Memorandum (or part thereof), and any translated version in another language, the English language version of the Information Memorandum (or part thereof), will prevail, except, to the extent (but only to the extent) required by the laws of any jurisdiction where the Shares are sold, that in an action based upon disclosure in an offering document in a language other than English, the language of the offering document on which such action is based shall prevail.

#### **1.8. SHARI'AH COMPLIANCE REPORT.**

The Shari'ah Supervisory Board have reviewed the Information Memorandum and the Investment Objectives and Policies as set out in Schedule 1 relating to the Arqaam Islamic Income Generation Fund 2024 and as set out in Schedule 2 relating to the Arqaam Islamic Income Generation Fund 2024 Tranche 2, as at the date of this Information Memorandum and have issued a Shari'ah Compliance Report confirming that the Information Memorandum, the Fund and the Sub-Funds Investment Objectives and Policies are in compliance with the Rules and Principles of Shari'ah, as set out in the Shari'ah Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (the "Standards"). The Shari'ah approval process which relates to this Fund has been carried out in accordance with the legislation applicable in the Dubai International Financial Centre (DIFC) (the DIFC Law No. 13 of 2004 Regulating Islamic Financial Business and the Islamic Finance Rules to the extent they do not conflict with the Standards).

## 2. FUND DIRECTORY

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### ARQAAM ISLAMIC INCOME DISTRIBUTION FUND OPEN ENDED PCC LIMITED

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#### FUND MANAGER & INVESTMENT MANAGER

Arqaam Capital Limited Level 27, Index Tower, Dubai International Financial Centre PO Box 506687, Dubai, United Arab Emirates

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#### DIRECTORS

Mr. Ganesh Subramanian (as representative of the Fund Manager)  
Mr Hamid Rashidmanesh  
Mr Marc Hambach

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#### FUND ADMINISTRATOR, REGISTRAR AND CUSTODIAN TRANSFER AGENT

**Apex Fund Services (Dubai) Ltd**, Office 101, Gate Village Building 5 Dubai International Financial Centre PO Box 506534, Dubai, United Arab Emirates |

**Standard Chartered Bank**, DIFC Branch Building 1, Gate Precinct, Dubai International Financial Centre PO Box 506534, Dubai, United Arab Emirates

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#### SHARI'AH SUPERVISORY BOARD

Sheikh Dr. Nazih Hammad  
Sheikh Dr. Muhammad Amin Qattan  
Sheikh Abdulsattar Al Kattan

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#### LEGAL ADVISERS

**Herbert Smith Freehills LLP**, Dubai International Financial Centre Gate Village 7, Level 4, Sheikh Zayed Road, PO Box 506631 Dubai, United Arab Emirates

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#### REGISTERED AUDITOR

**Deloitte & Touche (ME)** Building 3, Level 6, Emaar Square, Downtown PO Box 4254, Dubai, United Arab Emirates

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### 3. DEFINITIONS AND INTERPRETATION

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Capitalised terms not otherwise defined in this Information Memorandum shall have the meanings ascribed to them in the CIL or the CIR. Where reference is made to a Sub-Fund it shall, as the context may require, be deemed to refer to a 'Cell', and where reference is made to a Sub-Fund Property it shall, as the context may require, be deemed to refer to 'Cell Assets' and not General Assets. Each Sub-Fund is not a separate legal entity, and all references to any actions by a Sub-Fund in this Information Memorandum should be construed as being undertaken for and on behalf of each Sub-Fund by the Fund and or the Fund Manager, as may be applicable.

|                                 |  |
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| <b>AAOIFI</b>                   | means the Accounting and Auditing Organisation for Islamic Financial Institutions.   |
| <b>Administration Agreement</b> | means the agreement between the Fund and the Fund Administrator, Registrar and Transfer Agent relating, amongst other things, to the administration of the Fund and each Sub-Fund (as supplemented, amended or replaced from time to time).  |
| <b>Administration Fee</b>       | means an administration fee payable to the Fund Administrator from the Fund and in respect of each Sub-Fund, as specified in the relevant Schedule.  |
| <b>Affiliate</b>                | means any person that Controls, is Controlled by, or is under common Control, with such person. For this purpose, "Control" means the power of a person (or persons acting in concert) to secure that the affairs of a legal entity are conducted, directly or indirectly, in accordance with the wishes of that person (or persons acting in concert), whether by means of (1) ownership of fifty percent (50%) or more of the voting securities or other controlling interests of that legal entity, (2) having the right to appoint or remove a majority of the directors or managers of that legal entity or otherwise control the composition or votes of its management, or (3) the ability to otherwise direct or control the affairs of that legal entity. |
| <b>Approved List</b>            | means a list, schedule or one or more investment indices relating to one or more securities or instruments compiled as part of the Investment Objective and Policies, and approved by the Shari'ah Supervisory Board as may be set out in a relevant Schedule.   |
| <b>Arqaam</b>                   | means Arqaam Capital Limited, a company limited by shares incorporated in the DIFC with company registration No. 0360.   |
| <b>Arqaam Cayman</b>            | means Arqaam Capital Limited (incorporated and registered in the Cayman Islands with registered number MC-159345).   |
| <b>Arqaam Clients</b>           | has the meaning ascribed to such term in section 6.9 " <a href="#">Conflicts of Interest</a> ".  |
| <b>Arqaam Group</b>             | means Arqaam Cayman and its Affiliates.  |
| <b>Articles</b>                 | means the articles of incorporation of the Fund (as amended or replaced from time to time), and which constitute the constitution of the Fund as required under the CIL and the CIR.   |
| <b>Board</b>                    | means the board of Directors of the Fund.  |
| <b>Business Day</b>             | means a day on which banks are open for general banking business in the DIFC   |

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|                            | and, in relation to a particular Sub- Fund, such other days as may be specified in the relevant Schedule.  |
| <b>Cell</b>                | means a cell created pursuant to the PCC Regulations to segregate the assets and liabilities of the Fund and designated as a Sub- Fund.  |
| <b>Cell Assets</b>         | means, in accordance with the PCC Regulations, assets of the Fund held within or on behalf of a Cell and designated as Sub- Fund Property.   |
| <b>CIL</b>                 | means the Collective Investment Law No. 2 of 2010, as may be amended from time to time.  |
| <b>CIR</b>                 | means the Collective Investment Rules (CIR) of the DFSA, as may be amended from time to time.  |
| <b>Companies Law</b>       | means the Companies Law, DIFC Law No. 5 of 2018 together with the regulations made thereunder including any statutory modification or re-enactment thereof for the time being in force.  |
| <b>Custodian</b>           | means Standard Chartered Bank, DIFC Branch and includes any successor or replacement Eligible Custodian and or as may be appointed in respect of a relevant Sub- Fund as set out in any relevant Schedule.   |
| <b>Custodian Agreement</b> | means the agreement between the Fund and the Custodian relating to the custody/safekeeping of the assets of each Sub-Fund (as amended or replaced from time to time).  |
| <b>Deferred Sales Fee</b>  | means a deferred Subscription Fee on all subscriptions received during the Initial Offer Period, or subsequent subscriptions after expiry of the Initial Offer Period, to be paid in full on the relevant Subscription Date to a Placing Agent, particularly by the holders of the Class “B” Shares, as set out in the relevant Schedule, if applicable. |
| <b>DFSA</b>                | means the Dubai Financial Services Authority, and includes any successor or replacement agency or authority.   |
| <b>DIFC</b>                | means the Dubai International Financial Centre, Dubai, United Arab Emirates.   |
| <b>Dilution Levy</b>       | means any dilution levy charged in accordance with the provisions set out in section 8.15 <a href="#">“Dilution Levy”</a> .  |
| <b>Directors</b>           | means the directors of the Fund and includes any successor or replacement directors.   |
| <b>Eligible Custodian</b>  | means an Eligible Custodian, as defined and prescribed in the CIR.   |
| <b>Final Closing Date</b>  | means the date determined by the Fund Manager, as specified in the relevant Schedule for each Sub-Fund, or any other Business Day as may be decided at the discretion of the Fund Manager.   |
| <b>Financial Year</b>      | means that the financial year of the Fund will end on 31 December of each year.  |
| <b>Fund</b>                | means Arqaam Islamic Income Distribution Fund Open Ended PCC Limited.  |
| <b>Fund Administrator</b>  | means Apex Fund Services (Dubai) Ltd. and includes any successor or replacement fund administrator of the Fund.  |

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| <b>Fund Manager</b>                      | means Arqaam, in its capacity as manager of the Fund in accordance with the Fund Management Agreement and includes any successor or replacement fund manager of the Fund.   |
| <b>Fund Management Agreement</b>         | means the agreement between the Fund Manager and the Fund, relating to the management of the Fund and each Sub-Fund (as amended or replaced from time to time).   |
| <b>General Assets</b>                    | means any assets of the Fund not designated as Cell Assets.   |
| <b>Initial Closing Date</b>              | means the last day of the Initial Offer Period.   |
| <b>Initial Issue Date</b>                | means the first Business Day following the Initial Closing Date.  |
| <b>Initial Issue Price</b>               | means the fixed price per Share during an Initial Offer Period as set out in the relevant Schedule plus any additional Subscription Fee (if any).   |
| <b>Initial Series</b>                    | means where applicable, the Series of Shares issued in a particular Share Class (or Sub-Class) during the Initial Offer Period.   |
| <b>Initial Offer Period</b>              | means the period determined by the Fund Manager during which Shares are offered for subscription at the Initial Issue Price, as specified in the relevant Schedule for each Sub- Fund.  |
| <b>Investment Objective and Policies</b> | means the investment objective and policies of each Sub- Fund as set out in the relevant Schedule.  |
| <b>Islamic Finance Rules</b>             | means the Islamic Finance Rules (IFR) of the DFSA, as may be amended or updated from time to time.  |
| <b>Issue Date</b>                        | means the deemed issue date for Shares in a particular Sub-Fund, which may differ from a Subscription Date, as may be specified in the relevant Schedule.   |
| <b>Management Fee</b>                    | means the management fee attributed to the Fund Manager in respect of a relevant Sub-Fund as further described in the relevant Schedule, if applicable.   |
| <b>Maturity Date</b>                     | means the date ending the three-year period from the Final Closing Date.  |
| <b>Minimum Initial Fund Size</b>         | means the minimum initial fund size for each Sub-Fund set out in the relevant Schedule.   |
| <b>Minimum Holding Amount</b>            | means the minimum amount to be held by a Shareholder in the Fund at Net Asset Value per Share prior to any Redemption.  |
| <b>Minimum Holding Period</b>            | means the minimum period to hold Shares in the Fund by a Shareholder before exercising any Redemption rights.   |
| <b>Net Asset Value</b>                   | means the net asset value of a Sub-Fund determined in accordance with the provisions set out in section <b>Error! Reference source not found.</b> <a href="#">“NET ASSET VALUE”</a> .   |
| <b>Net Asset Value per Share Class</b>   | means the net asset value of a Share Class in a particular Sub-Fund, being, on any Valuation Point, the Net Asset Value per Share of such Share Class multiplied by the number of Shares outstanding in such Share Class on that Valuation Point. |
| <b>Net Asset Value per Share</b>         | means the net asset value per Share of the relevant Share Class or Series   |

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|                                     | thereof of a Sub-Fund, being, on any Valuation Point, the Net Asset Value of such Sub-Fund and Share Class or Series thereof divided by the number of Shares of the relevant Share Class or Series thereof outstanding for that Sub-Fund or Series thereof and Share Class on that Valuation Point.   |
| <b>Net Redemption Proceeds</b>      | means the proceeds of the Redemption paid to the Fund or Sub-Fund consisting of the Redemption Price net of any Redemption Deductions, and if applicable, any Dilution Levy.  |
| <b>Operating Fees and Expenses</b>  | means the costs, charges and other expenses set out in Section 8.12 “Operating Fees and Expenses”.  |
| <b>Ordinary Resolution</b>          | means a resolution of a duly constituted general meeting of a Share Class or Share Classes of the Fund’s Shareholders passed by a simple majority of the votes cast on behalf of the Shares entitled to vote through or on behalf of the relevant Share Class or Share Classes of Shareholders present in person or by proxy and voting at the meeting. It includes any unanimous written resolution of the holders of Shares entitled to vote, expressed to be an ordinary resolution. |
| <b>PCC Regulations</b>              | means the DIFC Protected Cell Companies Regulations dated 12 November 2018, as may be amended from time to time.  |
| <b>Performance Fee</b>              | means the outperformance incentive allocation attributed to the Fund Manager in respect of a relevant Sub-Fund, as further described in the relevant Schedule, if applicable.   |
| <b>Proprietary Account</b>          | has the meaning ascribed to such term in section 6.9 ‘ <a href="#">Conflicts of Interest</a> ’.   |
| <b>Pro-Rata Fees</b>                | has the meaning ascribed to such term in section 8.16 ‘Adjustments and Reimbursements’.   |
| <b>Record Date</b>                  | means the date determined by the Directors on which a Shareholder must own Shares in order to be entitled to a dividend.  |
| <b>Redemption Deductions</b>        | means, any redemption costs and expenses charged in accordance with the provisions set out in section 8.14 ‘Redemption Deductions’.   |
| <b>Redemption Date</b>              | means the redemption date for the Shares in a particular Sub-Fund, as specified in the relevant Schedule.   |
| <b>Redemption Price</b>             | means Net Asset Value per Share minus any Redemption Deductions, calculated on the Redemption Date as may be further specified in the relevant Schedule.  |
| <b>Redemption Request</b>           | means a request by a Shareholder to redeem some or all of its Shares in a Sub-Fund.   |
| <b>Registered Office</b>            | means Level 27, Index Tower, DIFC, PO Box 506687, Dubai, United Arab Emirates.  |
| <b>Registrar and Transfer Agent</b> | means Apex Fund Services (Dubai) Ltd. and includes any successor or replacement registrar and transfer agent.   |
| <b>Rules</b>                        | means the rules of the DIFC and of the DFSA to the extent they do not conflict with the Standards.  |

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| <b>Rules and Principles of Shari'ah</b>  | means the rules and principles of Shari'ah as set out in the Standards, as interpreted by the SSB.   |
| <b>Schedule</b>                          | means a Schedule to this Information Memorandum containing information with respect to a particular Sub-Fund.  |
| <b>Secondary Closing Date</b>            | means that Share Classes may be issued up to four (4) months from the Initial Closing Date (or further Class "A" Shares, Class "B" Shares, Class "C" Shares, Class "D" Shares, or Class "E" Shares are issued during this period.  |
| <b>Series</b>                            | means one or more series of Shares issued in connection with one or more Share Classes, as may be specified in the relevant Schedule.  |
| <b>Share</b>                             | means, individually and collectively, as the case admits, one or more registered Shares in the Fund or a Sub-Fund, as the context may require.   |
| <b>Share Class</b>                       | means a separate class of Shares in the Fund or in any Sub-Fund, which includes any Sub-Class.   |
| <b>Share Service Fee</b>                 | means a service fee the Fund or relevant Sub-Fund may be entitled to receive in respect of the Shares held by the Shareholders, as may be specified in the relevant Schedule.  |
| <b>Shareholder</b>                       | means a holder of a Share.   |
| <b>Shareholder Register</b>              | means the register of Shareholders maintained by the Registrar and Transfer Agent in relation to each Sub-Fund at its registered office in the DIFC.   |
| <b>Shari'ah</b>                          | means the divine Islamic law as revealed in (i) the Holy Qur'an, (ii) the Sunna, or binding authority of the dicta and decisions of the Prophet Mohammed (peace be upon him), (iii) Ijma'a, or "consensus" of the community of Islamic scholars, and (iv) the Qiyas, or analogical deductions, as well as other primary sources of law, as interpreted by the Shari'ah Supervisory Board in accordance with the Standards. |
| <b>Shari'ah Compliance</b>               | means being in compliance with the principles of Shari'ah as set out in the Standards.   |
| <b>Shari'ah Complaint</b>                | means being in a state of compliance with the Shari'ah as set out in the Standards.  |
| <b>Shari'ah Compliance Report</b>        | means a report produced by the Shari'ah Supervisory Board, confirming that the Information Memorandum, the Fund and the Sub-Fund and Investment Objectives and Policies are in compliance with the Rules and Principles of Shari'ah, as set out in the Standards.  |
| <b>Shari'ah Investment Guidelines</b>    | means the investment and operational guidelines the Shari'ah Supervisory Board have set for this Fund, as set out in Schedule 1 Section 2 (Shari'ah Compliance).   |
| <b>Shari'ah Supervisory Board or SSB</b> | means the Shari'ah supervisory board appointed to oversee the compliance of the Fund in accordance with Shari'ah as set out in the Standards, as required under the CIL and the CIR.   |
| <b>Shari'ah Supervisory Procedures</b>   | means the Islamic Financial Policy and Procedures Manual (as supplemented, amended or replaced from time to time) drafted in accordance with Shari'ah as   |

set out in the Standards and with the Islamic Finance Rules.

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|--------------------------------------|--|
| <b>Special Resolution</b>            | means a resolution in respect of which notice of intention to propose the resolution has been given, and that it has been passed by the positive vote of a Share Class or Share Classes of Shareholders holding at least 75% of the Shares entitled to vote on the resolution.   |
| <b>Standards</b>                     | means such rules and principles of Shari'ah, as set out in AAOIFI Shari'ah Standards, as may be amended from time to time.   |
| <b>Sub-Class</b>                     | means any sub-class of a Share Class.  |
| <b>Sub-Fund</b>                      | means a separate sub-fund of the Fund established and maintained as a protected cell in accordance with the PCC Regulations to which the assets and liabilities and income and expenditure attributed or allocated to such Sub-Fund will be applied or charged. Where appropriate, a reference in this Information Memorandum to a Sub-Fund will include a reference to the Share Classes issued in that Sub-Fund. |
| <b>Sub-Fund Property</b>             | means the Cell Assets of the relevant Sub-Fund.  |
| <b>Subscriber</b>                    | means a potential investor in a Sub-Fund who has submitted a Subscription Agreement but to whom Shares have not been issued.   |
| <b>Subscription Account</b>          | means a non-profit (or other form of profit rate) bearing account with the Custodian to which the investment amounts of Subscribers will be deposited pending the relevant Issue Date.   |
| <b>Subscription Agreement</b>        | means the subscription application for Shares setting out the terms on which potential Subscribers may subscribe for Shares in a form determined by the Fund Manager and as applicable in respect of any Sub-Fund or Share Class.  |
| <b>Subscription Date</b>             | means the subscription date for Shares in a particular Sub-Fund as specified in the relevant Schedule.   |
| <b>Subscription Fee</b>              | means a fee or charge in respect of a Subscription equal to a percentage of the aggregate subscription amount which may be charged upfront or on a deferred basis and/or waived in whole or in part at the discretion of the Fund Manager as may be stipulated in any applicable Schedule.   |
| <b>Subscription Price</b>            | means the price per Share (or Share Class) as may be specified or as may be determined in accordance with any calculation methodology as specified in the relevant Schedule.   |
| <b>USD and United States Dollars</b> | means United States dollars, the lawful currency for the time being of the United States of America.   |
| <b>Valuation Point</b>               | means the day and time nominated by the Fund Manager as a valuation point for the Shares (or Share Class) in a particular Sub-Fund as specified in the relevant Schedule.  |

## 4. FUND SUMMARY

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### 4.1. THE FUND.

The Fund is a DFSA Exempt Domestic Fund (as defined in the Rules). The Fund Manager notified the DFSA in respect of the Fund in accordance with the Rules on 29 June 2021, and the DFSA acknowledged the notification on 06 July 2021, also in accordance with the Rules. The Fund effectively commenced operations as of 08 December 2020 with the launch of the Arqaam Islamic Income Generation Fund 2024, and as of 06 July 2021 with the launch of the Arqaam Islamic Income Generation Fund 2024 Tranche 2.

The Fund is constituted as an open-ended protected cell company established in the DIFC on 07 December 2020 pursuant to the Companies Law. The Articles of the Fund are governed by the laws of the DIFC to the extent they do not conflict with the Standards. The Fund is constituted as a Protected Cell Company in accordance with the provisions of the regulations made under the Companies Law and as an umbrella fund under the CIL and CIR and each Sub-Fund created by the Fund comprises or will comprise a separate and segregated portfolio of assets in the Fund. Therefore, in case the Fund is unable to meet liabilities attributable to any particular Sub-Fund out of the assets attributable to that particular Sub-Fund, the remaining liabilities cannot to be met out of the assets attributable to other Sub-Funds (the Sub-Funds are segregated, ring-fenced).

Each Sub-Fund will, in turn, be sub-divided into one or more separate Share Classes. As of the date of this Information Memorandum the Fund has two Sub-Funds operating, the **Arqaam Islamic Income Generation Fund 2024**, see Schedule 1 (relating to the Arqaam Islamic Income Generation Fund 2024), and the **Arqaam Islamic Income Generation Fund 2024 Tranche 2**, see Schedule 2 (relating to the Arqaam Islamic Income Generation Fund 2024 Tranche 2).

The Share Classes in the **Arqaam Islamic Income Generation Fund 2024** currently comprise the Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares.

The Share Classes in the **Arqaam Islamic Income Generation Fund 2024 Tranche 2** currently comprise the Class "E" Shares. The Fund Manager with the Directors have the ability within the authorised share capital of the Fund to establish further Sub-Funds and establish further Share Classes in relation to each of its Sub-Fund. Such further Sub-Funds or Share Classes may also be denominated in currencies other than the United States Dollar.

Authorised but unissued Shares in one or more Share Classes may be issued in accordance with the terms of the relevant Schedule. No right of pre-emption or first refusal attach to any Shares of any Share Class (or any Sub-Class).

### 4.2. PROTECTED CELL COMPANY

In accordance with the PCC Regulations, the Fund is constituted as a single legal entity, but the provisions of the Companies Law and PCC Regulations enable the Fund to create 'Cells' such that each Sub-Fund created by the Fund constitutes a 'Cell' for the purposes of the PCC Regulations. Each Sub-Fund (as a 'Cell') comprises or will comprise a separate and statutory segregated portfolio of assets in the Fund.

Therefore, in case the Fund (or any other Sub-Fund that may be created) is unable to meet liabilities attributable to the Fund or any particular Sub-Fund out of the assets attributable to the Fund and or that particular Sub-Fund, the remaining liabilities cannot to be met out of the assets attributable to other Sub-Funds. All assets and liabilities of any one Sub-Fund are segregated and legally, as a matter of applicable DIFC laws and regulations, separate from the assets and liabilities of any other Sub-Fund or the assets and liabilities of the Fund not attributable to any applicable Sub-Fund, being General Assets.

It is an obligation of the Fund to maintain and establish such procedures to clearly segregate a) the General Assets from the Sub-Fund Property (as Cell Assets) and b) each Sub-Funds Sub-Fund Property from those of other Sub-Funds such that in all circumstances the assets and liabilities of the Fund and each Sub-Fund will be separate and separately identifiable.

Principles relating to the payment of dividends, distributions, fees and expenses, proceeds of subscriptions and redemptions (and calculation and payment of Redemption Proceeds) and any action analogous thereto are applied to each Sub-Fund (as a 'Cell') separately so that fees and expenses are borne only by that Sub-Fund, subscription proceeds allocated to that Sub-Fund, dividends and distributions may only be paid out of the assets of the Sub-Fund (as a 'Cell') in respect of which the relevant Shares are issued. See further Section **Error! Reference source not found.** 'Net Asset Value'.

#### **4.3. SUB-FUNDS.**

Each Sub-Fund will, in turn, be sub-divided into one or more separate Share Classes. As of the date of this Information Memorandum the Fund has two Sub-Funds operating, the Arqaam Islamic Income Generation Fund 2024, see Schedule 1 (relating to the Arqaam Islamic Income Generation Fund 2024), and the Arqaam Islamic Income Generation Fund 2024 Tranche 2, see Schedule 2 (relating to the Arqaam Islamic Income Generation Fund 2024 Tranche 2).

The Share Classes in the Arqaam Islamic Income Generation Fund 2024 currently comprise the Class "A" Shares, Class "B" Shares, Class "C" Shares, and Class "D" Shares.

The Share Classes in the Arqaam Islamic Income Generation Fund 2024 Tranche 2 currently comprise the Class "E" Shares.

The Fund Manager with the Directors have the ability within the authorised share capital of the Fund to establish further Sub-Funds and establish further Share Classes in relation to each of its Sub-Funds. Such further Sub-Funds or Share Classes may also be denominated in currencies other than the United States Dollar.

Authorised but unissued Shares in one or more Share Classes may be issued in accordance with the terms of the relevant Schedule. No right of pre-emption or first refusal attach to any Shares of any Share Class (or any Sub-Class).

#### **4.4. SHARE CAPITAL AND SHARE CLASSES.**

The current authorised share capital of the Fund is four million and one hundred United States Dollars (USD 4,000,100) and is divided into:

a. one Class "Z" Share with a par value of one hundred United State Dollars(USD 100); In respect of

the **Arqaam Islamic Income Generation Fund 2024:**

- a. 100,000,000 Class "A" Shares with a nominal par value of one cent (USD 0.01) per Share;
- b. 100,000,000 Class "B" Shares with a nominal par value of one cent (USD 0.01) per Share;
- c. 100,000,000 Class "C" Shares with a nominal par value of one cent (USD 0.01) per Share; and
- d. 100,000,000 Class "D" Shares with a nominal par value of one cent (USD 0.01) per Share.

In respect of the **Arqaam Islamic Income Generation Fund 2024 Tranche 2:**

- a. 100,000,000 Class "E" Shares with a nominal par value of one cent (USD 0.01) per Share;

The Class "Z" Share in the Fund is the non-participating non-redeemable founder Share in the Fund. The Class "Z" Share has a par value of USD 100 and a subscription price of USD 100, fully paid up. The Class "Z" Share is held by the Fund Manager.



Where required for calculating the Performance Fee (if applicable) on a Share-by-Share basis, the Fund will issue a separate Series within each Share Class (or Sub-Class) on each Issue Date on which Shares are issued in that Share Class (or Sub-Class). Each Series of Shares (in a relevant Share Class or Sub-Class) will have its own Net Asset Value per Share and all costs and expenses of a relevant Share Class (or Sub-Class) will accordingly be apportioned between the different Series of Shares issued in that Share Class (or Sub-Class) pro rata to the Net Asset Value of such Series as compared to the Net Asset Value of the entire Share Class.

The Sub-Fund as at the date of this Information Memorandum, will issue separate Series of Shares in each of its Share Classes. See further section **Error! Reference source not found.** "NET ASSET VALUE".

#### **4.5. SUB-FUNDS.**

Each Sub-Fund will have its own investment objective and policies and may be subject to different terms and conditions and, amongst other things, may have a different base currency for one or more Share Classes, minimum subscription amount, fee structure or dividend policy. The terms and conditions of each Sub-Fund are specified in the relevant Schedule.

#### **4.6. ISLAMIC FUND.**

The Fund is also an Islamic Fund (as defined in the CIR) and the Fund's entire business operations will be conducted in accordance with Shari'ah rules and principles as set out in the Standards and interpreted by the Shari'ah Supervisory Board.

#### **4.7. LISTING.**

No application has been made for the listing of the Fund or any Sub-Fund on any stock exchange but an application for any such listing(s) may be made on (an) exchange(s) in the future at the sole discretion of the Fund Manager.

#### **4.8. NUMBER AND TYPE OF INVESTORS.**

Only investors that meet the criteria of a Professional Client (as defined in the Rules) and/or Qualified Investors (as defined in the Fund Protocol Rules of the DFSA) may invest in the Fund or any Sub-Fund, and who can make a minimum subscription as set out in the relevant Schedule. In addition, attention is drawn to section 9.10 "Eligible Shareholders".

There are no limits on the number of investors who may invest in the Fund and or the relevant Sub-Fund.

#### **4.9. INVESTMENT OBJECTIVE AND POLICIES.**

The Investment Objective and Policies of each Sub-Fund will be set out in the relevant Schedule.

#### **4.10. DURATION OF THE FUND AND OF EACH SUB-FUND.**

The duration of the Fund and each Sub-Fund shall be unlimited and or shall continue until terminated in accordance with the provisions of this Information Memorandum, the Articles and, in relation to a Sub-Fund, the relevant Schedule.

#### **4.11. SUBSCRIPTIONS.**

Potential Subscribers may subscribe for Shares during the relevant Initial Offer Period at the Initial Issue Price plus the applicable Subscription Fee, if any, specified in the relevant Schedule, and thereafter, subject to the terms of any relevant Schedule, on each Subscription Date at the relevant Subscription Price upon such number of days' notice or by such time and/ or day as specified in the relevant Schedule.

#### **4.12. MINIMUM SUBSCRIPTION AND HOLDING.**

The minimum initial subscription amount and the minimum ongoing holding amounts per Share Class for each Sub-Fund for each Shareholder are specified in the relevant Schedule.

#### **4.13. REDEMPTIONS.**

Shares are redeemable at the option of the Shareholder on each Redemption Date, upon such number of days' notice or by such time and/or day as specified in the relevant Schedule. Shares will be redeemed at the relevant Redemption Price. The Fund Manager may decide that no redemptions will be accepted before the end of a Minimum Holding Period, if any, specified in the relevant Schedule.

#### **4.14. DIVIDEND POLICY.**

The Fund's dividend policy may vary for each Sub-Fund and each Share Class (or Sub-Class) as is set out in the relevant Schedule; however the decision to declare a dividend in relation to any Sub-Fund or Share Class will be made solely by the Board. All Shareholders recorded in the Share register of the Sub-Fund maintained by the Registrar and Transfer Agent at the end of the Record Date (including the Record Date transactions) shall be eligible for such dividend.

If a dividend is declared by the Fund in relation to any Sub-Fund or Share Class, it will generally be paid to each eligible Shareholder by electronic transfer (net of the electronic transfer fee) to the account instructed by that Shareholder.

In the event that a dividend is declared and remains unclaimed after a period of twelve months from the date of declaration, Arqaam will use reasonable efforts to contact the relevant Shareholders using their notified contact details prior to such dividend being forfeited, and such dividend will be automatically forfeited and will be donated to a registered charity approved by the Shari'ah Supervisory Board.

#### **4.15. PURIFICATION.**

All income which in the opinion of the Fund Manager in accordance with Shari'ah Investment Guidelines as approved by the Shari'ah Supervisory Board, shall be removed from the relevant Sub-Fund and donated to a registered charity approved by the Shari'ah Supervisory Board.

#### **4.16. TAXATION.**

On the basis of current law and practice, the Fund will not be subject to any income or capital gains tax in the DIFC or the United Arab Emirates.

In view of the number of different jurisdictions the laws of which may be applicable to Shareholders, no attempt is made in this Information Memorandum to summarise the possible local tax consequences of the acquisition, holding or disposal of Shares. Investors should consult their professional advisers on the possible tax, exchange control or other consequences of buying, holding, selling or redeeming Shares under the laws of their country of citizenship, residence or domicile.

#### **4.17. TAXATION AND REPORTING.**

The Fund is required under the Regulations and Guidance Notes made pursuant to treaties, law and intergovernmental agreements entered into by the United Arab Emirates, to which the Fund Manager and the Fund is subject, to comply in relation to the (automatic) exchange of information for tax matters (collectively "AEOI"). The applicable intergovernmental agreements relate to both U.S. Foreign Account Tax Compliance Act ("FATCA") and OECD Standard for Automatic Exchange of Financial Information in Tax Matters – Common Reporting Standard ("CRS") requirements. Further details are set out in the relevant Subscription Agreement relating to AEOI.

#### **4.18. LIMITED LIABILITY.**

Subscribers invest in the Fund with limited liability and cannot lose more than the amount of their investment. Shareholders will not be liable to make any further payment after they have paid the price of their Shares and no further liability for the debts of the Fund (and or any applicable Sub-Fund) can be imposed on any Shareholder in respect of the Shares held by them.

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## 5. THE FUND MANAGER

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### 5.1. APPOINTMENT, REGULATORY STATUS AND SHARE CAPITAL.

Arqaam has been appointed as the Fund Manager of the Fund and, with the approval of the DFSA, also acts as the investment manager of the Fund and will act in accordance with:

- a. The Articles;
- b. The Information Memorandum; and
- c. The CIL and the CIR.

As Fund Manager, Arqaam, represented by Mr Ganesh Subramanian is also one of the Directors (see section 6.1 “**Board of Directors.**”).

Arqaam, a company limited by shares incorporated in the DIFC on 29 March 2007, is licensed by the DFSA to undertake the following financial services:

- a. Managing a Collective Investment Fund;
- b. Managing Assets;
- c. Advising on Financial Products;
- d. Arranging Credit and Advising on Credit;
- e. Arranging Deals in Investments;
- f. Dealing in Investments as Principal;
- g. Dealing in Investments as Agent;
- h. Arranging Custody; and
- i. Providing Custody

In addition, Arqaam has the following endorsements in respect of the above financial services: Holding or Controlling Client Assets and Conducting Islamic Financial Business by Operating an Islamic Window. Arqaam Clients are restricted to Professional Clients and Market Counterparties, within the meaning of the Rules.

The authorised share capital of the Fund Manager is one hundred million United States Dollars (USD 100,000,000) of which seventy million (USD 70,000,000) is fully paid.

### 5.2. THE ARQAAM GROUP.

At the date of this Information Memorandum, the capital base of the Arqaam Group is in excess of USD 150,000,000. Established in 2007 the Arqaam Group is a leading and fast-growing specialist emerging markets focused, full service investment banking group, focused on leveraging the growth of emerging and frontier markets through offices located in the DIFC, Dubai, Johannesburg, Beirut, Cairo, and Tripoli (with further office openings in progress);

Arqaam’s ultimate holding company, Arqaam Cayman, is incorporated in the Cayman Islands and its investors and backers represent a strong institutional shareholder base and comprise significant Middle East regional institutions including the likes of the Public Institution for Social Security (the Pension Fund of Kuwait), EmiratesNBD, Commercial Bank International, Crescent Point, Al Dhow Investment Company and Al Khazna Insurance Company.

The Arqaam Group has approximately 190+ employees worldwide. In addition to the Fund Manager, other members of the Arqaam Group are authorised and regulated by the Emirates Securities and Commodities Authority (SCA), the Egyptian

Financial Supervisory Authority (EFSA), Libyan Stock Market (LSM) and holds 5 seats on exchanges in the Middle East and North Africa and in sub-Saharan Africa.

The Arqaam Group concentrates on 14 business lines: Sales and Trading, comprising equity trading, credit trading, equity derivatives and foreign exchange; Investment Banking, comprising debt and equity capital markets and corporate finance in M&A, restructuring and fund-raising services; Asset Management, comprising publicly traded securities and fixed income; Alternatives, comprising infrastructure, principal finance and global macro and hedge strategies; and complementary business lines, Treasury, equity research, custody and client solutions.

Details of the Registered Office and directors of Arqaam are available at its office in the DIFC.

### **5.3. DUTIES OF THE FUND MANAGER.**

The Fund Manager must, amongst other things:

- a. Carry out such duties and functions in relation to the Fund as are necessary to ensure compliance with the CIL and the Rules that impose obligations on a Fund Manager;
- b. Carry out its duty to make, or ensure that, decisions as to the constituents of the Sub-Fund Property are in compliance with the Rules and Principles of Shari'ah as set out in the Standards as interpreted by the Shari'ah Supervisory Board and in accordance with the Investment Objective and Policies of such Sub-Fund;
- c. Take all steps and execute all documents to ensure that transactions are properly entered into for the account of the Fund/each Sub-Fund;
- d. Establish and maintain risk management controls and controls to enable it to identify, assess, mitigate, control and monitor risks in relation to the Fund/each Sub-Fund;
- e. Take all reasonable steps and exercise due diligence to ensure that the Sub-Fund Property is valued in accordance with the CIL, the CIR and the Articles;
- f. Ensure that any transaction in respect of the Sub-Fund Property undertaken with a Related Party (as defined in the CIR) is on terms at least as favourable to the Sub-Fund as any comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party and is effected in accordance with the CIR; and
- g. Make and retain accounting and other records that are necessary to enable it to comply with the CIR and to demonstrate at any time that such compliance has been achieved.

The Fund Manager is responsible to the Shareholders for the safety of the Sub-Fund Property. The Fund Manager is also responsible for managing the Fund and monitoring its performance on a daily basis.

The Fund Manager is responsible, in compliance with all relevant laws, for all operations concerning the Fund and each Sub-Fund and shall be permitted from time to time to delegate certain activities, or outsource certain functions, in accordance with the CIR; notwithstanding such delegation the Fund Manager remains responsible to the Fund and the Shareholders in accordance with the Rules.

### **5.4. ACTS OF THE FUND MANAGER AND TERMINATION.**

The Board, on behalf of the Fund, will ratify all actions taken by the Fund Manager in accordance with the terms of the Articles and this Information Memorandum and shall indemnify the Fund Manager, its officers and employees (each an "indemnified party") to the fullest extent permitted by the laws of the DIFC against any liability, actions, proceedings, claims, demands, costs or expenses actually incurred or sustained by it in connection with any debt, claim, action, demand, suit, proceeding, judgment, decree, liability or obligation of any kind in which it becomes involved as a party or otherwise, by virtue of its being or having been the Fund Manager, an officer or employee of the Fund except where such debt, claim,

action, demand, suit, proceeding, judgment, decree, liability or obligation arises as a result of any fraud, gross negligence or wilful default, or the level negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards, on the part of the relevant indemnified party. Subject to any provision of the Rules to the contrary, no indemnified party shall be liable for any actual damage, loss, costs or expenses to or of the Fund at any time unless caused by the indemnified party's fraud, gross negligence or wilful default, or the level of negligence or misconduct as per the applicable Shari'ah rules and principles set out in the Standards.

Subject always to the provisions of the CIL and the Rules, the Fund Manager may be removed or may resign pursuant to the provisions of the Fund Management Agreement and the Articles.

The Fund Manager's office will be automatically vacated in the following circumstances: the Fund Manager ceases to hold the Class "Z" Shares; is prohibited by the DFSA Rules from being the Fund Manager; becomes bankrupt or otherwise incapable of acting as the Fund Manager; resigns his office by giving notice; is removed from office by Special Resolution. The Fund Manager shall be entitled to resign its appointment by notice in writing to the Fund Manager: by giving not less than 3 months' notice; at any time in the event of the bankruptcy, insolvency, dissolution, liquidation (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the Fund Manager) or incapacity of the Fund or if some event having an equivalent effect occurs; at any time if the Fund Manager ceases to be permitted to act as such under the CIL or CIR or any other applicable law and/or fails to retain or have any licence and/or permit and/or authorisation necessary for the conduct of the services contemplated under the Fund Management Agreement; or at any time if the Fund, independently from the Fund Manager, commits a material breach of its obligations under the CIL or CIR or any other applicable law, the Articles, the Fund Management Agreement or this Information Memorandum. On termination of the appointment of the Fund Manager, the Fund Manager shall be entitled to receive all fees and other money accrued up to the date of termination.

## 6. FUND STRUCTURE AND OPERATIONS

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### 6.1. BOARD OF DIRECTORS.

The Fund has appointed the following three Directors:

#### **Mr Ganesh Subramanian - Director and Representative of the Fund Manager.**

Mr Subramanian is Managing Director and Senior Executive Officer of the Fund Manager. Mr Subramanian is a senior banking and finance professional with over 25 years' experience in financial services and consulting industries.

Previous experience includes positions with BNP Paribas Group, Fannie Mae, Ernst & Young and Kotak Securities.

He holds a degree Accounting. He is a CFA Charter holder, and associate member of the Institute of Chartered Accountants in India.

#### **Mr Hamid Rashidmanesh – Director.**

Mr Rashidmanesh is a Managing Director and the General Counsel of the Arqaam Group. Mr. Rashidmanesh is a senior English-qualified solicitor with a broad corporate/commercial background advising on a range of matters, including mergers and acquisitions; fundraisings; financial services issues; joint ventures and private equity transactions in a wide range of fields including infrastructure and real estate. He trained and qualified at the English law firm of Nabarro Nathanson, before moving on to the London office of US law firms McDermott, Will & Emery and Morrison & Foerster. He is referred to in various editions of "Who's Who in American Law" and "Who's Who of Emerging Leaders". Mr. Rashidmanesh has a BSc in Government and Law and a MSc in International Relations from the London School of Economics; and has passed the Common Professional Examination and the Legal Practice Course, with commendation, from The College of Law, Store Street. He also studied for his doctorate degree in the London School of Economics on philosophy and international relations.

#### **Mr Marc Hambach – Director.**

Mr Hambach is a German national who has 20 years' experience in regulatory, compliance, legal and operational affairs.

Mr Hambach is Chief Operating Officer for Investbridge Capital (IBC) in the DIFC, a regulated investment firm that provides corporate advisory and asset management solutions to principals and clients in the MENA region and for IBC's affiliated company Gateway Investment Management Services (DIFC) Ltd, a DIFC fund platform which is hosting a number of DIFC registered and offshore funds.

Mr Hambach previously worked at SHUAA Capital (Dubai) as the COO of the Asset Management Division. Prior to that he served for 5 years as an Associate Director in Supervision and Head of AML at the DFSA, the financial services regulator in the DIFC which he joined in 2003 and where he assisted in setting up the regulator and the regulatory regime. From 1999 to 2003 he worked for Clearstream International, the Luxembourg based clearing house in a number of executive positions including Head of Compliance and AML.

Mr Hambach holds a Master Degree in Law from the Ruprecht-Karls-University, Heidelberg, Germany and is an INSEAD Alumni and a Certified Anti Money Laundering Specialist.

The Fund will ratify all actions taken by the Directors in accordance with the terms of the Articles and this Information Memorandum and shall indemnify the Directors (each an "**indemnified party**") to the fullest extent permitted by the laws of the DIFC against any liability, actions, proceedings, claims, demands, costs or expenses actually incurred or sustained by it in connection with any debt, claim, action, demand, suit, proceeding, judgment, decree, liability or obligation of any kind in which it becomes involved as a party or otherwise, by virtue of its being or having been a Director except where such debt, claim, action, demand, suit, proceeding, judgment, decree, liability or obligation arises as a result of any fraud, gross negligence or wilful default, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards, on the part of the relevant indemnified party. Subject to any provision of the laws of the Rules to the contrary,

no indemnified party shall be liable for any actual damage, loss, costs or expenses to or of the Fund at any time unless caused by the indemnified party's fraud, gross negligence or wilful default, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards.

Subject always to the provisions of the CIL and the Rules, the Directors may be removed or may resign pursuant to the provisions of the Articles.

## **6.2. SHARI'AH SUPERVISORY BOARD.**

A Shari'ah Supervisory Board has been appointed to advise Arqaam on matters of Shari'ah pursuant to the Islamic Finance Rules as it relates to all Islamic Financial Business (as such term is defined in the Islamic Finance Rules) conducted by Arqaam. Arqaam will appoint to the Fund the same Shari'ah Supervisory Board used by Arqaam, as permitted by, and in accordance with, the Islamic Finance Rules. Unless stated otherwise in the relevant Schedule for a particular Sub-Fund, the Shari'ah Supervisory Board will also be appointed in respect of all Sub-Funds.

The role of the Shari'ah Supervisory Board will be to provide ongoing and continuous supervision and adjudication in all Shari'ah matters for the Fund and the relevant Sub-Funds, including but not limited to:

- a. The provision of assistance with respect to the development of the legal and operational structure of the Fund generally and any relevant Sub-Fund, including its investment objective, criteria and strategy, such that they comply with the rules and principles of Shari'ah as set out in the Standards..
- b. Reviewing the legal and operational structure of the Fund generally and any relevant Sub-Fund, including the provisions of this Information Memorandum and the Articles and its investment objective, criteria and strategy, to ensure compliance with the rules and principles of the Shari'ah as set out in the Standards, and to issue an initial certificate or Shari'ah Compliance Report or *fatwa*, on the launch of the Fund/the relevant Sub-Fund and declaring the Fund/the relevant Sub-Fund to be in compliance with principles of Shari'ah.
- c. Providing ongoing support to the Fund/the relevant Sub-Fund in respect of questions or queries the investors and their representatives may raise in respect of the ongoing Shari'ah Compliance of the Fund/the relevant Sub-Fund.
- d. Providing ongoing assistance to the Fund/the relevant Sub-Fund in remaining compliant with Shari'ah as set out in the Standards and active assistance in correcting and/or mitigating any errors (if any) when made.
- e. Attend meetings with the Fund Manager, the Board and any appointed service providers to the Fund/the relevant Sub-Fund as may be required in the discretion of the Fund Manager to ensure the proper performance of the duties of the Shari'ah Supervisory Board.
- f. Provide an audit of the Fund/the relevant Sub-Fund to ensure its operational activities and all investments transactions, including its investment objective, criteria and strategy, are or were made in accordance with the rules and principles of Shari'ah as set out in the Standards.
- g. Provide required support and assistance to the Fund Manager, the Board and any appointed service providers to the Fund/the relevant Sub-Fund in relation to all actions and obligations required under the Islamic Finance Rules and applicable Rules relating to the status of the Fund/the relevant Sub-Fund as an Islamic Fund (as defined in the CIR) including, but not limited to the preparation of reports to Shareholders and the financial statements of the Fund/the relevant Sub-Fund.
- h. Undertaking reviews of the Fund and the relevant Sub-Funds in accordance with the rules and principles of the Shari'ah as set out in the Standards and in the Islamic Finance Rules and providing annual and interim reports in relation to the same.



The Shari'ah Supervisory Board reserves final authority with regard to the Shari'ah Compliance of all business and investment activities of the Fund/ the relevant Sub-Fund as well as the audit of its investment records for Shari'ah Compliance. The assessment of the Shari'ah Supervisory Board with regard to Shari'ah Compliance of all business and investment activities of the Fund/the relevant Sub- Fund is binding on the Fund/the relevant Sub- Fund in terms of Shari'ah Compliance.

Unless otherwise specified in the relevant Schedule for a particular Sub-Fund, the Shari'ah Supervisory Board will comprise the following members:

**Sheikh Dr. Nazih Hammad – Chairman.**

Sheikh Dr. Nazih Hammad is a holder of Bachelors in Shari'ah from Damascus University (1967), a Master from Baghdad University, Iraq (1970), and a Doctorate with the 1st honor from Dar al-Ulum Faculty of Cairo University, Egypt (1973), with the specialization in "Contracts and Financial Transactions in Comparative Islamic Jurisprudence". His thesis was: "The Provisions of Possession in Contracts in Islamic Jurisprudence".

He is a retired professor of Islamic Jurisprudence & its fundamentals from Faculty of Shariah, Umm al- Qura University, Mecca (1973 - 1990). He is an author of more than 25 books, more than 50 research papers, and has supervised more than 25 master's and doctoral thesis in Islamic Jurisprudence and its fundamentals, and Islamic economics.

He is also a permanent member of the International Islamic Fiqh Academy of the Organization of Islamic Cooperation (OIC) in Jeddah, a designated member of the Islamic Fiqh Council of the Muslim World League in Mecca, and a keynote speaker at the seminars of Future of Business Islamic Bank organized annually by the National Commercial Bank of Saudi Arabia in Jeddah, Saudi Arabia. .

Sheikh Dr. Nazih Hammad is the head of Shari'ah Board of Citi Islamic Investment Bank in Bahrain, the Islamic Investment Fund Limited of Credit Suisse in Guernsey, Channel Islands & Minhaj Advisory in Dubai. He is also a member of Shari'ah Board in many institutions such as FWU Takaful GmbH in Dubai, Ratings Intelligence in United Kingdom, Citi Islamic Global Equity Fund in Luxembourg, the Islamic Fund "Oasis" in United Kingdom, Al Fanar Fund Group (Permal Investment Management Ltd) in United Kingdom, and Islamic Leasing Fund (Australia & New Zealand Bank) in United Kingdom.

**Sheikh Dr. Muhammad Amin Qattan.**

Sheikh Dr. Muhammad Qattan is a holder of a Bachelors of Islamic Economics from Al Imam Muhammad Ibn Saud Islamic University in Riyadh, a Master's and a Doctorates Degrees in Islamic Banks from Birmingham University, Britain.

He is a member of several Shari'ah supervisory bodies in Kuwait, U.A.E., Bahrain, Malaysia, UK, Switzerland and America and a member of a number of scientific and academic committees inside and outside the State of Kuwait.

Sheikh Dr. Muhammad Qattan is an accredited trainer in various Islamic banks and institutions and a lecturer of Islamic Economics in several regional and international universities.

Sheikh Dr. Qattan has written a number of books and work papers for several local and international conferences.

**Sheikh Abdulsattar Al Kattan**

Honorable Sh. Abdulsattar Al Kattan, CEO, Shura Shari'ah Consultancy, Kuwait; AAOIFI Shari'ah Standards Committee, Kuwait.

A well-known scholar in Shari'ah and a leading expert in Islamic finance, he combines between the theoretical and the practical part in Islamic finance. - Shaikh Al Kattan is holding a bachelor's degree in Shari'ah, from Imam Muhammad Bin Saud Islamic University of Saudi Arabia and completed his Higher Diploma in Comparative Jurisprudence in Kuwait University.

He has served as a Shari'ah Board member in many prominent Islamic Finance Institutions such as Kuwait Finance House, Al Baraka Syrian Bank in addition to his membership in a number of Shari'ah Boards and committees in the GCC and other Arab countries. - He is currently the CEO of Shura Sharia Consultation Company which is one of the pioneer Shari'ah Consultation Institutions in the region.

Sheikh Al Kattan is a member in many International organizations supporting Islamic Finance Industry. He is also Shari'ah Board member in several financial institutions in the GCC region and other Arab countries such as Syria and Libya. While doing his excellent role in his career life he also has a vast variety of publications in Ijara, Shari'ah Governing, bankcards, Sukuk and many other research papers submitted to international Conferences in Islamic Banking and Financing in GCC Region, North Africa and Malaysia and participated as a speaker in most those Conferences.

#### **6.3. MEETINGS OF THE DIRECTORS.**

The Directors will hold at least one meeting every twelve months commencing from the date of notification of the Fund with the DFSA, and at such other intervals as required for the proper management and operation of the Fund. At meetings of the Directors the periodic reports specified in section 6.5 "[Reports to Shareholders](#)" will be presented.

#### **6.4. MEETINGS OF SHAREHOLDERS.**

The convening of an annual general meeting (if any) shall be made in accordance with the CIL, the CIR, the Companies Law and the Articles, and each Shareholder shall receive a notice of such meeting setting out and covering the position with regard to the subject matter thereof.

The calling of extraordinary general meetings shall be made in accordance with the CIL, the CIR and the Articles, and each Shareholder entitled to vote at such meeting shall receive notice of such meeting setting out and covering the position with regard to the subject matter thereof.

An extraordinary general meeting of Shareholders duly convened and held in accordance with the CIL and the CIR shall, by the passing of a Special Resolution, require, authorise or approve any act, matter or document in respect of which any such a resolution is required. Such a resolution shall have no other powers or effect. Where no Special Resolution is specifically required or permitted by the CIL or the CIR, any resolution of the Shareholders eligible to vote shall be passed by an Ordinary Resolution.

#### **6.5. REPORTS TO SHAREHOLDERS.**

In accordance with the requirements of the CIL and the CIR, the Fund Manager will provide to the Shareholders:

- a. An annual report within 4 months of the end of the Financial Year.
- b. An interim report in respect of the relevant Sub-Fund within 2 months of the six-month anniversary of the date of registration of the Fund (or such time period as permitted by the Rules) with the DFSA and thereafter within 2 months of each six month anniversary of the Financial Year.

Each such report will contain the information, comparisons, statements and third-party reports required pursuant to the CIL, the CIR and the Islamic Finance Rules. Each report will be supplied, as appropriate, to the Shareholders free of charge and will also be available free of charge during ordinary office hours at the offices of the Fund Administrator and/or the Fund Manager.

In addition, reports, notices and information in relation to the Fund will be available on Bloomberg and such other mediums as may be determined by the Fund Manager from time to time and as notified to Shareholders.

#### **6.6. FUND FINANCIAL STATEMENTS.**

The financial statements of the Fund and each Sub-Fund will be prepared in accordance with International Financial Reporting Standards (IFRS) and where applicable with guidance under applicable AAOIFI Standards and will be audited annually by a Registered Auditor appointed by the Fund Manager.

The Fund Manager will ensure that the Registered Auditor provides a report which will be included in the annual report to the Shareholders in accordance with the requirements of the CIR.

**6.7. COMMUNICATIONS TO SHAREHOLDERS.**

Communications to Shareholders will be sent to their registered addresses recorded in the Shareholders Register.

**6.8. COMMUNICATIONS TO THE FUND.**

Communications to the Fund should be addressed to the Fund Manager and/or the Fund Administrator as the context requires.

**6.9. CONFLICTS OF INTEREST.**

The following inherent or potential conflicts of interest should be considered by prospective Subscribers before investing in the Fund and or the relevant Sub-Fund. Where any potential conflict of interest arises, the Board, in conjunction with the Fund Manager, will endeavour to ensure that any such conflict is resolved in a fair and equitable manner and without prejudice to the Shareholders.

**6.10. SHARES AND BOARD DISCRETION**

The Board in conjunction with the Fund Manager may under the Articles, create one or more Sub-Funds and issue one or more different Share Classes to Shareholders. Each Share Class may have different fees payable or be subject to a lock-up periods or extended redemption notice periods, (all as would be set out in any relevant Schedule), and it may be the case that one Share Class is only available to a restricted number of Subscribers or even one Subscriber in the absolute discretion of the Board and the Fund Manager, acting in good faith. Such arrangements will be entered into by the Fund in relation to a Sub-Fund on the basis that all Shareholders will benefit from the economies of scale which the Fund will experience by increasing its Net Asset Value through subscriptions for Shares.

The Board and or the Fund Manager may agree, in their absolute discretion acting in good faith, to waive or reduce the Subscription Fee for subscriptions received from prospective Subscribers over a period of time. The Board in conjunction with the Fund Manager of the Fund may, in their absolute discretion acting in good faith, also agree to waive or reduce subscription fees or any other Redemption Deductions that may be applicable in relation to a particular prospective Subscriber or group of Shareholders. Such waivers or reductions would be agreed by the Board and or the Fund Manager on the basis that subscriptions received during the relevant period, or from one or more prospective Subscriber(s) would be in the overall interests of the Shareholders.

The Board and or the Fund Manager may in their absolute discretion acting in good faith reduce any minimum initial or subsequent subscription amounts, or Minimum Holding Amounts for one or more Shareholders, subject to applicable laws and regulations.

Each prospective Subscriber and each Shareholder in subscribing for and in holding Shares agrees that such arrangements will not be treated as affecting their rights as Shareholders.

**6.11. PAYMENTS OUT OF CERTAIN FEES**

The Fund Manager and any distributor or other financial intermediary appointed (unless otherwise agreed between them and the Fund and or the relevant Sub-Fund) may receive payments from the Fund and or the relevant Sub-Fund in relation to the Management Fees, the Performance Fees and the Subscription Fee in relation to one or more Share Classes and one of more Sub-Funds, as may be set out in the relevant Schedule. The Fund Manager and any distributor or other financial

intermediary appointed may agree, in its discretion, to reimburse any Shareholder or distributor or other financial intermediary appointed or otherwise provide any of them with a rebate out of all or part of such fees paid by the Fund and or the relevant Sub-Fund in respect of a Share Class. The selection of one or more persons with whom such private agreement may be made and the terms of such agreement is a matter solely between the Fund Manager and any distributor or other financial intermediary appointed and such other person, provided always that a condition of any such agreement is that the Fund and or the relevant Sub-Fund shall not incur any additional obligation or liability whatsoever. Each prospective Subscriber and each Shareholder in subscribing for and in holding Shares agrees that such agreements will not be treated as affecting their rights as Shareholders.

#### **6.12. OTHER CLIENTS AND ALLOCATION**

The Fund Manager may act as investment manager or advisor to other clients (including investment vehicles such as the Fund and or the relevant Sub-Fund, other Shari'ah Compliant investment vehicles which issue securities which the Fund and or the relevant Sub-Fund may invest in, other investment vehicles, managed accounts and funds generally) ("**Arqaam Clients**") now or in the future.

The Fund Manager, and business teams employed by the Fund Manager, may additionally serve as consultant to, partner or shareholder in other funds, companies and investment firms. Certain investments may be appropriate for the Fund and or the relevant Sub-Fund and also for Arqaam Clients or for the Fund Manager's own proprietary account (the "**Proprietary Account**"). The Proprietary Account is managed by a separate team to the team managing the Fund and or the relevant Sub-Fund and the Fund Manager maintains an information barrier policy in relation to these separate teams. Investment decisions for the Fund and for Arqaam Clients and the Proprietary Account are made with a view to achieving their respective investment objectives and after consideration of such factors as their current holdings, their respective investment policies, availability of cash for investment, and the size of their positions generally. The investment strategy for Arqaam Clients may vary from that for the Fund and or the relevant Sub-Fund.

Frequently, a particular investment may be bought or sold for only the Fund and or the relevant Sub-Fund, or only one Arqaam Client or only the Proprietary Account or in different amounts and at different times for more than one but fewer than all Arqaam Clients, including the Fund and or the relevant Sub-Fund, and the Proprietary Account. Likewise, a particular investment may be bought for the Fund and or the relevant Sub-Fund, or one or more Arqaam Clients or the Proprietary Account when one or more other Arqaam Clients are selling the same security. In addition, purchases or sales of the same investment may be made for two (2) or more Arqaam Clients, including the Fund and or the relevant Sub-Fund, and the Proprietary Account, on the same date. In such event, such transactions will be allocated among the Fund and or the relevant Sub-Fund, the Proprietary Account and Arqaam Clients in a manner believed by the Fund Manager to be fair and equitable to each. Purchase and sale orders for the Fund and or the relevant Sub-Fund, may be combined with those of Arqaam Clients or the Proprietary Account. In effecting transactions, it may not always be possible, or consistent with the possibly differing investment objectives of the Arqaam Clients, the Proprietary Account and of the Fund and or the relevant Sub-Fund, to take or liquidate the same investment positions at the same time or at the same prices. Whilst at times this may be advantageous to the relevant Arqaam Clients, it may at times be disadvantageous.

#### **6.13. SERVICE PROVIDERS, THE BOARD AND THE FUND MANAGER**

The Board, the Custodian, the Fund Administrator, the Shari'ah Supervisory Board, the Fund Manager and any distributor or other financial intermediary appointed and any of their directors, officers, employees, agents, and affiliates and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Fund and or the relevant Sub-Fund. In particular, they may provide services similar to those provided to the Fund or the relevant Sub-Fund to other entities including entities in which the Fund or the relevant Sub-Fund may invest, and may not be liable to account for any profit earned from such services. They are not required to refrain from any other activity, to account for any profits from any such activity, whether as partner of additional investment companies or otherwise or to devote all or any particular part of the time and effort of any of its partners, officers, directors or employees to the Fund and or the relevant Sub-Fund, and their affairs. To the extent

that there are other conflicts of interest on the part Service Providers, the Board and the Fund Manager will endeavour to treat all of such persons equitably.

#### **6.14. MATERIAL INTERESTS**

Members of the Arqaam Group or any employee, officer, director or consultant to any of them or any other fund or client which appoints Arqaam as its investment manager or advisor (hereinafter called an “**Interested Party**”) may become the owner of Shares and may hold, dispose of or otherwise deal with the same and with the same rights which it would have had if Arqaam were not a party to the Fund Management Agreement and the Interested Party may buy, hold and deal in any investments upon its own account notwithstanding that the same or similar investments may be held by or for the account of or otherwise connected with the Fund and or the relevant Sub-Fund and no person so interested shall be liable to account for any benefit to any other party solely by reason of such interest.

An Interested Party may sell to, purchase from or vest in the Fund investments or other assets; or may contract or enter into any financial, banking, currency or other transactions with the Fund or the relevant Sub-Fund or any of the Shareholders or any fund or body any of whose securities are held by or for the account of, or otherwise connected with, the Fund or the relevant Sub-Fund; or may be interested in any such transaction. The Fund Manager will not enter into such a transaction on behalf of the Fund or the relevant Sub-Fund unless it has first taken reasonable steps to ensure fair treatment for the Fund or the relevant Sub-Fund, it has complied with any applicable Rules (including but not limited to Related Party Transactions (as set out in CIR) and the Fund Manager is of the opinion that such a transaction is in the best interests of the Fund or the relevant Sub-Fund.

An Interested Party may receive or share any commissions which it may negotiate in relation to any sale or purchase of investments or other assets effected by it for the account of the Fund or the relevant Sub- Fund provided that the amount of such commission is not in excess of rates commonly receivable by securities dealers in transactions of the kind contemplated and that in effecting any such sales or purchases the interested party shall do so on the best terms reasonably obtainable having regard to the interests of the Fund or the relevant Sub-Fund and provided further that such commission does not arise in circumstances in which the Fund or the relevant Sub-Fund could have acquired such investments without payment of commission and details of the amounts of remuneration received by the Fund Manager pursuant to the foregoing will be available to the Fund on request.

An Interested Party may complete a transaction which is made pursuant to a contract effected in the normal manner on an exchange or other market where the purchaser or the vendor is undisclosed at the time.

An Interested Party may acquire, hold or dispose of investments or other assets notwithstanding that the same have been acquired at prices lower than those paid by or on behalf of the Fund or the relevant Sub-Fund in respect of the acquisition of investments of the same class in any fund or disposed of at prices higher than those received by or on behalf of the Fund or the relevant Sub-Fund by virtue of a transaction effected by the Fund or the relevant Sub-Fund at or about the same time in which the Interested Party was concerned provided that the acquisition by an Interested Party of such investments is in accordance with the terms and conditions on which such investments have been offered or made available on an arm's length basis and that investments of the same class held by the Fund or the relevant Sub-Fund were acquired on the best terms reasonably obtainable having regard to the interests of the Fund and the relevant Sub-Fund.

#### **6.15. ARQAAM GROUP**

Arqaam, as part of the Arqaam Group has wide ranging financial services operations in different jurisdictions and in which different parts of the operations act independently of each other. Accordingly, conflicts of interest may arise but any investment team at Arqaam appointed pursuant to the obligations of Arqaam, in its capacity as Fund Manager under the Fund Management Agreement will always seek to act in the best interests of the Fund and or the relevant Sub-Fund and in accordance with all applicable laws and regulation. Members of the Arqaam Group, including Arqaam outside of acting in its capacity as Fund Manager, shall be at liberty in any capacity whatsoever to provide services to other Arqaam Clients of a like nature to those provided by it to the Fund and or the relevant Sub-Fund and to enter into any financial, banking, commercial or advisory contract or other transaction with any other person.

## 7. SERVICE PROVIDERS TO THE FUND

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### 7.1. FUND ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

Apex Fund Services (Dubai) Ltd has been appointed as the Fund Administrator and Registrar and Transfer Agent of the Fund pursuant to the Administration Agreement. The Fund Administrator is regulated by the DFSA.

The Fund Administrator is part of the Apex Group, a global provider of fund administration services with 43 offices across the globe, ISAE 3402/SSAE18 audited, independently owned with over US\$ 650 billion under administration. Apex Group provides specialist fund administration, share registrar, corporate secretarial services and directors to funds and collective investment schemes globally.

The Fund Administrator is responsible for the general administration of the Fund, which includes amongst other things, arranging calculation of asset pricing and fees, providing registrar and transfer agent services in connection with the issue, transfer and redemption of Shares, the collection of subscription payments and processing and payment of redemption payments and administration of uninvested cash. The Fund Administrator has undertaken to comply with all applicable requirements of the CIR whilst carrying out its duties.

The Fund Administrator is entitled to be indemnified against all actual actions, proceedings, claims, demands, actual costs, expenses whatsoever (other than those resulting from the fraud, gross negligence, wilful default or bad faith, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards, of the Fund Administrator) which may be made against or incurred by the Fund Administrator arising out of, or in performing, its obligations or duties.

The Fund Administrator is under no duty to supervise compliance with the investment objectives, policy, investment restrictions, financing restrictions, operating guidelines in relation to the Fund and will not participate in transactions and activities.

The Fund Administrator will also undertake the role of the Registrar and Transfer Agent and will be responsible for the keeping of each Shareholder Register. In order to comply with DIFC laws and regulations, the Registrar and Transfer Agent shall maintain the principal of each Shareholder Register at its office in the DIFC.

The Fund Manager will monitor the Fund Administrator's performance on an ongoing basis in accordance with the CIL and the CIR.

The Administration Agreement entered into with the Fund Administrator, Registrar and Transfer Agent, to the extent permitted by the laws of the DIFC, provides, amongst other things, for the following:

- a. The Fund Administrator, Registrar and Transfer Agent shall not incur liability by refusing in good faith to perform any duty or obligation in the Administration Agreement which in its reasonable judgment is improper or unauthorised and, in performing its duties and obligations pursuant to the Administration Agreement, it shall not be required at any time to do or procure the doing of anything contrary to or in breach of or which constitutes any offence under any applicable law or regulation then in force.
- b. The Fund Administrator, Registrar and Transfer Agent shall not, in the absence of fraud, gross negligence, wilful default, or bad faith, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards, on the part of the Fund Administrator, Registrar and Transfer Agent or its servants be liable to the Fund Manager or to the Fund for any act or omission in the course of or in connection with the services rendered by it under the Administration Agreement or for any actual loss or damage which the Fund Manager or the Fund may sustain or suffer as a result or in the course of the discharge by the Fund Administrator, Registrar and Transfer Agent or its servants of its duties under or pursuant to the Administration Agreement.

c. The Fund agrees to indemnify the Fund Administrator, Registrar and Transfer Agent from and against any and all actual liabilities, obligations, losses, damages, actions, judgments, suits, costs, expenses or disbursements (that are permissible in accordance with the rules and principles of Shari'ah) of any kind or nature whatsoever (other than those resulting from the fraud, misconduct, gross negligence or wilful default, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards, on the part of the Fund Administrator, Registrar and Transfer Agent or its servants) which may be imposed on, incurred by or asserted against the Fund Administrator, Registrar and Transfer Agent in performing its obligations or duties under the Administration Agreement.

d. The Fund Administrator, Registrar and Transfer Agent agrees to indemnify the Fund Manager and to hold the Fund Manager harmless against all actual charges, costs, damages, losses, claims, liabilities, obligations, damages, actions, judgments, suits, costs, expenses, fees and disbursements (that are permissible in accordance with the Rules and Principles of Shari'ah) of any kind or nature whatsoever (together with any value added tax or similar tax imposed from time to time), which the Fund Manager may suffer or incur howsoever in connection with or arising from the Fund Administrator, Registrar and Transfer Agent's or its servants' gross negligence, misconduct, fraud or wilful default, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards, in performing its obligations, duties, services under the Administration Agreement.

e. In calculating any Performance Fee or any accrual in relation thereto, the Fund Administrator, Registrar and Transfer Agent shall not be liable for any loss suffered by the Fund Manager or any Shareholder by reason of the method of calculation agreed to by the Fund Administrator, Registrar and Transfer Agent or by reason of the Fund Administrator, Registrar and Transfer Agent acting upon any written instructions of the Fund Manager in respect of any such calculation.

f. The Fund Administrator, Registrar and Transfer Agent shall not be liable for any loss suffered by the Fund Manager whether caused by delays or otherwise resulting from incorrect information or illegible or unclear communications other than due to the Fund Administrator, Registrar and Transfer Agent's own fault.

g. The Fund Administrator, Registrar and Transfer Agent shall not be responsible for the loss or damage to any documents or other property or for any failure to fulfil its duties under the Administration Agreement if such loss, damage or failure shall be caused by directly or indirectly due to war, terrorism, enemy action, the act of government or other competent authority, of any investment exchange or dealing house, riots, civil disturbance, rebellion, pestilence, storm, tempest, accident, fire, strike, explosion, lock-out or the breakdown, failure or malfunction of any telecommunication or computer service or any occurrence or event beyond the control of the Fund Administrator, Registrar and Transfer Agent.

The appointment of the Fund Administrator may generally be terminated by not less than 90 days' notice in writing. The Administration Agreement may also be terminated in other circumstances.

## **7.2. CUSTODIAN.**

Standard Chartered Bank, acting through its DIFC Branch, has been appointed as the Custodian of the Fund's assets, and has responsibility for custody of certain of the Fund's assets as they relate to the Sub-Fund Property. The Custodian provides custody services to the Fund in relation to the Sub-Fund Property under the terms and conditions of the Custodian Agreement. The Custodian is regulated by the DFSA in the conduct of its custody business. Standard Chartered Bank, acting through its DIFC Branch, qualifies as an Eligible Custodian in accordance with the CIR.

Under the Custodian Agreement, the Custodian may, at the Fund's expense, appoint such sub- custodians, agents, and delegates, as it thinks fit, and may delegate its duties, obligations and powers to such parties. The Custodian must exercise reasonable care and appropriate diligence in the selection and monitoring of these parties, maintain what the Custodian considers an appropriate level of supervision over these parties, and make what the Custodian considers appropriate periodic inquiries to confirm that these parties are competently discharging their obligations. The Custodian will not (except as provided in the Custodian Agreement) be responsible for any loss suffered by the Fund by reason of liquidation, bankruptcy or insolvency of any agent, sub-custodian, or delegate but will use reasonable endeavours to recover any property held by such person, and recover any actual losses or damages suffered by the Fund as a direct consequence.

The Custodian will not be responsible for any cash, securities and/or other assets of the Fund which are not deposited with or held to the Custodian's order. In particular, the Custodian will not be responsible for (i) any cash, securities and/or other assets placed with other co-custodians, brokers, or any other party outside the Custodian's global custodian network; or (ii) any cash placed with any bank or financial institution which is not a member of the Standard Chartered Bank Group. In addition, the Custodian will not be liable for any loss occasioned by reason of the liquidation, bankruptcy or insolvency of such co-custodian, broker or other intermediary.

The Custodian's obligations and liabilities are only to the Fund and or the relevant Sub-Fund and only as provided in the Custodian Agreement and do not extend to owing fiduciary duties to the Fund, any Sub-Fund or the Shareholders. Under the Custodian Agreement (i) the Custodian Agreement may be terminated at any time by either party upon not less than ninety days' prior written notice, (ii) the Custodian shall not be liable to the Fund, any investor or any other person unless it has been grossly negligent, has wilfully defaulted or committed a fraud, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards, (iii) the Fund fully indemnifies the Custodian, its agents, delegates, affiliates, sub-custodians and their respective directors, officers, employees, agents and nominees, on demand against any actual losses claims expenses (that are permissible in accordance with the Rules and Principles of Shari'ah) of any kind (including legal and professional expenses), actions or proceedings of any nature which may be incurred by the Custodian arising out of or in connection with the services provided by the Custodian, any agent, sub-custodian, affiliate, or delegate of the Custodian (other than those resulting from the fraud, gross negligence or misconduct, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards, on the part of the Custodian, agent, sub-custodian, affiliate, or delegate) and (iv) the Custodian shall have a general lien over the securities held by the Custodian pursuant to the Custodian Agreement until the satisfaction of all the liabilities and obligations of the Fund under the Custodian Agreement.

The Fund and or the relevant Sub-Fund (and not the Custodian) is responsible for ensuring that the Sub-Fund's Property are delivered to the Custodian as custodian. The Custodian is not responsible for monitoring the Fund's and or the relevant Sub-Fund's compliance with this obligation. Notwithstanding the appointment of the Custodian and the fact that the Custodian will hold the legal title to the Sub-Fund's Property, the Fund Manager shall remain responsible for the Sub-Fund's Property.

The Custodian does not provide any investment management or advisory services to the Fund or to any Sub-Fund and, therefore, is not in any way responsible for the Fund's and or the relevant Sub-Fund's performance or the repayment of capital to the Shareholders, the monitoring of the Fund's investments or the Fund's compliance with its investment objectives or restrictions, financing restrictions or operating guidelines. The Custodian was not involved in preparing, and accepts no responsibility for any information contained in, this Information Memorandum. None of the Custodian or their employees or agents are directly involved in the business affairs, organisation, sponsorship or management of the Fund or of any Sub-Fund.

### **7.3. REGISTERED AUDITOR.**

Deloitte & Touche (ME) has been appointed as the Registered Auditor of the Fund and will audit the Fund's annual financial statements. The Registered Auditor is registered with the DFSA as a Registered Auditor (as defined in the CIR).

### **7.4. PLACING AGENTS.**

The Fund Manager may appoint one or more placing agents to place Shares, including Affiliates of the Fund Manager. Distributors, sub-distributors, intermediaries and Brokers/Dealers engaged in the activity of marketing and distributing the Shares shall abide by and enforce all the terms of this Information Memorandum including, where applicable, the terms of any laws and regulations relating to the distribution of the Shares. They shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including any relevant requirements to identify and know their clients. Such appointees may charge subscription fees, distribution fees, placement fees or entry charges or other charges which may be additional to the Subscription Fee (if any) and or other costs and expenses or charges charged by the Fund and or the Fund Manager as set out in this Information Memorandum and any applicable Schedule. The Fund



and or the Fund Manager may enter into agreements or other arrangements analogous thereto to share Subscription Fees (or a portion thereof) and or other fees and charges the Fund and or the Fund Manager may be entitled to under the terms of this Information Memorandum and or as may be set out in the relevant Schedule, provided always that the Fund and or the Fund Manager will not be entitled to impose any additional fees save in accordance with Rules and the terms of this Information Memorandum and any applicable Schedule.

## 8. FEES AND CHARGES

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### 8.1. MANAGEMENT FEE.

The Fund Manager will receive from the Fund a Management Fee in respect of each Sub-Fund as specified in the relevant Schedule.

### 8.2. PERFORMANCE FEE.

In addition to its Management Fee, the Fund Manager may also be entitled to receive a Performance Fee from the Fund in respect of each Sub-Fund as specified in the relevant Schedule.

### 8.3. SUBSCRIPTION FEE.

A Subscription Fee or charge equal to a percentage of the aggregate subscription amount for Shares by a Shareholder may be charged upfront or on a deferred basis to such Shareholder or waived in whole or in part at the discretion of the Board or Fund Manager. Subscription fees may be retained by the Fund, or the Fund Manager or paid (in whole or in part) to the financial intermediary or distributor through which the subscription application was made and are detailed in the relevant Schedule. In addition, in respect of certain Sub-Funds (as set out in the relevant Schedule) a separate additional distribution, placement fee or entry charge may be charged by third-party distributors or placing agents, as detailed in the relevant Schedule. See further Section 7.4 “**Placing Agents**”.

### 8.4. SHARE SERVICE FEE.

The Fund or relevant Sub-Fund may be entitled to receive a service fee in respect of the Shares held by the Shareholders as may be specified in the relevant Schedule.

### 8.5. SHARI'AH SUPERVISORY BOARD FEE.

The Shari'ah Supervisory Board will receive from the Fund fees for providing supervisory services in respect of the Fund and each Sub-Fund in accordance with current market standards paid bi-annually in advance and USD 1,000 per member of the Shari'ah Supervisory Board (and associated expenses) in relation to attendance at Board meetings of Fund. For the provision of the services by the members of the Shari'ah Supervisory Board each Sub-Fund will pay its pro rata share of Shari'ah supervisory fee as noted herein and in addition to such other fees as specified in the relevant Schedule.

### 8.6. DIRECTORS' FEES.

Directors of the Fund who are not connected with the Arqaam Group will be entitled to remuneration for their services as directors. As at the date of this Information Memorandum the independent non-executive Director appointed to the Fund is entitled to a fee no higher than USD 10,000 per annum, subject to renewal. In addition, Directors not connected with the Arqaam Group will be entitled to reimbursement of actual expenses in respect of their role. For the provision of the services by the non-executive Director each Sub-Fund will pay its pro rata share of the fee as noted herein and in addition to such other fees as specified in the relevant Schedule.

### 8.7. ADMINISTRATION FEE.

The Fund Administrator will receive from the Fund an administration fee in respect of each Sub-Fund as specified in the relevant Schedule.

**8.8. REGISTRAR AND TRANSFER AGENT FEE.**

The Registrar and Transfer Agent will receive from the Fund a fee for acting as registrar and transfer agent in respect of each Sub-Fund as specified in the relevant Schedule.

**8.9. CUSTODIAN FEE.**

The Custodian will receive from the Fund fees for providing custody services in respect of each Sub-Fund as specified in the relevant Schedule.

**8.10. REGISTERED AUDITOR**

The Registered Auditor will receive from the Fund fees for providing audit services in respect of each Sub-Fund on such terms as are agreed from time to time.

**8.11. ZAKAT.**

Unless specified otherwise in the relevant Schedule for a specific Sub-Fund, payment of Zakat is the responsibility of the Shareholders and will not be paid directly by the Fund. Further information concerning Zakat is available in the annual financial statements of the Fund and of the relevant Sub-Fund.

**8.12. OPERATING FEES AND EXPENSES.**

In addition to those fees and charges listed above, and to the extent not included in any of the fees and expenses already noted to be charged to the Fund and or the relevant Sub- Fund, the Fund and the relevant Sub-Fund will also pay the cost and expenses relating to the transactions contemplated by or on behalf of the Sub-Fund and the administration of the Fund and the relevant Sub-Fund, including, but not limited to:

- a. brokers' commissions and charges and any issue, stamp, or transfer taxes (if any) chargeable in connection with any securities transactions;
- b. bank charges (excluding profit) transfer fees, registration fees, and any transaction or registration fees;
- c. all taxes and corporate fees payable to governments or agencies, including, but not limited to the DFSA and DIFC;
- d. any current or future VAT added to services provided to the Fund or any relevant Sub- Fund and generally any current or future VAT that becomes payable on any payments made by the Fund or on behalf of the relevant Sub-Fund may be grossed up, deducted and or accounted for, as applicable, and will as a consequence, be at the expense of the Fund and or the relevant Sub-Fund;
- e. Shari'ah Compliant financing charges;
- f. communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents;
- g. the cost of Takaful insurances;
- h. the costs for the issue and sale of Shares and of the creation of new Share Classes, Series or Sub-Classes;
- i. the sale and purchase of all Shari'ah Compliant investments;
- j. litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business;
- k. marketing and promotional expenses;
- l. the charges and expenses of legal advisers and the Registered Auditor; and
- m. all other organisational and operating expenses.

#### **8.13. ESTABLISHMENT EXPENSES.**

The total cost and expenses of establishing the Fund and first Sub-Fund (Arqaam Islamic Income Generation Fund 2024) and the second Sub-Fund (Arqaam Islamic Income Generation Fund 2024 Tranche 2) (as at the date of this Information Memorandum) is estimated (and will be capped) at USD 75,000 and will be paid by the Fund out of proceeds of the initial issue of Shares. These costs and expenses will be allocated to the Sub-Funds in accordance with the allocation rules set forth under section **Error! Reference source not found. "NET ASSET VALUE"**. These costs and expenses may, at the discretion of the Fund Manager, be amortised on a straight-line basis from the date on which the Fund commenced business. The Fund Manager may, in its absolute discretion, shorten the period over which such costs and expenses are amortised. If further Sub-Funds are created in the future, these Sub-Funds will bear, in principle, their own formation expenses.

#### **8.14. REDEMPTION DEDUCTIONS.**

The fund or relevant Sub-Fund may be entitled to receive a Redemption Deduction in respect of the Shares held by the Shareholders whose Shares are redeemed as may be specified in the relevant Schedule. If the Fund or the Fund Manager incurs any costs, expenses or losses in respect of any redemption of Shares, including any profit paid or payable or any loss, or expense that may be incurred in liquidating or employing securities, deposits or financing to fund the Net Redemption Proceeds, these may be recovered from the redemption proceeds payable to the redeeming Shareholder. In addition, a Net Redemption Deduction equal to a percentage of the aggregate Redemption Proceeds requested by a Shareholder may be charged to such Shareholder or waived in whole or in part at the discretion of the Fund Manager. Net Redemption Deductions (if any) are detailed in the relevant Schedule.

#### **8.15. DILUTION LEVY.**

In certain circumstances, the value of the property of a Sub-Fund may be reduced as a result of charges incurred in dealings in the Sub-Fund's investments or through dealing in those investments at prices other than the mid-market price (including the cost of professional fees incurred or expected to be incurred). In order to off-set this effect, known as "dilution", and the consequent potential adverse effect on the existing or remaining Shareholders in the relevant Sub-Fund, the Fund Manager has the power to charge a "dilution levy" when Shares are bought or sold. It is not, however, possible to predict accurately whether dilution will occur at any future point in time.

Any dilution levy charged must be fair to all Shareholders and potential Shareholders within the relevant Sub-Fund. The charging of a dilution levy will effectively reduce the redemption monies or increase the purchase monies in respect of the relevant Shares. If charged, the dilution levy would be paid to the Fund and would become the property of the relevant Sub-Fund thus protecting the value of the Shares of the remaining Shareholder's holding Shares in that Sub-Fund. On occasions when the dilution levy is not charged there may be an adverse impact on the total assets of the relevant Sub-Fund.

#### **8.16. ADJUSTMENTS AND REIMBURSEMENTS**

Where fees, costs and expenses are shared pro rata by a Sub-Fund as noted herein (the "Pro-Rata Fees") the Fund Manager will allocate such Pro-Rata Fees so that generally each Sub-Fund will bear its pro rata proportion of such Pro-rata Fees corresponding to the Net Asset Value of that Sub-Fund. The Fund Manager reserves the right to periodically review and adjust such allocation as it may determine in its sole discretion acting reasonably and in a manner that is fair and reasonable for all Shareholders in all Sub-Funds.

In addition, and without prejudice to the above and or any term of any Schedule to this Information Memorandum the Fund Manager may elect not to allocate such Pro-Rata Fees (in whole or in part) but elect (and or its Affiliates) to meet such Pro-rata Fees (in whole or in part). In such circumstances the Fund Manager reserves the right to recharge any such Pro-Rata Fees (in whole or in part) covered by the Fund Manager (and or its Affiliates) back to the Fund or Sub-Fund as applicable,

on the terms noted herein once the Fund Manager determines in its reasonable discretion that the Sub-Fund's Net Asset Value is of sufficient size to absorb such Pro-Rata Fees (in whole or in part).

**8.17. AMENDMENTS TO THE FEES AND CHARGES.**

All of the above charges are subject to review from time to time. However, the Fund Manager shall be required to give Shareholders at least 90 days' notice of any proposed increase or other change to its Management Fee, its Performance Fee or change to Redemption Deductions set out below in relation to a Sub-Fund as a whole or to a specific Share Class (or Sub-Class) or Series thereof. After the passage of the 90 days' notice period, any Shareholder that has not requested the redemption of his Shares will be deemed to have accepted the amendment to the fees and charges.

## 9. SUBSCRIPTIONS

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### 9.1. INITIAL OFFER PERIOD.

Application for subscription may be made during the Initial Offer Period specified in the relevant Schedule. Any Initial Offer Period may be extended or terminated earlier by the Fund Manager in its discretion.

### 9.2. INITIAL ISSUE PRICE – INITIAL OFFER PERIOD.

During any Initial Offer Period, the Initial Issue Price is the price specified in the relevant Schedule plus any additional Subscription Fee (if any).

### 9.3. MINIMUM INITIAL SUBSCRIPTION AND HOLDING AMOUNTS.

The Fund Manager will set, and may, in its discretion waive, any minimum subscription amount and a minimum ongoing holding amount for each Sub-Fund, as may be specified in the relevant Schedule, subject only to the Rules and any other applicable law or regulation.

### 9.4. SUBSEQUENT SUBSCRIPTIONS.

If the Fund Manager determines that it is in the interest of Shareholders of a Sub-Fund to accept subscriptions after the Initial Offer Period, applications for subscription may be made on or prior to any day that is a Subscription Date for the Sub-Fund concerned (or on such other days as the Fund Manager may from time to time determine), subject to any prior notice requirements specified in the relevant Schedule. Subscriptions may only be made for a fixed amount. The Fund Manager may discontinue the issue of new Shares in any Sub-Fund, Share Class or Sub-Class at any time in its discretion.

### 9.5. MINIMUM SUBSEQUENT SUBSCRIPTION AMOUNT.

The Fund Manager will set and may, in its discretion waive a minimum subsequent subscription amount, to be specified in the relevant Schedule, subject only to the Rules and any other applicable law or regulation.

### 9.6. PRIOR NOTICE REQUIREMENTS.

The Fund Manager may in its discretion refuse to accept any application for subscription received after the first day of any prior notice period specified in the relevant Schedule.

### 9.7. SUBSCRIPTION FEE.

During and after any Initial Offer Period, a Subscription Fee equal to a percentage of the aggregate subscription amount may be charged or waived in whole or in part at the discretion of the Fund Manager. Subscription fees (if any) are detailed in the relevant Schedule.

### 9.8. SUBSCRIPTION PRICE PER SHARE – AFTER INITIAL OFFER PERIOD.

After the Initial Offer Period, the Subscription Price in relation to a Sub-Fund is determined as at the relevant Subscription Date, as set out in the relevant Schedule.

### 9.9. PAYMENT OF SUBSCRIPTION PRICE.

The Fund Manager, the Fund Administrator or its agent must receive the full Subscription Price of the Shares (and Subscription Fee (if any)) subscribed for in immediately available funds in the base currency of the Share Class (or Sub-

Class) concerned not later than the date or time and/or day specified in the relevant Schedule and or Subscription Agreement. No interest or other form of profit rate will be paid on payments received prior to the closing date of any Initial Offer Period or prior to any Subscription Date or Valuation Point. Except in specific circumstances, no third-party payments will be accepted, subject to the sole discretion of the Fund Administrator and the Fund Manager.

**9.10. ELIGIBLE SHAREHOLDERS.**

Specific Shareholder eligibility requirements may apply to a particular Sub-Fund, Share Class or Sub-Class and, if so, will be specified in the relevant Schedule. The following eligibility requirements apply to all Sub-Funds irrespective of the Share Class or Sub-Class:

- a. The Subscription Agreement requires each prospective applicant for Shares to represent and warrant to the Fund that, amongst other things, he is able to acquire and hold Shares without violating applicable laws or regulations.
- b. The Shares will not be offered, issued or transferred to any person in circumstances which, in the opinion of the Fund Manager, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable US securities laws ("**US Securities Laws**").
- c. Shares may generally not be issued or transferred to any US Person (as defined in the US Securities Laws), except that the Fund Manager may authorise the issue or transfer of Shares to or for the account of a US Person provided that:
  - i. such issue or transfer does not result in a violation of the US Securities Act of 1933 (as amended) or the securities laws of any of the States of the United States;
  - ii. such issue or transfer will not require the Fund to register under the US Securities Act of 1940 (as amended);
  - iii. such issue or transfer will not cause any assets of the Fund to be "plan assets" for the purposes of US Employee Retirement Income Security Act of 1974 (as amended); and
  - iv. such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Shareholders.
- d. Each applicant for and transferee of Shares who is a US Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue, or the registration of any transfer, of Shares.
- e. The Fund will require from each Shareholder acting on behalf of other investors confirmation that any assignment of rights to Shares will be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignments will be made in compliance with the Minimum Holding Amount and Minimum Holding Period requirement.

**9.11. ANTI-MONEY LAUNDERING.**

For the purpose of prevention of money laundering, the Fund Manager (through the Fund Administrator) will require a detailed verification of the background of any Subscriber applying to purchase Shares, including the Subscriber's identity, any beneficial owner underlying such Subscriber, the account, and the source of funds.

The Fund Manager and the Fund Administrator reserves the right to request such information as is necessary to verify the identity of a Subscriber or potential applicant for Shares and the underlying beneficial owner(s) of the Shares at any time.

The Fund Manager may also suspend the redemption rights of any Shareholder if the Fund Manager deems it necessary to do so to comply with any anti-money laundering laws or regulations applicable to the Fund, the Fund Manager or any of the Fund's service providers.

The Fund, the Fund Manager, the Fund's service providers and their respective directors, employees and agents shall be held harmless by all Shareholders against any loss arising as a result of any failure or delay in processing any subscription or Redemption Requests if so doing is likely to cause any of them to breach any applicable laws or regulations.

Each Subscriber and Shareholder will be required to supply such information or make such representations to the Fund, the Fund Manager and the Fund's service providers in connection with such anti-money laundering measures or procedures adopted by the Fund and the Fund Manager from time to time as more fully set out in the Subscription Agreement.

**9.12. SUBSCRIPTION PROCEDURE.**

Prospective Subscribers for Shares will be required to complete a Subscription Agreement and to supply all required information in respect of anti-money laundering compliance as may be requested by the Fund Administrator and or the Fund Manager. The Fund Administrator and/or the Fund Manager reserves the right to request the original Subscription Agreement prior to either processing the Subscription Agreement, accepting the same and or issuing Shares. Subscription Agreements may be requested from the Fund Manager.

**9.13. ACCEPTANCE OF SUBSCRIPTIONS.**

The Fund Manager reserves the right to accept or refuse any Subscription Agreement, to decline to issue Shares after acceptance of the Subscription Agreement in certain circumstances and or to issue less Shares to a Subscriber than such number applied for.

**9.14. SUSPENSION OF SUBSCRIPTIONS.**

The Fund Manager will suspend the issue of Shares of any Sub-Fund whenever the determination of the Net Asset Value of such Sub-Fund is suspended.

**9.15. IRREVOCABILITY OF SUBSCRIPTIONS.**

Any Subscription Agreement submitted shall be irrevocable and may not be withdrawn by any Subscriber in any circumstances, even in the event of a suspension of the determination of the Net Asset Value of the relevant Sub-Fund. In the event of a suspension, the Fund will process the subscription request on the first applicable Valuation Point following the end of the period of suspension.

**9.16. CONFIRMATION OF SUBSCRIPTION.**

Written confirmation of completed subscriptions (indicating the total number of full and fractional Shares (up to four decimals) issued to the Subscriber as of the applicable Subscription Date) will be sent to the Subscriber by e-mail or other electronic means to an address provided in the Subscription Agreement as soon as reasonably practicable and in no event later than the last calendar day of the month following the Subscription Date as of which such Shares have been issued. No formal Share certificates will be issued.



## 10. REDEMPTIONS

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### 10.1. REDEMPTION RIGHTS.

Subject to the restrictions provided in this Information Memorandum and the relevant Schedule, the Fund Manager may redeem Shares in accordance with the terms of the relevant Schedule or any Shareholder may apply for the redemption of some or all of his Shares or of a fixed value amount. Shares will be redeemed at the Redemption Price determined as at the Redemption Date as determined on the corresponding previous Business Day's Valuation Point, less any Redemption Deductions. If the value of a Shareholder's holding on the relevant Redemption Date is less than the fixed value amount which the Shareholder has applied to redeem, the Shareholder will be deemed to have requested the redemption of all of his Shares.

### 10.2. PRIOR NOTICE REQUIREMENTS.

The Fund Manager may in its discretion refuse to accept any Redemption Request received after the first day of any prior notice period specified in the relevant Schedule.

### 10.3. MINIMUM HOLDING PERIOD.

The Fund Manager may in its discretion determine that no Redemption Request will be accepted before the expiration of a minimum holding period specified in the relevant Schedule (the "**Minimum Holding Period**"). The Fund Manager may, subject to observing the principle of equal treatment of Shareholders, waive or reduce any Minimum Holding Period requirement at any time in their discretion or if required by applicable law or regulation.

### 10.4. MINIMUM HOLDING AMOUNT.

If as a result of a Redemption Request, the value of a Shareholder's holding would become less than the minimum holding amount specified in the relevant Schedule (the "**Minimum Holding Amount**"), the Fund Manager may decide to compulsorily redeem all Shares from that Shareholder. Before any such compulsory redemption, each Shareholder concerned will receive one month's prior notice to increase his holding above the applicable Minimum Holding Amount at the applicable Net Asset Value per Share.

### 10.5. REDEMPTION PRICE PER SHARE.

Shares may not be redeemed during any Initial Offer Period (or any extension thereof). After any Initial Offer Period (or any extension thereof), the Redemption Price per Share of each Sub-Fund is the Net Asset Value per Share of such Sub-Fund determined as at the Redemption Date, as determined on the corresponding previous Business Day's Valuation Point, less Redemption Deductions (if any) as more fully specified in the relevant Schedule.

### 10.6. PAYMENT OF NET REDEMPTION PROCEEDS.

Redemption proceeds net of any applicable Redemption Deductions including if applicable any Dilution Levy (the "**Net Redemption Proceeds**") are paid in the base currency of the relevant Sub-Fund (or Share Class as may be applicable). Unless otherwise provided in the relevant Schedule, the Net Redemption Proceeds will be paid as soon as reasonably practicable and normally within five Business Days after the relevant Net Asset Value per Share as at the relevant Valuation Point corresponding to the relevant Redemption Date has been calculated and is available. The Fund Administrator reserves the right to request the original Redemption Request prior to either processing the Redemption Request and/or remitting any Net Redemption Proceeds. Net Redemption Proceeds will only be paid in favour of the relevant Shareholder and will be paid by electronic transfer (net of the electronic transfer fee) to the account instructed by that Shareholder or, if no account details are held, by cheque mailed to the address shown for that Shareholder in the Shareholders Register.

Whilst the Fund intends to make all redemptions in cash, if requested by a Shareholder, redemptions may be made in kind (in specie) at the discretion of the Fund Manager. In order to satisfy payment of the Net Redemption Proceeds to such Shareholder in kind, the Fund Manager will allocate to the Shareholder investments from the portfolio of assets of the relevant Sub-Fund equal to the value of the Shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders. The valuation used shall be confirmed by a special report of the Registered Auditor. The costs of any such redemptions in kind shall be borne by the redeeming Shareholder.

#### **10.7. COMPULSORY REDEMPTION OF SHARES.**

If the Fund Manager becomes aware that a Shareholder of record is holding Shares for the account of a person who does not meet the Shareholder eligibility requirements specified in section 9.10 “[Eligible Shareholders](#),” and or in the relevant Schedule, or is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Fund or a Sub-Fund or a majority of its Shareholders, or otherwise be detrimental to the interests of the Fund or a Sub-Fund or a majority of its Shareholders, or is in material breach of any obligation as set out in the Subscription Agreement, the Fund Manager may compulsorily redeem such Shares in accordance with the provisions of the Articles at the prevailing Redemption Price of the relevant Sub-Fund. Shareholders are required to notify the Fund and the Registrar and Transfer Agent immediately if they cease to meet the Shareholder eligibility requirements specified in section 9.10 “**Eligible Shareholders**” or in the relevant Schedule and or as more fully set out in the Subscription Agreement, or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Fund or a majority of its Shareholders or be detrimental to the interests of the Fund or a majority of its Shareholders.

#### **10.8. LARGE REDEMPTIONS.**

If Redemption Requests of more than 10% of the total number of Shares outstanding in a Share Class are received in respect of any Redemption Date, the Fund Manager may decide to defer any Redemption Request in whole or in part, so that the 10% limit is not exceeded. Under these circumstances, redemptions may be deferred to a next following Valuation Point being no later than the next Redemption Date, or as the Fund Manager may decide, and such Valuation Point will constitute a Redemption Date for the purpose of the provisions hereof. Any Redemption Requests in respect of the relevant Redemption Date so reduced will be given priority over subsequent Redemption Requests received for the succeeding Redemption Date, subject always to the 10% limit. The limitation will be applied pro rata to all Shareholders who have requested redemptions to be effected on or as at such Redemption Date so that the proportion redeemed of each holding so requested is the same for all such Shareholders.

#### **10.9. SUSPENSION OF REDEMPTIONS.**

Redemption of Shares of any Sub-Fund will be suspended whenever the determination of the Net Asset Value of such Sub-Fund is suspended.

#### **10.10. IRREVOCABILITY OF REDEMPTION REQUESTS.**

Redemption Requests of Shares are irrevocable and may not be withdrawn by any Shareholder in any circumstances, except in the event of a suspension of the determination of the Net Asset Value of the relevant Sub-Fund. In the event of such a suspension, the Shareholders of the relevant Sub-Fund, who have made a Redemption Request, may give written notice to the Fund that they wish to withdraw their Redemption Request.

#### **10.11. EXCHANGES BETWEEN SHARI’AH COMPLIANT SUB-FUNDS.**

Shareholders may sell Shares in one Sub-Fund to buy Shares in any other Shari’ah Compliant Sub-Fund established and any such exchange will be treated as two transactions, namely, a redemption of the Shares held in the relevant Sub-Fund and a subscription for Shares in the other Sub-Fund and the provisions in relation to redemptions and subscriptions as stated in this Information Memorandum and any relevant Schedule (including in relation to charges) will apply to both transactions.

**10.12. EXCHANGES BETWEEN SHARE CLASSES.**

Shareholders may sell Shares in one Share Class or Sub-Class ("**Switch-Out**") to buy Shares in any other Share Class or Sub-Class ("**Switch-In**") free of charge. Any such exchange will be treated as two transactions, namely, a Switch-Out effected by redemption of the Shares held in the relevant Share Class or Sub-Class and a Switch-In effected by a subscription for Shares in the other Share Class or Sub-Class. Both the Switch-Out and the Switch-In shall have the same settlement date and occur at the relevant Net Asset Value per Share (and currency if applicable) of the respective Share Class. The provisions in relation to redemptions and subscriptions as stated in this Information Memorandum, except in relation to charges, will apply to both the Switch-Out and the Switch-In.

## 11. TRANSFER OF SHARES

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### 11.1. RESTRICTIONS ON SALE, TRANSFER AND ASSIGNMENT.

Shares are transferable (including by way of sale or legal or beneficial assignment) subject to the consent of the Fund Manager. The Fund Manager, in granting or withholding such consent will take into consideration the restrictions mentioned in section 9.10 “**Eligible Shareholders.**”, any additional restrictions specified in the relevant Schedule, the Articles and the Subscription Agreement. In addition, the Fund Manager will also take into consideration whether such transfer might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable US Securities Laws.

The Fund Manager will in all cases as a condition of granting such consent, require such potential transferee to comply with the requirements set out in section 9.11 “**Anti-Money Laundering.**” and, subject to the discretion of the Fund Manager enter into a form of transfer agreement on such terms as the Fund Manager may determine.

Shares may not be transferred, sold or assigned (legally or beneficially) directly or indirectly, to any person in any circumstances without the consent of the Fund Manager.

The Fund has and intends to exercise, the right of mandatory redemption of any Shares sold or acquired in contravention of the foregoing prohibitions.

## 12. NET ASSET VALUE

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### 12.1. GENERAL

The Fund constitutes a single legal entity, but the assets of each Sub-Fund shall be invested for the exclusive benefit of the Shareholders of the corresponding Sub-Fund and the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

The Fund, in accordance with the valuation provisions set out in the Articles, and summarised below, will establish a separate pool of assets and liabilities in respect of each Sub-Fund and the assets and liabilities shall be allocated in the following manner:

- a. The net proceeds from the issue of Shares in a Sub-Fund are to be applied in the books of the Fund to that Sub-Fund and the assets and liabilities and income and expenditure attributable thereto are applied to such Sub-Fund subject to the provisions set forth below.
- b. Generally, each Share Class and Series of Share Class shall bear its own profits, gains, losses, costs, income and expenditure to the extent specifically attributable to that Share Class or Series of Share Class. In particular, the profits, gains, losses, costs, income and expenditure associated with: (i) any Management Fee, Performance Fee, (if any) establishment costs, brokerage fees, other operating expenses, and any applicable tax referable to such Share Class or Series; (ii) Shari'ah Compliant hedging a Share Class or Series against adverse movements relative to the relevant Share Class or Series' base Currency; and (iii) the conversion of monies in connection with the purchase and redemption of such Share Class or Series will be borne by the Shareholders of the relevant Share Class or Series and will be reflected in the Net Asset Value per Share of that Share Class or Series of that Share Class.
- c. Where any income or asset is derived from another asset, such income or asset is applied in the books of the Fund to the same Sub-Fund as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant Sub-Fund.
- d. Where the Fund incurs a liability, which relates to any asset of a particular Sub-Fund or to any action taken in connection with an asset of a particular Sub-Fund, such liability is allocated to the relevant Sub-Fund.
- e. If any asset or liability of the Fund cannot be considered as being attributable to a particular Sub-Fund, such asset or liability will be allocated to all the Sub-Funds pro rata to their respective Net Asset Values, or in such other manner as the Fund Manager, acting in good faith, may decide.
- f. Upon the payment of distributions to the Shareholders of any Sub-Fund (if any), the Net Asset Value of such Sub-Fund shall be reduced by the amount of such distributions.

### 12.2. NET ASSET VALUE PER SHARE – SHARE CLASS AND SERIES.

In respect of each Sub-Fund, the Net Asset Value and the Net Asset Value per Share of the relevant Sub-Fund is determined in the base currency of such Share Class within each Sub-Fund as at each Valuation Point determined by taking into account the rate of exchange prevailing at the relevant Valuation Point.

The Net Asset Value per Share of a particular Share Class or Series shall be calculated by dividing (a) the total asset value of the relevant Sub-Fund attributable to that Share Class or Series less the total liability value of the relevant Sub-Fund attributable to that Share Class or Series by (b) the total number of Shares of that Share Class or Series of the relevant Sub-Fund outstanding.

The Net Asset Value per Share of each Sub-Fund, calculated in accordance with the above, as at a Valuation Point will be calculated up to 4 decimal places and available no later than 2 Business Days after the relevant Valuation Point.

Save as may be specified in any relevant Schedule, as the Net Asset Value per Share, and where relevant, the Net Asset Value of a relevant Share Class will be determined before the day on which subscription, redemption or exchange requests are made, Subscribers will not know the total number of whole and fractional Shares which they will be issued, and Shareholders will not know the net redemption value of their Shares as at the day on which their request for subscription, redemption or exchange is made.

**12.3. DETERMINATION OF NET ASSET VALUE.**

The net assets of each Sub-Fund consist of the value of the total assets attributable to such Sub-Fund less the total liabilities (including any Operating Fees and Expenses, Pro-Rata Fees and all other fees, charges and expense payable and or accrued and or estimated that are payable out of the assets of the Sub-Fund) attributable to such Sub-Fund, calculated at such time as the Fund Manager shall have set for such purpose. The Fund Administrator, acting independently and based on the information received from the Fund Manager, shall determine the value of the assets of the Fund as follows:

- a. The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and profits accrued, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Fund Manager may consider appropriate to reflect the true value thereof. If value is received late, any recovered portion will be reversed back to the date it had been received.
- b. The value of securities which are quoted, traded or dealt in on any stock exchange shall be based on the latest available mid-market price for a long position or the last available offer price for a short position on the stock exchange which is normally the principal market of such securities, and each security traded on any other regulated market shall be valued in a manner as similar as possible to that provided for quoted securities.
- c. For non-quoted securities or securities not traded or dealt in on any stock exchange or other regulated market, as well as quoted or non-quoted securities on such other market for which no valuation price is available, or securities for which the quoted prices are, in the opinion of the Fund Manager, not representative of the fair market value, the value thereof shall be determined prudently and in good faith by the Fund Manager on the basis of cost or on the valuations from counterparties, issuers or brokers.
- d. Securities issued by any open-ended collective investment fund shall be valued at their last available price or Net Asset Value as reported or provided by such funds or their agents (to be confirmed in writing by a director of the Fund Manager).
- e. Liquid assets and Shari'ah Compliant money market instruments may be valued at nominal value plus any accrued profit or on an amortised cost basis.
- f. All other securities and assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Fund Manager.

The Fund Manager is authorised to apply other valuation principles for the assets of the Fund and/or any Sub-Fund if the valuation principles set forth above appear impossible to apply in the circumstances or inappropriate for the asset concerned. Any Sub-Fund investing in a collective investment fund will determine its Net Asset Value primarily on the basis of the value of its interests in such collective investment fund, as reported or provided by such collective investment fund.

The Fund and the Fund Administrator, acting upon the recommendations provided by the Fund Manager, will make all reasonable efforts to correctly assess the value of all securities held by a Sub-Fund based on the information made available to them, and such valuations will be binding upon the Fund and its Shareholders absent manifest error. Neither the Fund, nor the Fund Administrator nor the Fund Manager has any control over the valuation methods and accounting rules adopted by the collective investment funds in which the Sub-Fund may invest and no assurance can be given that such methods and rules will at all times allow the Fund to correctly assess the value of its assets and investments.

If the value of a Sub-Fund's assets is adjusted after any Valuation Point (as a consequence, for instance, of any adjustment made by a collective investment fund to the value of its own assets), the Fund Manager will not be required to revise or recalculate the Net Asset Value on the basis of which subscriptions, redemptions or exchanges of Shares of that Sub-Fund may have been previously accepted. In any Sub-Fund, the Fund Manager may determine to establish reserves, which may be caused by revaluation of assets and make provisions for contingencies.

The value of assets denominated in a currency other than the base currency of a given Sub-Fund shall be determined by taking into account the spot rate of exchange prevailing at the relevant Valuation Point.

The Net Asset Value per Share, and where relevant, the Net Asset Value of a particular Share Class, of each Sub-Fund and the Initial Issue Price, Subscription Price and Redemption Prices, as the case may be, per Share will be available from the Registered Office of the Fund and at the DIFC office of the Fund Administrator as soon as practicable after each Valuation Point in accordance with the requirements of the CIR.

The Fund will also publish the Net Asset Value per Share, and where relevant, the Net Asset Value of a particular Share Class (or Sub-Class) of each Sub-Fund as soon as practicable after each Valuation Point in accordance with the requirements of the CIR. The Net Asset Value per Share, and where relevant, the Net Asset Value of a particular Share Class, of each Sub-Fund will in particular be published on Bloomberg and such other mediums as may be determined by the Fund Manager from time to time and as notified to Shareholders.

The Directors have delegated to the Fund Administrator the determination of the Net Asset Value and the Net Asset Value per Share and, if applicable, Series, subject to the overall supervision and direction of the Fund Manager. In determining the Net Asset Value, and the Net Asset Value per Share and, if applicable Series, the Fund Administrator will follow the valuation policies and procedures adopted by the Fund as set out above.

For the purpose of calculating the Net Asset Value, and the Net Asset Value per Share and, if applicable Series the Fund Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by Prime Broker(s) appointed by the Fund or the relevant Sub-Fund (if applicable), market makers and/or independent third-party pricing services. The Fund Administrator may also use and rely on industry standard financial models or other financial models approved by the Fund Manager and the Directors in pricing any of the Fund's securities, investments or other assets. If and to the extent that the Directors or the Fund Manager are responsible for or otherwise involved in the pricing of any of the Fund's securities, investments or other assets, the Fund Administrator may accept, use and rely on such prices in determining the Net Asset Value, and the Net Asset Value per Share and, if applicable Series shall not be liable to the Fund in so doing.

#### **12.4. SUSPENSION OF NET ASSET VALUE CALCULATIONS.**

The Fund Manager may where exceptional circumstances arise, at any time, suspend the calculation of the Net Asset Value of any Sub-Fund or Share Class or Series (and the Net Asset Value per Share) whereupon the issue and redemption of Shares in that Sub-Fund will be suspended, under any one or more of the following circumstances:

- a. Where there is a closure of or suspension of trading on any market on which any assets of that Sub-Fund are traded.
- b. Where a breakdown occurs in any of the means normally employed by the Fund Administrator or the Fund Manager to ascertain the value of the assets of that Sub-Fund or when for any other reason the value of the assets of that Sub-Fund cannot reasonably be ascertained.
- c. Where circumstances exist as a result of which in the opinion of the Fund Administrator or the Fund Manager it is not reasonably practicable for the Sub-Fund to realise any assets, which together constitute a material proportion of the overall assets of that Sub-Fund.
- d. Where, for any other reason, the Fund Manager determines on reasonable grounds that it is in the best interests of the Sub-Fund and/or the relevant Shareholders.

Any such suspension (and the reason therefore) will be notified to the relevant Shareholders and the DFSA as soon as practicable after such suspension has been declared. The Fund Manager will generally act to lift such suspension as soon as possible in all cases and should such exceptional circumstances continue, the Fund Manager is entitled to apply to the DFSA for the continuation of such suspension. The Fund Manager will notify the relevant Shareholders of any such application to the DFSA and, if granted as soon as practicable after the date of granting. The Fund Manager will notify the Shareholders and the DFSA as soon as practicable after such suspension has been lifted.



## **13. ALTERATIONS AND AMENDMENTS TO THE FUND AND/OR SUB-FUND**

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### **13.1. ALTERATIONS TO THE ARTICLES.**

- a. Matters requiring a Special Resolution of Shareholders.

If any proposal to change a Sub-Fund's investment, financing or gearing powers is made or if any other fundamental change (as defined in the CIL and the CIR) is proposed relating to the Sub-Fund as a whole and or to a Share Class (or Sub-Class) in respect of a Sub-Fund, a Special Resolution approving any such proposal must be passed by Shareholders holding Shares of that Sub-Fund and or of that Share Class (or Sub-Class) at a meeting of Shareholders convened solely for that purpose. The DFSA must also approve any such proposal.

- b. Matters requiring an Ordinary Resolution of Shareholders.

If any materially significant change (as defined in the CIL and the CIR) is proposed or any other proposal which may adversely affect Shareholders as a whole and or to Shareholders holding Shares in a specific Share Class (or Sub-Class) in respect of a Sub-Fund, an Ordinary Resolution approving any such proposal must be passed by such Shareholders at a meeting of Shareholders convened solely for that purpose.

### **13.2. ALTERATIONS TO THE INFORMATION MEMORANDUM.**

- a. Matters requiring a Special Resolution of Shareholders.

If any proposal to change a Sub-Fund's investment, financing or gearing powers is made or if any other fundamental change (as defined in the CIL and the CIR) is proposed relating to the Sub-Fund as a whole and or to a specific Share Class (or Sub-Class) in respect of a Sub-Fund, a Special Resolution approving any such proposal must be passed by such Shareholders at a meeting of those Shareholders convened solely for that purpose. The DFSA must also approve any such proposal.

- b. Matters requiring an Ordinary Resolution of Shareholders.

If any materially significant change (as defined in the CIR Rules) is proposed, or any other proposal which may adversely affect Shareholders as a whole and or to Shareholders holding Shares in a specific Share Class (or Sub-Class) in respect of a Sub-Fund, an Ordinary Resolution approving any such proposal must be passed by such Shareholders at a meeting of those Shareholders convened solely for that purpose.

- c. Matters merely requiring pre-event notification to Shareholders.

If the Fund Manager considers that any proposed change may potentially be significant (as defined in the CIR), the Director will give the Shareholders of a specific the Sub- Fund as a whole and or of a specific Share Class (or Sub-Class) in respect of a Sub- Fund, reasonable notice of the proposed change before the change is effected.

- d. Matters merely requiring post-event notification to Shareholders.

If the Fund Manager considers on reasonable grounds that any proposed change will not adversely affect Shareholders' rights in a specific Sub-Fund as a whole and or in a specific Share Class (or Sub-Class) in respect of a Sub-Fund, then any such change may be made by the Fund Manager without recourse to such Shareholders other than to notify them after the change has been effected.

### **13.3. ALTERATIONS TO THE FUND AND SUB-FUND(S) GENERALLY.**

- a. Matters requiring a Special Resolution of Shareholders.

If any proposal to change the Fund Manager or the Registered Auditor is made or if any other fundamental change (as defined in the CIR) is proposed, relating to the Sub-Fund as a whole and or to a specific Share Class (or Sub-Class) in respect of a Sub-Fund, a Special Resolution approving such proposal must be passed by such Shareholders at a meeting of those Shareholders convened solely for that purpose. The DFSA must also approve any such proposal.

b. Matters requiring an Ordinary Resolution of Shareholders.

If any materially significant change (as defined in the CIR) is proposed which may adversely affect Shareholders, relating to the Sub-Fund as a whole and or to a specific Share Class (or Sub-Class) in respect of a Sub-Fund, an Ordinary Resolution approving any such proposal must be passed by such Shareholders at a meeting of those Shareholders convened solely for that purpose.

c. Matters merely requiring pre-event notification to Shareholders.

If the Fund Manager considers that any proposed change may potentially be significant (as defined in the CIR), relating to the Sub-Fund as a whole and or to a specific Share Class (or Sub-Class) in respect of a Sub-Fund, the Fund Manager will give the relevant Shareholders reasonable notice of the proposed change before the change is effected.

d. Matters merely requiring post-event notification to Shareholders.

If the Fund Manager considers on reasonable grounds that any proposed change will not adversely affect Shareholders' rights, relating to the Sub-Fund as a whole and or to a Share Class (or Sub-Class) in respect of a Sub-Fund, then any such change may be made by the Fund Manager without recourse to such Shareholders other than to notify them after the change has been effected.

## **14. WINDING-UP, DISSOLUTION AND AMALGAMATION**

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### **14.1. WINDING-UP OR DISSOLUTION.**

The Fund may be wound up at any time:

- a. By the Fund Manager in accordance with the Articles.
- b. By the Shareholders by the passing of a Special Resolution at an extraordinary general meeting directing the Fund Manager to wind up the Fund.
- c. Otherwise in accordance with the CIL and/or the CIR.

Upon such determination being made the Fund Manager will advise the Shareholders in writing that such determination has been made and will set out the Fund Manager's plans for the liquidation of the assets of the Fund and distribution of the Fund assets to the Shareholders.

Upon a winding-up of the Fund, the proceeds from the liquidation of the assets of each Sub- Fund shall be applied:

- a. First, in paying to any party any unpaid fees, costs or expenses payable by the Sub- Fund and then unpaid (and retaining adequate provision for all liabilities properly so payable and for the cost of the winding up).
- b. Second, in paying to the relevant Shareholders of that Sub-Fund the balance of the proceeds, which balance shall be apportioned between such Shareholders pro rata to the number of Shares (or to a Share Class (or Sub-Class) in respect of a Sub-Fund) in the Sub-Fund held by each of them.

### **14.2. DISSOLUTION AND AMALGAMATION OF SUB-FUNDS.**

a. A Sub-Fund (or a Share Class (or Sub-Class) in respect of a Sub-Fund) may be dissolved by compulsory redemption of such Shares of the relevant Sub-Fund, at the discretion of the Fund Manager:

- i. If the Net Asset Value of the relevant Sub-Fund has decreased below USD 5 million.
- ii. If the Sub-Fund shall cease to be authorised or otherwise officially approved.
- iii. If any law shall be passed or otherwise enacted which renders it illegal or, in the opinion of the Fund Manager, impractical or inadvisable to continue the relevant Sub-Fund.
- iv. If required by the DFSA to terminate the Fund or the relevant Sub-Fund.
- v. If the Fund Manager, at any time, determines that it is in the best interests of the Fund, the Sub-Fund, the relevant Shareholders or the Fund Manager that the Sub-Fund be dissolved.

b. The Redemption Price for the relevant Shares will be the Net Asset Value per Share (taking into account actual realisation prices of the investments and realisation expenses), calculated as of the Valuation Point at which such a decision shall take effect.

c. The Fund Manager shall serve a written notice to the holders of the relevant Shares prior to the effective date of the compulsory redemption, which will indicate the reasons for, and the procedure of the redemption operations. Unless it is otherwise decided in the interest of, or to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund concerned may continue to request redemption of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the effective date of the compulsory redemption.

- d. Notwithstanding the powers conferred to the Fund Manager in the preceding paragraph, a general meeting of Shareholders of any Sub-Fund may, upon proposal from the Fund Manager, redeem all the Shares of such Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Point at which such decision shall take effect. There shall be no quorum requirements for such a general meeting of Shareholders at which resolutions shall be adopted by simple majority of those present or represented, if such a decision does not result in the liquidation of the Fund.
- e. Any asset which has remained unclaimed shall be dealt with in accordance with the applicable CIR.
- f. All redeemed Shares shall be cancelled.
- g. Under the circumstances provided for under paragraph 1 above, the Fund Manager may decide to allocate the assets of any Sub-Fund at the prevailing Net Asset Value to those of another existing Sub-Fund within the Fund and to re-designate the Shares of the Sub-Fund concerned as Shares of another Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be notified to the Shareholders concerned (and, in addition, the notification will contain information in relation to the new Sub-Fund), one month before the date on which the amalgamation becomes effective in order to enable Shareholders to request redemption of their Shares, free of charge, during such period.
- h. Notwithstanding the powers conferred on the Fund Manager by the preceding paragraph, a contribution of all assets and liabilities attributable to any Sub-Fund to another Shari'ah Compliant Sub-Fund may be decided upon by a general meeting of the Shareholders of the contributing Sub-Fund with a Special Resolution, if the amalgamation does not result in the liquidation of the Fund.
- i. A contribution of the assets and liabilities attributable to any Sub-Fund to a Shari'ah Compliant sub-fund of a third-party entity shall be decided by a general meeting of Shareholders by Special Resolution as approved by the Shari'ah Supervisory Board.

## **15. MATERIAL CONTRACTS AND GOVERNING LAW**

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### **15.1. MATERIAL CONTRACTS.**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Fund and are, or may be, material:

- a. Administration Agreement;
- b. Custodian Agreement;
- c. Shari'ah Supervisory Procedures;
- d. The agreement between the Registered Auditor and the Fund; and
- e. The Fund Management Agreement.

All of the above documents have been approved by the Shari'ah Supervisory Board of the Fund.

Any of the above agreements may be amended by the mutual consent of the parties, with consent on behalf of the Fund being given by the Fund Manager provided that any material or Shari'ah related change is approved by the Shari'ah Supervisory Board.

### **15.2. DOCUMENTS AVAILABLE FOR INSPECTION.**

Copies of the following documents are available for inspection during business hours on each Business Day at the Registered Office of the Fund in the DIFC:

- a. The Articles.
- b. The current Information Memorandum.
- c. The material contracts referred to above; and
- d. The latest annual and interim reports of the Fund.

### **15.3. GOVERNING LAW.**

The governing law of the Fund and this Information Memorandum shall be the laws of the Dubai International Financial Centre to the extent they do not conflict with the Standards as interpreted by the Shari'ah Supervisory Board

## **SCHEDULE 1 – ARQAAM ISLAMIC INCOME GENERATION FUND 2024**

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**ARQAAM ISLAMIC INCOME DISTRIBUTION FUND OPEN ENDED PCC LIMITED (“FUND”)**

(incorporated as an open-ended protected cell company in the DIFC)

### **SCHEDULE**

**Relating to the Sub Fund**

**Arqaam Islamic Income Generation Fund 2024**

This Schedule is dated 18 February 2021. This Schedule is valid only if accompanied by the currently valid Information Memorandum dated 06 July 2021.

## 1. INVESTMENT OBJECTIVE AND POLICY

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### 1.1. PRINCIPAL INVESTMENT OBJECTIVE.

The objective of the Arqaam Islamic Income Generation Fund 2024 (or the “**Sub-Fund**”) is to provide regular quarterly distributions. The Arqaam Islamic Income Generation Fund 2024 will focus on income generation and not on capital appreciation. Accordingly, income attributable to the Share Classes as specified herein will not be re invested but paid out to Shareholders. See Section 11 “**Dividends and Distributions**”. The Sub-Fund will adopt a fixed maturity strategy of three (3) years with the objective to provide income over a 3-year cycle from the Final Closing Date in respect of Class “A”, Class “B” Shares, Class “C” Shares and Class “D” Shares, as applicable. The Final Closing Date will be four (4) months from the Initial Closing Date in respect of Class “A”, Class “B” Shares, Class “C” Shares and Class “D” Shares, as applicable.

During such period, Share Classes may be issued up to four (4) months from the Initial Closing Date (or further Class “A” Shares, Class “B” Shares, Class “C” Shares or Class “D” Shares are issued) (individually, and collectively, “**Secondary Closing Date(s)**”) However, the fixed maturity strategy of three (3) years will commence from the Final Closing Date (See further Section 1.7: “**Term – Investment Horizon**”, Section 0: “**Share Classes**” and Section 8.3: “**Offer Periods**” in this Schedule).

### 1.2. INVESTMENT POLICY AND RISK SPREADING.

The Arqaam Islamic Income Generation Fund 2024’s investment policy and investment restrictions will be as follows:

- a. All investments made by the Sub-Fund will be in Shari’ah Compliant securities and instruments denominated in United States Dollars or in a currency pegged to the United States Dollar.
- b. The Sub-Fund will primarily invest in Sukuk with no geographical limitation or restriction on the issuer.
- c. The Sub-Fund will not acquire more than 5% of any outstanding security or instrument by any one single issuing body.
- d. The Sub-Fund will not invest more than (leveraged or unleveraged):
  - 10% of its Asset Value in a single security issued by a sovereign issuer and a total of 15% across all securities from a sovereign issuer; and
  - 8% of its Asset Value in a single security or across securities issued by non-sovereign issuers
- e. There will be no credit rating restrictions in respect of any investment made by the Sub-Fund. However, the Fund Manager will undertake an in-depth credit review of each investment prior to investing in such security or instrument.
- f. The Sub-Fund will adopt a fixed maturity strategy of 3 years from the Final Closing Date with the objective to provide income over a 3-year cycle.
- g. The Fund may use any form of Shari’ah Compliant financing to enhance yields to achieve the Principal Investment Objective, subject to the Investment Policy. Shari’ah Compliant financing in the Share Classes will not exceed 200% of Net Asset Value per Share.

Cash in the Sub-Fund may be deposited overnight (or longer if required) on a wakala for investment account on terms approved by the Shari’ah Supervisory Board. As the Maturity Date approaches the Fund Manager will seek to hold cash

deposits and cash equivalent investments on terms approved by the Shari'ah Supervisory Board to facilitate the net distribution to the Shareholders on the Maturity Date.

Though it is the intention of the Fund Manager to allocate up to 100% of the Sub-Fund in investments with a tenor of 3 years and the Fund Manager will generally seek to match the maturities of its investments to the 3-year term of fixed maturity strategy some or all of the Sub-Fund's investments may mature before or after the Maturity Date (as defined in Section 1.7: "Term – Investment Horizon"), and be invested into securities with a tenor of more or less than 3 years. In addition, though the intention of the Fund Manager is for the Sub-Fund to hold securities until the Maturity Date, the Fund Manager has the discretion to sell such securities prior to their maturity and/or to replace them with securities that the Fund Manager believes will provide better investment returns to fulfil the principal investment objective.

### **1.3. FINANCING**

The Fund may use any form of Shari'ah Compliant financing to enhance yields to achieve the Principal Investment Objective, subject to the Investment Policy. Financing in the Share Classes will not exceed 200% of Net Asset Value per Share. Financing will be provided via collateralized Murabaha agreements.

### **1.4. SHARI'AH COMPLIANT ALTERNATIVES FOR DERIVATIVES.**

The Sub-Fund will utilise Shari'ah Compliant alternatives for derivatives, including profit rate swaps for hedging purposes (Tahawwut) but not for speculative purposes. All such transactions will require separate Shari'ah Supervisory Board approval.

### **1.5. STOCK LENDING.**

The Sub-Fund will not engage in stock lending.

### **1.6. ADJUSTMENTS.**

The Fund Manager will at all times apply the limits and restrictions set out herein. The limits set out will not be breached as a result of any events or circumstances outside the reasonable control of the Fund Manager, including, but not limited to, changes in the price or value of assets of the securities or instruments brought about solely through movements in the market, or as a result of the exercise of subscription or redemption rights (as may be applicable) in respect of the Sub-Fund or any third party, changes to Net Asset Value and or amendments proposed by the Shari'ah Supervisory Board to the approved securities or instruments on the Approved List (as defined in Section 2: "**SHARI'AH COMPLIANCE**") or to changes in any third party indices on which the Fund Manager, in pursuing the investment policy of the Sub-Fund, relies. In such events the Fund Manager will take such corrective action as it deems advisable to remedy the situation, taking into account the interests of the Shareholders, and the guidance of the Shari'ah Supervisory Board.

### **1.7. TERM - INVESTMENT HORIZON.**

The Arqaam Islamic Income Generation Fund 2024 will pursue the principal investment objective via the investment policy for a period of three (3) years. The three-year period will be calculated from the Final Closing Date (the "**Maturity Date**"), in respect of the Class "A" Shares, Class "B" Shares, Class "C" Shares or Class "D" Shares and or such other Share Classes as may be in issue subject to any adjustments to the Final Closing Date as provided herein.

Additional Share Classes may be issued (or further Class "A" Shares, Class "B" Shares, Class "C" Shares or Class "D" Shares are issued) up to four (4) months from the Initial Closing Date for each Share Class. The fixed maturity strategy period of three (3) years will commence from the Final Closing Date and not any such Secondary Closing Date. (See Section 8.3: "**Offer Periods**").

The intention of the Fund Manager is to liquidate the Sub-Fund on the Maturity Date and the net proceeds of such liquidation will be distributed to the Shareholders at such date pro rata to the number of Class "A" Shares and or Class "B" Shares and or Class "C" Shares and or Class "D" Shares held on such date.



If, on or before the Maturity Date, the Directors believe that it is in the best interests of the Sub-Fund not to liquidate the Sub-Fund, the Directors may (at their sole and absolute discretion) notify the remaining Shareholders setting out the options available to them, in respect of the timing and or continuance of the Sub-Fund, including, but not limited to, a renewal of the Sub-Fund's term (for such period to be proposed by the Directors) and/or a change of the Sub-Fund's investment objective and policy, to the extent that such activities are compliant with the Standards, the Shari'ah Investment Guidelines and approved by the Shari'ah Supervisory Board. Such a proposal (if any) may be subject to certain terms and conditions, such as a minimum take-up by the remaining Shareholders, and or other conditions as may be required by the Directors. In addition, the Directors may postpone and or bring forward the Maturity Date if the Directors believe it is in the best interests of the Sub-Fund and all the Shareholders in the Sub-Fund.

An investment in the Sub-Fund is not an appropriate vehicle for short-term investment, as its investment objectives are set on a medium to long-term basis with an anticipated term of 3 years from the Final Closing Date to the Maturity Date.

Although the Sub-Fund will permit redemptions on the terms set out herein (See section 9: "**Redemptions**"), the Arqaam Islamic Income Generation Fund 2024 will be run on a fixed maturity strategy with an investment objective set on a medium to long-term basis with an anticipated term of 3 years from the Final Closing Date to the Maturity Date.

The terms of the Sub-Fund have been designed to facilitate the investment objective and to encourage Shareholders to maintain their Shareholding until the Maturity Date. Attention is drawn to the section 0: "**Redemption Deductions – Class 'B' Shares only**" and, in addition to the provisions of the Information Memorandum relating to Redemption Deductions, including any Dilution Levy which may be applied by the Fund Manager on any Redemption Request(s) prior to the Maturity Date. See section 9.5 "**Transaction Charges Redemption Deductions**".

## 2. SHARI'AH COMPLIANCE

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The below are the Shari'ah Investment Guidelines as approved by the Shari'ah Supervisory Board ("**SSB**"). Any potential departures from these guidelines will require the SSB's prior approval before implementation.

### 2.1. SHARI'AH PROCESS

#### (a) **Responsibilities**

The Fund Manager is responsible for selecting investments that meet the Investment Objective and Policies to assure that the Sub-Fund is adhering to the Shari'ah in accordance with the Standards and Shari'ah Investment Guidelines, including the review of any proposed companies for compliance with Shari'ah.

The Shari'ah Supervisory Board is responsible for issuing the initial fatwa or Shari'ah Compliance Report approving the Sub-Fund as being Shari'ah Compliant and suitable for Shari'ah Compliant investors, and for carrying out ongoing reviews thereafter to ensure the continuing compliance of the Sub-Fund with the Standards and Shari'ah Investment Guidelines. The SSB will also advise the Fund Manager on other areas that are identified by them as having ramifications for the Fund or Sub-Funds from a Shari'ah perspective.

#### (b) **Purpose**

The purpose of the Shari'ah Investment Guidelines is to detail the services and standards of the SSB to ensure the Fund and each Sub-Fund adhere to Shari'ah principles in its ongoing investment and operational activities.

#### (c) **Approved List and selection of Securities and Instruments**

At the inception of the Sub-Fund, and thereafter, the Shari'ah Supervisory Board will approve a list of securities and

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instruments (including Sukuk) which are deemed to be Shari'ah Compliant and have been approved by the Shari'ah Supervisory Board (the "**Approved List**"). The Shari'ah Supervisory Board may add securities (that are permissible to trade) or delete securities (that are not permissible to trade) and instruments (including Sukuk) from the Approved List in its discretion. The Sub-Fund will only invest in securities and instruments (including Sukuk) which have been approved by the Shari'ah Supervisory Board and are on the Approved List.

The Fund Manager's investment team will inform the Shari'ah Supervisory Board of any change in the circumstances or underlying securities and instruments (including Sukuk) that might affect the permissibility of trading and investment under the Approved List.

The Shari'ah Supervisory Board will review all investments of the Sub-Fund on an annual basis. If any investments made by the Sub-Fund are, in the opinion of the Shari'ah Supervisory Board, found not to be Shari'ah Compliant, such investments will generally be liquidated within 15 Business Days or such other period approved by the Shari'ah Supervisory Board taking into account the interests of the Shareholders. Any income gain or other profit (including but not limited to dividends or other distributions) designated as requiring purification or cleansing made on such investments will be donated to a registered charity approved by the Shari'ah Supervisory Board.

**(d) Universe of Shari'ah-Compliant Securities**

The Fund Manager shall ensure that the Fund complies with Shari'ah Investment Guidelines as determined by the SSB by investing in securities provided that there is a Fatwa issued confirming the Shari'ah Compliant status of the Sukuk from the Shari'ah Board of the Sukuk issuer.

For formality purposes, prior to purchasing/investing in any Sukuk, the Fund shall notify SSB of its intention to purchase the specific Sukuk, as per the following requirements:

a) Sukuk at the Secondary Market:

The Fund shall provide the SSB with the necessary documentations for the SSB's review and approval and that the SSB, after conducting its internal assessment, shall provide its formal approval.

b) Sukuk at the primary market:

The Fund shall provide the SSB with the information and documentations regarding the Sukuk which shall be in the form of the information memorandum or prospectus or fatwa as issued by any parties to the Sukuk and the SSB, after conducting its internal assessment shall provide its formal approval.

The SSB will notify the Fund accordingly whether there is any objection to such purchase/investment.

**(e) Annual Reviews for the Purpose of Annual Shari'ah Compliance Certificate**

By the end of April of each calendar year, the SSB will review the Fund and the Fund documentation to check whether the Fund is still compliant with the Standards and the Shari'ah Investment Guidelines, and if it is, the SSB shall issue an Annual Shari'ah Compliance Certificate (the "**Compliance Certificate**") to the Fund.

The Compliance Certificate shall indicate whether the Fund is in compliance with the Standards and the Shari'ah Investment Guidelines or whether any aspects are considered to be not compliant within the Fund's annual calendar year. Any non-compliance issue that may be notified to the Fund Manager by the SSB must be rectified in a timely manner and no later than 90 days following the notice. Both the Fund's financials and the Compliance Certificate must be filed by the Fund to the DFSA, on a timely annual basis.

**2.2. TYPE OF SECURITIES**

The eligible financial instruments which the Fund can purchase are only the following Shariah Compliant ones:

### **2.2.1. SUKUK**

Sukuk are investment certificates that provide evidence of an investment/funding into an underlying asset or a project which is typically an income generating project or asset. The types of Sukuk that are permissible for the Fund to invest in would include:

- Sukuk Ijarah
- Sukuk Musharakah
- Sukuk Mudarabah
- Sukuk Istithmar
- Sukuk Wakalah

All these types of Sukuk must represent an undivided ownership of the Sukuk investors in the underlying income producing assets. The profits payable to Sukuk investors are to be generated from these assets.

The above list is not meant to be exhaustive. As the Sukuk market is always evolving, the Company would be allowed to invest in newly introduced Sukuk structures if they are deemed as Shari'ah Compliant as set out in the Standards and approved by the Shari'ah Supervisory Board and as long as the tradability ratio is maintained.

### **2.2.2. SHARI'AH COMPLIANT DEPOSIT/INVESTMENT**

This will include all dealings and transactions using Murabaha based commodity trading and other Sharia-compliant liquidity instruments to obtain a fixed income return through a special arrangement as long they are compliant with Standards and approved by the SSB, they include the following structures;

- Commodity Murabahah
- Tawarruq
- Mudarabah investment account
- Wakalah investment account
- Shari'ah Compliant Government Investment Issues (Mudarabah and Musharakah certificates)

### **2.2.3. SHARI'AH COMPLIANT ASSET BACKED SECURITIES**

Shari'ah Compliant asset-backed securities would include any form of Shari'ah Compliant securitisation based on a true sale concept where the cash flow related to the underlying assets is based on the transactions that are compliant with Standards and approved by the SSB, these securities use the following Shari'ah contracts:

- Ijarah
- Musharakah

### **2.2.4. SHARI'AH COMPLIANT MORTGAGE-BACKED SECURITIES**

Shari'ah Compliant mortgage-backed securities would include any form of Sharia-compliant securitisation of which the underlying mortgage pools are compliant with Standards and approved by the SSB, these securities are based on the following Sharia contracts:

- Ijarah Muntahiya bi Tamleek (Lease with ownership transfer)

- Musharakah Mutanaqisah (Diminishing partnership)

#### **2.2.5. RESTRICTIONS**

Any Shari'ah Compliant instruments that are not mentioned in this guideline will have to be submitted to the Sharia Supervisory Board for approval prior to investment.

#### **2.2.6. CASH MANAGEMENT**

- The Fund shall keep its cash in Islamic Money Market instruments, Islamic accounts or wherever not applicable, a non-interest bearing account. However, the Fund shall at all times utilize a Shari'ah Compliant product in all instances.
- The Fund shall only avail Shari'ah Compliant covered drawing financing facility subject to the approval of the SSB.
- non-invested cash assets of the Fund may be invested in Shari'ah Compliant short-term investment products with one or more Islamic financial institutions or Islamic window operations as long they are compliant with Standards and approved by the SSB.

#### **2.2.7. USE OF SHARI'AH COMPLIANT HEDGING TECHNIQUES**

All Shari'ah Compliant hedging activities and use of Shari'ah compliant structured instruments for the Fund's investments activities shall only be used after written approval of the SSB to ensure that they are Shari'ah Compliant. Accordingly, only Shari'ah Compliant hedging products shall be applied and such Shari'ah Compliant hedging product shall only be used for risk management purposes and not for investment purposes.

#### **2.2.8. USE OF SHARI'AH ALTERNATIVES OF DERIVATIVES PRODUCTS**

The Fund shall not subscribe to conventional derivatives product either for hedging or investment purposes. Such conventional derivatives product include; options, forwards, futures, swaps, securities lending, etc. However, the Fund may utilize Shari'ah-alternatives for derivatives which adhere to the Shari'ah Rules and Principles set out in the Standards as interpreted by the Shari'ah Supervisory Board of the Fund.

### **3. INVESTMENT PROCESS**

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The Fund Manager follows a top-down approach, whereby the investments team of the Arqaam Islamic Income Generation Fund 2024 meets on a periodic basis to discuss the macroeconomic outlook. Following the consensus decision by the investment team on the investment outlook, the investment team will select the sectors identified. Once the sector selection is complete, the investment team performs an in-depth credit review of the companies in that sector and the related securities and instruments. The targeted securities and or relevant instruments (including Sukuk) and or relevant indices will be submitted to the Shari'ah Supervisory Board for approval and inclusion on the Approved List. Once approved by the Shari'ah Supervisory Board the investment team of the Fund Manager will exercise its discretion in the exercise of its investment powers in selecting securities and instruments (including Sukuk) from the Approved List in accordance with the investment policy and risk spreading criteria as set out herein. The investment team will seek a written approval from the Shari'ah Supervisory Board for every new addition to the Approved List.

### **4. KEY TEAM MEMBERS**

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The Arqaam Islamic Income Generation Fund 2024 will be co-Managed by Abdul Kadir Hussain who is the Head of Fixed Income Asset Management at Arqaam and by Zeina Rizk, Director of Fixed Income Asset Management at Arqaam.

**Mr Abdul Kadir Hussain.**

Mr Hussain has 27 years investment experience in the emerging market space, with a 14 year public track record in managing conventional fixed income credit-based funds and a 11 year public track record managing Shari'ah Compliant fixed income credit funds. The funds managed by Mr Hussain have won awards in every year since 2010, and the Islamic funds managed by Mr Hussein have been recognized by Bloomberg as the best in the MENA region in 2012, 2014, and 2015. Prior to moving to the UAE, Mr Hussain Global Head of Non-US Credit Research of Credit Suisse where he won 'Best High Yield' analyst in Asia for 3 consecutive years from 2000 to 2003.

**Ms Zeina Rizk.**

Ms Rizk has over 13 years of investment experience in the global credit market, with a 6-year track record of managing both a conventional global credit fund and a Shari'ah Compliant global credit fund. The Shari'ah Compliant fund won the best Shari'ah Compliant fund award from MENA Fund Manager in 2014 and 2015. During her career Ms Rizk was also fixed income advisor and management team member of a global fixed income fund domiciled in Luxembourg, and has held previous positions as a credit and market risk supervisor, and an associate in securitization.

## **5. BASE CURRENCY**

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The base currency of the Sub-Fund is the United States Dollar. Shares in the Sub-Fund will be issued and redeemed in United States Dollars. However, the Arqaam Islamic Income Generation Fund 2024's assets may be invested in securities and other investments that are denominated in currencies other than United States Dollars. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates. In addition, prospective Subscribers whose assets and liabilities are primarily denominated in currencies other than the United States Dollars should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the United States Dollar and such other currency. The Investment Objectives and Policy does allow for the Investment Team to enter into Shari'ah Compliant currency hedging transactions in accordance with the Shari'ah Investment Guidelines as approved the Shari'ah Supervisory Board, but the Investment Team will not actively seek to hedge such exposure to currency fluctuations as part of their day-to-day management of the Sub-Fund. See also Section 9 below: "**Redemptions**".

## **6. SHARE CLASSES**

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The Arqaam Islamic Income Generation Fund 2024 will, as at the date of this Schedule, issue four Share Classes, comprising Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares. The Sub-Fund reserves the right to issue further additional Share Classes whose terms may differ from the Class "A" Shares, the Class "B" Shares, the Class "C" Shares or the Class "D" Shares before and or on or after the Initial Closing Date in such circumstances an updated Schedule for the Sub-Fund will be circulated to all Shareholders.

## **7. FEES**

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In addition to the Operating Fees and Expenses and to other Pro-rata Fees as both set out in the Information Memorandum to which the Sub-Fund will be subject the Sub-Fund will also meet the following costs and expenses.

#### **7.1. SUBSCRIPTION FEES.**

The Fund Manager will, depending on the relevant Share Class, and in relation to each Series of the relevant Share Class, receive a subscription fee of up to 5% of the amount subscribed for Class “A” Shares, Class “B” Shares, Class “C” Shares and Class “D” Shares from Subscribers. The Subscription Fee is payable in addition to the Subscription Price. The Subscription Price (excluding the Subscription Fee, if any) will be invested into the relevant Share Class at the Net Asset Value per Share. The Fund Manager may, in its sole discretion, waive a portion of such subscription fee or decide to transfer part or all of such Subscription Fee to a relevant distributor appointed by the Fund Manager in respect of the marketing and distribution of the Shares in the Sub-Fund.

In addition, Subscribers investing via a third-party distributor or placing agent may also be subject to a separate distribution fee and or entry charge as determined and charged by such third-party distributor or placing agent outside of those charged by the Fund Manager. The Fund may therefore receive the net proceeds of such subscription and, subject to meeting the minimum subscription amount for the applicable Share Class as set out herein, apply the same in the subscription for the applicable Share Class.

#### **7.2. MANAGEMENT FEES.**

The Fund Manager will receive a Management Fee in relation to each Share Class, and in relation to each Series of the relevant Share Class, payable out of the assets attributable to the relevant Share Class (or Series thereof) of the Arqaam Islamic Income Generation Fund 2024 of:

- 0.50% *per annum* of the Net Asset Value per Share Class in respect of the Class “A” Shares
- 1% *per annum* of the Net Asset Value per Share Class in respect of the Class “B” Shares
- 1% *per annum* of the Net Asset Value per Share Class in respect of the Class “C” Shares
- 0.50% *per annum* of the Net Asset Value per Share Class in respect of the Class “D”

Shares

calculated and accrued as at each Valuation Point (calculated before the deduction of accrued Management Fees and Share Service Fee at each Valuation Point) and payable monthly in arrears on the first day of each month following the Initial Closing Date and Secondary Closing Date, as the case maybe.

#### **7.3. PERFORMANCE FEE.**

No Performance Fees will be payable in respect of the Class “A” Shares, Class “B” Shares, Class “C” Shares or Class “D” Shares in the Arqaam Islamic Income Generation Fund 2024.

#### **7.4. DEFERRED SALES FEE – CLASS “B” SHARES ONLY**

In relation to the Class “B” Shares there is no upfront Subscription Fee. Instead, the Sub-Fund will charge a deferred Subscription Fee by way of a deferred sales fee (“**Deferred Sales Fee**”). Subscribers will receive an allotment of Class “B” Shares equivalent to the Subscription Price. The Sub-Fund, in relation to the Class “B” Shares only is entitled to charge a Deferred Sales Fee to the holders of the Class “B” Shares equivalent to 3% on all subscriptions received during the Initial Offer Period, or subsequent subscriptions after expiry of the Initial Offer Period, to be paid in full on the relevant Subscription Date to a Placing Agent. Such Deferred Sales Fee will be amortized by the Sub-Fund in respect of the Class “B” Shares for a period of 3 years from the Initial Closing Date or from the Secondary Closing Date to which the Deferred Sales Fee relates,

as applicable, of the Class "B" Shares until the Maturity Date. The Class "B" Shareholder will only be charged its pro-rata amortisation charge up to and including the Redemption Date and any unamortised Deferred Sales Fee will thereafter be expensed to the Class "B" Shares in the Sub-Fund.

**7.5. REDEMPTION DEDUCTIONS— CLASS 'B' SHARES ONLY.**

In relation to the Class "B" Shares the Fund will, in accordance with the below, charge a Redemption Fee in relation to the Class "B" Shares which shall apply on the Net Asset Value of the Class "B" Shares due from the holders of the Class "B" Shares on Redemption of their Class "B" Shares. Such Redemption Deductions is inclusive in the NAV will be payable from the Redemption Proceeds due to the redeeming Class "B" Shareholder and retained by the Fund for the benefit of all the remaining Shareholders in respect of the Class "B" Shares by way of offset against any unamortized Deferred Sales Fee for such redeeming Shareholder of the Class "B" Shares so that no remaining Class "B" Shareholder will be disadvantaged by such redemption from the relevant Redemption Date. Such Redemption Deductions will be calculated as follows:

- within twelve (12) months of the Subscription Date: 3% of the Net Asset Value of the Class "B" Shares redeemed will be charged.
- after (12) months but within twenty-four (24) months of the Subscription Date: to waive 1% of the Redemption Deductions of 3% so that only a Redemption Deductions of 2% of the Net Asset Value of the Class "B" Shares redeemed will be charged.
- after twenty-four (24) months but within thirty-six (36) months of the Subscription Date: to waive 2% of the Redemption Deductions of 3% so that only a Redemption Deductions of 1% of the Net Asset Value of the Class "B" Shares redeemed will be charged.

After expiry of thirty-six (36) months period from any Subscription Date (and or the Maturity Date if earlier) in respect of such Class "B" Shares no Redemption Deductions will be payable. Where any Shareholder holding Class "B" Shares elects to redeem within the thirty-six (36) months period (and or prior to the Maturity Date as the case may be) no adjustment will be made to the Shareholder to reflect the amortised Deferred Sales Fee. Such Redemption Deductions may be in addition to any other Redemption Deductions and Dilution Levy that may be applicable as set out in this Schedule and in the Information Memorandum.

**7.6. SHARI'AH SUPERVISORY BOARD FEES.**

For the provision of the services by the members of the Shari'ah Supervisory Board the Sub- Fund will pay its pro rata share of the annual Shari'ah supervisory fee as set out in the Information Memorandum.

In addition, the Sub-Fund will pay:

- a. An annual review fee for the Shari'ah Compliance Report in respect of the Shari'ah compliance review of all Sub-Fund documentation including, the Information Memorandum, Articles, the material contracts (referred to in section 15 of the Information Memorandum) and the Investment Objective and Policies of the Sub-Fund of USD 4,000 payable in two instalments; and
- b. Fees in relation to the Shari'ah audit of the Sub-Fund in compliance with the Islamic Finance Rules of USD 4,800 per annum.

Such Shari'ah supervisory fees will be prorated for any part year and will be reviewed on an annual basis.

**7.7. ADMINISTRATOR FEE.**

The Fund Administrator, Registrar and Transfer Agent will receive from the assets attributable to the Arqaam Islamic Income Generation Fund 2024 an Administration Fee and in respect of Registrar and Transfer Agent services, of not more than 0.05% of the Net Asset Value of the Arqaam Islamic Income Generation Fund 2024 per annum subject to a minimum fee per

month which is to be calculated and accrued as at each Valuation Point.

The Fund Administrator, Registrar and Transfer Agent is also entitled to receive from the assets of the Sub-Fund Subscription Fees and Redemption Deductions agreed with the Fund Manager as well as reimbursement of out-of-pocket and third-party actual expenses where these occur.

**7.8. CUSTODIAN FEE.**

The Custodian will receive from the assets attributable to the Sub-Fund a fee for providing custody services in respect of the Sub-Fund based on a sliding % scale (up to a maximum of 0.1%) of the market value of the securities and instruments held by the Custodian in different jurisdictions in which the Sub-Fund invests. Such fee will be calculated on a monthly basis and be subject to a minimum fee of USD 1,500 per month. The Custodian is also entitled to receive from the assets of the Sub-Fund transaction fees and cash services fees agreed with the Fund Manager as well as reimbursement of out- of-pocket and third-party expenses where these occur.

**7.9. ON-BOARDING PAYMENTS.**

The Fund Administrator is entitled to a one-time set-up payment from the assets of the Sub-Fund of not more than 0.05% of the Net Asset Value of the Sub-Fund.

**7.10. ESTABLISHMENT EXPENSES**

The total cost and expenses of establishing the Sub-Fund (as at the date of this Schedule and including legal, finance administrative support as well as registration and filing fees) is estimated at (and will be capped at) USD 75,000 and will be paid by the Sub-Fund out of proceeds of the issue of Shares.

**7.11. ZAKAT.**

Payment of Zakat is the responsibility of the Shareholders in the Arqaam Islamic Income Generation Fund 2024 and will not be paid directly out of the assets of the Sub-Fund. Further information concerning Zakat is available in the annual financial statements of the Sub- Fund.

## **8. SUBSCRIPTIONS**

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**8.1. MINIMUM INITIAL SUB-FUND SIZE.**

The target minimum size of the Arqaam Islamic Income Generation Fund 2024 will be USD 20 million in aggregate of all Share Classes. The Directors, on the advice of the Fund Manager, to determine a lower initial size of the Sub-Fund.

**8.2. ISSUE OF SHARES.**

The Fund will issue Class "A" Shares for the Arqaam Islamic Income Generation Fund 2024 to investors effective as of the Issue Date in accordance with the provisions set out below. The Class "A" Shares will be "distribution" Shares reserved for institutional investors. Up to 100,000,000 Class "A" Shares are initially available for issue.

The Fund will issue Class "B" Shares for the Arqaam Islamic Income Generation Fund 2024 to investors effective as of the Issue Date in accordance with the provisions set out below. The Class "B" Shares will be "distribution (with a Deferred Sales Fee)" Shares. Up to 100,000,000 Class "B" Shares are initially available for issue.

The Fund will issue Class "C" Shares for the Arqaam Islamic Income Generation Fund 2024 to investors effective as of the Issue Date in accordance with the provisions set out below. The Class "C" Shares will be "distribution" Shares. Up to

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100,000,000 Class "C" Shares are initially available for issue.

The Fund will issue Class "D" Shares for the Arqaam Islamic Income Generation Fund 2024 to investors effective as of the Issue Date in accordance with the provisions set out below. The Class "D" Shares will be "distribution" Shares reserved for institutional investors. Up to 100,000,000 Class "D" Shares are initially available for issue.

Shares in the Sub-Fund will be issued in a separate Series within each Share Class (or Sub- Class) on each Issue Date on which Shares are issued in that particular Share Class (or Sub- Class). Each Series (in a relevant Share Class or Sub-Class) will have its own Net Asset Value per Share and all costs and expenses of a relevant Share Class (or Sub-Class) will accordingly be apportioned between the different Series (in that Share Class or Sub-Class) pro rata to the Net Asset Value of such Series as compared to the Net Asset Value of the entire Share Class. A new Series (in a relevant Share Class or Sub-Class) will be issued on each Issue Date that Shares in a relevant Share Class are purchased and designated and identified by reference to Issue Date on which they were issued, and subject to the discretion of the Fund Manager, by Subscriber. Multiple Series of a relevant Share Class or Sub-Class may be issued on the same Issue Date.

### **8.3. OFFER PERIODS**

The Initial Offer Period for Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares in the Arqaam Islamic Income Generation Fund 2024 will be 30 Business Days, beginning on 18 February 2021 and ending on 01 March 2021 (the "Initial Closing Date"), subject to the discretion of the Fund Manager to extend or shorten such Initial Offer Period and to the receipt of total target Subscriptions as noted above.

The Fund may accept further subscriptions up to four (4) months from the Initial Closing Date of the applicable Share Class into any additional Share Classes issued or the Class "A" Shares, Class "B" Shares, Class "C" Shares or Class "D" Shares.

The Fund Manager reserves the right to extend or shorten such applicable Initial Offer Period and any subsequent offer periods for each of the Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares and or any additional Share Classes that may be issued. In such cases the Initial Offer Period and any subsequent offer periods and corresponding Closing Dates (as may be applicable) will be notified to potential Subscribers.

### **8.4. MINIMUM SUBSCRIPTION.**

The minimum initial subscription and holding amount in the Arqaam Islamic Income Generation Fund 2024 for each potential Subscriber will be as follows:

- in respect of Class "A" Shares is USD 5,000,000;
- in respect of Class "B" Shares is USD 50,000;
- in respect of Class "C" Shares is USD 50,000; and
- in respect of Class "D" Shares is USD 1,000,000.

For additional subscriptions, the minimum subscription amount in the Arqaam Islamic Income Generation Fund 2024 for each potential Subscriber will be as follows:

- in respect of Class "A" Shares, USD 50,000;
- in respect of Class "B" Shares, USD 50,000;
- in respect of Class "C" Shares, USD 50,000; and
- in respect of Class "D" Shares, USD 50,000.

The Fund Manager may decrease the minimum initial subscription or holding amount thresholds in relation to the Sub-Fund

in its absolute discretion, subject only to any applicable law and regulation.

Subscriptions amounts received by the Fund are used to purchase Class “A” Shares, Class “B” Shares, Class “C” Shares or Class “D” Shares at the Initial Issue Price. Fractional Shares may be issued up to four decimal places.

**8.5. INITIAL ISSUE PRICE.**

During the Initial Offer Period, Class “A” Shares, Class “B” Shares, Class “C” Shares or Class “D” Shares in the Arqaam Islamic Income Generation Fund 2024 will be offered for subscription at the Initial Issue Price of USD 100 per Share. Subscribers investing after the Initial Closing Date on a Secondary Closing Date will subscribe at a Subscription Price equal to the NAV per Share of the relevant Share Class. The Fund Manager has arbitrarily set the Initial Issue Price.

**8.6. SUBSEQUENT SUBSCRIPTIONS AFTER THE FINAL CLOSING DATE**

On or after the Final Closing Date no Shares of any Class will be offered for subscription.

**8.7. SUBSCRIPTION DATE.**

The Subscription Date (and corresponding Issue Date) for the Sub-Fund will be the Business Day falling after expiry of the Initial Closing Date and or Secondary Closing Date, as applicable.

**8.8. SUBSCRIPTION PROCEDURE.**

Potential Subscribers who wish to subscribe for Class “A” Shares, Class “B” Shares, Class “C” Shares or Class “D” Shares in the Arqaam Islamic Income Generation Fund 2024 must send the Subscription Agreement to the Fund Administrator with a copy to the Fund Manager. For the purpose of the prior notice requirements set out below, all applications for subscriptions shall be deemed to be received at the time they are received by the Fund Administrator.

**8.9. PRIOR NOTICE FOR SUBSCRIPTIONS.**

No application for subscription will be accepted unless the Subscription Agreement and payment of the full Subscription Price (and applicable Subscription Fee if any) in immediately available funds (as detailed below) are received in accordance with the terms agreed in the Subscription Agreement, subject to a minimum notice period of 2 Business Days.

Applications for subscriptions received after such deadline will be returned. The Fund Manager may in its discretion waive this requirement. The Fund Administrator and the Fund Manager reserve the right to request receipt of the original Subscription Agreement.

**8.10. PAYMENT OF SUBSCRIPTION PRICE.**

The full Subscription Price (including any applicable Subscription Fee) must be received in immediately available funds by the Fund Administrator or its agent at least two Business Days prior to the desired Subscription Date as set out herein. The Fund Manager may in its discretion waive this requirement.

## **9. REDEMPTIONS**

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**9.1. REDEMPTION DATE.**

The Redemption Date for the Arqaam Islamic Income Generation Fund 2024 will be last Business Day of each calendar week.

**9.2. REDEMPTIONS.**

Each Shareholder may apply for the redemption of all or part of his Shares or of a fixed United States Dollar amount as of each Redemption Date at the applicable Redemption Price applicable on the Redemption Date less any Redemption Deductions.

The Redemption Price will be calculated on the Net Asset Value per Share less Redemption Deductions, if any on the relevant Redemption Date as determined on the corresponding previous Business Day's Valuation Point.

If the value of a Shareholder's holding on the relevant Redemption Date is less than the fixed United States Dollar amount which the Shareholder has applied to redeem or if, following the requested redemption a Shareholder will hold Shares in the Sub-Fund worth less than the Minimum Holding Amount, the Fund Manager may elect to redeem all of the Shares of such Shareholder applying for the redemption. Your attention is drawn to Section 1.7 "**Term – Investment Horizon**" in respect of the possible consequences of redemption prior to the Maturity Date.

#### **9.3. PRIOR NOTICE REQUIREMENT FOR REDEMPTIONS.**

No Redemption Request will be accepted unless the application is received at least two (2) Business Days prior to the desired Redemption Date. Redemption Requests received after such deadline will be dealt with on the next Redemption Date after the desired Redemption Date. The Fund Manager may in its discretion waive this requirement.

#### **9.4. PAYMENT OF NET REDEMPTION PROCEEDS.**

Net Redemption Proceeds will be paid in United States Dollars as soon as reasonably practicable and normally within five Business Days after the Redemption Date. Net Redemption Proceeds will only be paid in favour of the relevant Shareholder and will be paid by electronic transfer (net of the electronic transfer fee) to the account instructed by that Shareholder or, if no account details are held, by cheque mailed to the address of the Shareholder recorded in the Shareholder Register.

Whilst the Sub-Fund intends to make all redemptions in cash, if requested by a Shareholder, redemptions may be made in kind (in specie) at the discretion of the Fund Manager. In order to satisfy payment of the Net Redemption Proceeds to such Shareholder in kind, the Fund Manager will allocate to the Shareholder investments from the portfolio of assets of the Arqaam Islamic Income Generation Fund 2024 equal to the value of the Shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders in the Sub-Fund. The valuation used shall be confirmed by a special report of the Registered Auditor. The costs of any such redemptions in kind shall be borne by the redeeming Shareholder.

#### **9.5. TRANSACTION CHARGES REDEMPTION DEDUCTIONS.**

If the Sub-Fund incurs any Redemption Deductions in respect of any redemption of Shares, or any loss, or expense that may be incurred in liquidating or employing securities, deposits or financing to fund the Net Redemption Proceeds, or Dilution Levy, as noted above, will be part of Redemption Price.

## **10. VALUATION**

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#### **10.1. VALUATION POINT.**

The Valuation Point for the Arqaam Islamic Income Generation Fund 2024 will be by 5 pm UAE time on the Business Day immediately preceding a Redemption Date.

## **11. DIVIDENDS AND DISTRIBUTIONS**

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**11.1. CLASS "A" SHARES, CLASS "B" SHARES, CLASS "C" SHARES AND CLASS "D" SHARES – DISTRIBUTION SHARES.**

The Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares will be "distribution" Shares. The declaration of any dividends will be made in accordance with the CIL, the CIR and the Articles.

**11.2. CALCULATION AND PAYMENT OF DIVIDENDS CLASS "A" SHARES, CLASS "B" SHARES, CLASS "C" SHARES AND CLASS "D" SHARES.**

It is the intention of the Directors in respect of the Sub-Fund to make a distribution of substantially all income attributable to the Class "A" Shares, Class "B" Shares, Class "C" Shares and Class "D" Shares each quarter (calculated from the Initial Closing Date or the Secondary Closing Date, as applicable). The Sub-Fund's Investment Objective and Policy is to make such distributions in respect of the Class "A" Shares equalling an annual target distribution rate of 8.5% (the "**Class A Target Return**"), for the Class "B" Shares equalling an annual target distribution rate of 7% (the "**Class B Target Return**"), for the Class "C" Shares equalling an annual target distribution rate of 8% (the "**Class C Target Return**") and for the Class "D" Shares equalling an annual target distribution rate of 8.5% (the "**Class D Target Return**"). The Fund reserves the right to make interim distributions and to also withhold distributions and to carry forward any proposed distribution where it is in the interests of the Sub-Fund as a whole to do so.

Distributions will lower the Net Asset Value per Share. It is not the intention to preserve the Net Asset Value per Share above or at a certain amount.

**There is no assurance that the Class A Target Return and/or Class B Target Return, and/or Class C Target Return, and/or Class D Target Return will be achieved and/or any distributions will be made either quarterly or at all.**

All Shareholders holding Class "A" Shares and or Class "B" Shares and or Class "C" Shares and or Class "D" Shares recorded in the register of Shareholders at the end of the Record Date (including the Record Date transactions) of each quarter shall be eligible for such dividend. Such distribution will be announced no later than 20 Business Days after the relevant Valuation Point for determining the Net Asset Value per Class "A" Share, Class "B" Shares, Class "C" Shares or Class "D" Shares for the preceding quarter. Distributions will be paid out either via bank transfer or via the issuance of additional Class "A" Shares or Class "B" Shares or Class "C" Shares or Class "D" Shares as maybe applicable, to the relevant Shareholders of that Share Class. Shareholders have the option to opt for the method of payment of their choice by way of the submission of their Subscription Agreement, subject to the discretion of the Board as advised by the Fund Manager.

The selection upon subscription to subscribe for Class "A" Shares or Class "B" Shares or Class "C" Shares or Class "D" Shares may be changed by the relevant Shareholder by giving notice to the Fund Manager no less than 30 days before the relevant Valuation Point for determining the Net Asset Value per Share Class for the Class "A" Shares or Class "B" Shares or Class "C" Shares or Class "D" Shares as applicable, for the preceding quarter. The Fund Manager may waive or reduce such prior notice period to be given by a Shareholder at its own discretion.

Any In the case of any dividend on any Share Class unclaimed after a period of twelve months from the date of declaration of such dividend will be automatically forfeited and, Arqaam will use reasonable efforts to contact the relevant Shareholders using their notified contact details prior to such dividend being forfeited and such dividend will be donated to a registered charity approved by the Shari'ah Supervisory Board.

## **SCHEDULE 2 – ARQAAM ISLAMIC INCOME GENERATION FUND 2024**

### **TRANCHE 2**

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#### **ARQAAM ISLAMIC INCOME DISTRIBUTION FUND OPEN ENDED PCC LIMITED (“FUND”)**

(Incorporated as an open-ended protected cell company in the DIFC)

#### **SCHEDULE**

**Relating to the Sub Fund**

**Arqaam Islamic Income Generation Fund 2024 TRANCHE 2**

This Schedule is dated 06 July 2021. This Schedule is valid only if accompanied by the currently valid Information Memorandum dated 06 July 2021.

## 1. INVESTMENT OBJECTIVE AND POLICY

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### 1.1. PRINCIPAL INVESTMENT OBJECTIVE.

The objective of the Arqaam Islamic Income Generation Fund 2024 Tranche 2 (or the “**Sub-Fund**”) is to provide regular quarterly distributions. The Arqaam Islamic Income Generation Fund 2024 Tranche 2 will focus on income generation and not on capital appreciation. Accordingly, income attributable to the Share Classes as specified herein will not be re-invested but paid out to Shareholders. See Section 11 “**Dividends and Distributions**”. The Sub-Fund will adopt a fixed maturity strategy of three (3) years with the objective to provide income over a 3-year cycle from the Final Closing Date in respect of Class “E” Shares, as applicable. The Final Closing Date will be four (4) months from the Initial Closing Date in respect of Class “E” Shares, as applicable.

During such period, Share Classes may be issued up to four (4) months from the Initial Closing Date (or further Class “E” Shares are issued) (individually, and collectively, “**Secondary Closing Date(s)**”). However, the fixed maturity strategy of three (3) years will commence from the Final Closing Date (See further Section 1.7: “**Term – Investment Horizon**”, Section 0: “**Share Classes**” and Section 8.3: “**Offer Periods**” in this Schedule).

### 1.2. INVESTMENT POLICY AND RISK SPREADING.

The Arqaam Islamic Income Generation Fund 2024 Tranche 2’s investment policy and investment restrictions will be as follows:

- a. All investments made by the Sub-Fund will be in Shari’ah Compliant securities and instruments denominated in United States Dollars or in a currency pegged to the United States Dollar.
- b. The Sub-Fund will primarily invest in Sukuk with no geographical limitation or restriction on the issuer.
- c. The Sub-Fund will not acquire more than 5% of any outstanding security or instrument by any one single issuing body.
- d. The Sub-Fund aims to maintain approximately 2.2 times its Asset Value in financing, but it will not invest more than (leveraged or unleveraged):
  - 10% of its Asset Value in a single security issued by a sovereign issuer and a total of 15% across all securities from a sovereign issuer; and
  - 8% of its Asset Value in a single security or across securities issued by non-sovereign issuers.
- e. There will be an average credit rating restriction of BB+ in respect of any investment made to the portfolio containing the Class “E” Shares in this Sub-Fund. However, the Fund Manager will undertake an in-depth credit review of each investment prior to investing in such security or instrument.
- f. The weighted average Maturity of the portfolio for the Sub-Fund will be less than or equal to 7 years.
- g. The Sub-Fund will adopt a fixed maturity strategy of 3 years from the Final Closing Date with the objective to provide income over a 3-year cycle.

h. The Fund may use any form of Shari'ah Compliant financing to enhance yields to achieve the Principal Investment Objective, subject to the Investment Policy. Shari'ah Compliant financing in the Share Classes will not exceed 220% of Net Asset Value per Share.

Cash in the Sub-Fund may be deposited overnight (or longer if required) on a wakala for investment account on terms approved by the Shari'ah Supervisory Board. As the Maturity Date approaches the Fund Manager will seek to hold cash deposits and cash equivalent investments on terms approved by the Shari'ah Supervisory Board to facilitate the net distribution to the Shareholders on the Maturity Date.

Though it is the intention of the Fund Manager to allocate up to 100% of the Sub-Fund in investments with a tenor of 3 years and the Fund Manager will generally seek to match the maturities of its investments to the 3-year term of fixed maturity strategy some or all of the Sub-Fund's investments may mature before or after the Maturity Date (as defined in Section 1.7: "Term – Investment Horizon"), and be invested into securities with a tenor of more or less than 3 years. In addition, though the intention of the Fund Manager is for the Sub-Fund to hold securities until the Maturity Date, the Fund Manager has the discretion to sell such securities prior to their maturity and/or to replace them with securities that the Fund Manager believes will provide better investment returns to fulfil the principal investment objective.

### **1.3. FINANCING**

The Fund may use any form of Shari'ah Compliant financing to enhance yields to achieve the Principal Investment Objective, subject to the Investment Policy. Financing in the Share Classes will not exceed 220% of Net Asset Value per Share. Financing will be provided via collateralized Murabaha agreements.

### **1.4. SHARI'AH COMPLIANT ALTERNATIVES FOR DERIVATIVES.**

The Sub-Fund will utilise Shari'ah Compliant alternatives for derivatives, including profit rate swaps for hedging purposes (Tahawwut) but not for speculative purposes. All such transactions will require separate Shari'ah Supervisory Board approval.

### **1.5. STOCK LENDING.**

The Sub-Fund will not engage in stock lending.

### **1.6. ADJUSTMENTS.**

The Fund Manager will at all times apply the limits and restrictions set out herein. The limits set out will not be breached as a result of any events or circumstances outside the reasonable control of the Fund Manager, including, but not limited to, changes in the price or value of assets of the securities or instruments brought about solely through movements in the market, or as a result of the exercise of subscription or redemption rights (as may be applicable) in respect of the Sub-Fund or any third party, changes to Net Asset Value and or amendments proposed by the Shari'ah Supervisory Board to the approved securities or instruments on the Approved List (as defined in Section 2: "**SHARI'AH COMPLIANCE**") or to changes in any third party indices on which the Fund Manager, in pursuing the investment policy of the Sub-Fund, relies. In such events the Fund Manager will take such corrective action as it deems advisable to remedy the situation, taking into account the interests of the Shareholders, and the guidance of the Shari'ah Supervisory Board.

### **1.7. TERM - INVESTMENT HORIZON.**

The Arqaam Islamic Income Generation Fund 2024 Tranche 2 will pursue the principal investment objective via the investment policy for a period of three (3) years. The three-year period will be calculated from the Final Closing Date (the "**Maturity Date**"), in respect of the Class "E" Shares and or such other Share Classes as may be in issue subject to any adjustments to the Final Closing Date as provided herein.

Additional Share Classes may be issued (or further Class "E" Shares are issued) up to four (4) months from the Initial Closing Date for each Share Class. The fixed maturity strategy period of three (3) years will commence from the Final Closing Date and not any such Secondary Closing Date. (See Section 8.3: "**Offer Periods**").

The intention of the Fund Manager is to liquidate the Sub-Fund on the Maturity Date and the net proceeds of such liquidation will be distributed to the Shareholders at such date pro rata to the number of Class “E” Shares held on such date.

If, on or before the Maturity Date, the Directors believe that it is in the best interests of the Sub-Fund not to liquidate the Sub-Fund, the Directors may (at their sole and absolute discretion) notify the remaining Shareholders setting out the options available to them, in respect of the timing and or continuance of the Sub-Fund, including, but not limited to, a renewal of the Sub-Fund’s term (for such period to be proposed by the Directors) and/or a change of the Sub-Fund’s investment objective and policy, to the extent that such activities are compliant with the Standards, the Shari’ah Investment Guidelines and approved by the Shari’ah Supervisory Board. Such a proposal (if any) may be subject to certain terms and conditions, such as a minimum take-up by the remaining Shareholders, and or other conditions as may be required by the Directors. In addition, the Directors may postpone and or bring forward the Maturity Date if the Directors believe it is in the best interests of the Sub-Fund and all the Shareholders in the Sub-Fund.

An investment in the Sub-Fund is not an appropriate vehicle for short-term investment, as its investment objectives are set on a medium to long-term basis with an anticipated term of 4 years from the Final Closing Date to the Maturity Date.

Although the Sub-Fund will permit redemptions on the terms set out herein (See section 9: “**Redemptions**”), the Arqaam Islamic Income Generation Fund 2024 Tranche 2 will be run on a fixed maturity strategy with an investment objective set on a medium to long-term basis with an anticipated term of 4 years from the Final Closing Date to the Maturity Date.

The terms of the Sub-Fund have been designed to facilitate the investment objective and to encourage Shareholders to maintain their Shareholding until the Maturity Date. Attention is drawn to the provisions of the Information Memorandum relating to Redemption Deductions, including any Dilution Levy which may be applied by the Fund Manager on any Redemption Request(s) prior to the Maturity Date. See section 9.5 “**Transaction Charges Redemption Deductions**”.

## **2. SHARI'AH COMPLIANCE**

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The below are the Shari’ah Investment Guidelines as approved by the Shari’ah Supervisory Board (“**SSB**”). Any potential departures from these guidelines will require the SSB’s prior approval before implementation.

### **2.1. SHARI’AH PROCESS**

#### **(a) Responsibilities**

The Fund Manager is responsible for selecting investments that meet the Investment Objective and Policies to assure that the Sub-Fund is adhering to the Shari’ah in accordance with the Standards and Shari’ah Investment Guidelines, including the review of any proposed companies for compliance with Shari’ah.

The Shari’ah Supervisory Board is responsible for issuing the initial fatwa or Shari’ah Compliance Report approving the Sub-Fund as being Shari’ah Compliant and suitable for Shari’ah Compliant investors, and for carrying out ongoing reviews thereafter to ensure the continuing compliance of the Sub-Fund with the Standards and Shari’ah Investment Guidelines. The SSB will also advise the Fund Manager on other areas that are identified by them as having ramifications for the Fund or Sub-Funds from a Shari’ah perspective.

#### **(b) Purpose**

The purpose of the Shari’ah Investment Guidelines is to detail the services and standards of the SSB to ensure the Fund and each Sub-Fund adhere to Shari’ah principles in its ongoing investment and operational activities.

#### **(c) Approved List and selection of Securities and Instruments**

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At the inception of the Sub-Fund, and thereafter, the Shari'ah Supervisory Board will approve a list of securities and instruments (including Sukuk) which are deemed to be Shari'ah Compliant and have been approved by the Shari'ah Supervisory Board (the "**Approved List**"). The Shari'ah Supervisory Board may add securities (that are permissible to trade) or delete securities (that are not permissible to trade) and instruments (including Sukuk) from the Approved List in its discretion. The Sub-Fund will only invest in securities and instruments (including Sukuk) which have been approved by the Shari'ah Supervisory Board and are on the Approved List.

The Fund Manager's investment team will inform the Shari'ah Supervisory Board of any change in the circumstances or underlying securities and instruments (including Sukuk) that might affect the permissibility of trading and investment under the Approved List.

The Shari'ah Supervisory Board will review all investments of the Sub-Fund on an annual basis. If any investments made by the Sub-Fund are, in the opinion of the Shari'ah Supervisory Board, found not to be Shari'ah Compliant, such investments will generally be liquidated within 15 Business Days or such other period approved by the Shari'ah Supervisory Board taking into account the interests of the Shareholders. Any income gain or other profit (including but not limited to dividends or other distributions) designated as requiring purification or cleansing made on such investments will be donated to a registered charity approved by the Shari'ah Supervisory Board.

**(d) Universe of Shari'ah-Compliant Securities**

The Fund Manager shall ensure that the Fund complies with Shari'ah Investment Guidelines as determined by the SSB by investing in securities provided that there is a Fatwa issued confirming the Shari'ah Compliant status of the Sukuk from the Shari'ah Board of the Sukuk issuer.

For formality purposes, prior to purchasing/investing in any Sukuk, the Fund shall notify SSB of its intention to purchase the specific Sukuk, as per the following requirements:

a) Sukuk at the Secondary Market:

The Fund shall provide the SSB with the necessary documentations for the SSB's review and approval and that the SSB, after conducting its internal assessment, shall provide its formal approval.

b) Sukuk at the primary market:

The Fund shall provide the SSB with the information and documentations regarding the Sukuk which shall be in the form of the information memorandum or prospectus or fatwa as issued by any parties to the Sukuk and the SSB, after conducting its internal assessment shall provide its formal approval.

The SSB will notify the Fund accordingly whether there is any objection to such purchase/investment.

**(e) Annual Reviews for the Purpose of Annual Shari'ah Compliance Certificate**

By the end of April of each calendar year, the SSB will review the Fund and the Fund documentation to check whether the Fund is still compliant with the Standards and the Shari'ah Investment Guidelines, and if it is, the SSB shall issue an Annual Shari'ah Compliance Certificate (the "**Compliance Certificate**") to the Fund.

The Compliance Certificate shall indicate whether the Fund is in compliance with the Standards and the Shari'ah Investment Guidelines or whether any aspects are considered to be not compliant within the Fund's annual calendar year. Any non-compliance issue that may be notified to the Fund Manager by the SSB must be rectified in a timely manner and no later than 90 days following the notice. Both the Fund's financials and the Compliance Certificate must be filed by the Fund to the DFSA, on a timely annual basis.

## **2.2. TYPE OF SECURITIES**

The eligible financial instruments which the Fund can purchase are only the following Shariah Compliant ones:

### **2.2.1. SUKUK**

Sukuk are investment certificates that provide evidence of an investment/funding into an underlying asset or a project which is typically an income generating project or asset. The types of Sukuk that are permissible for the Fund to invest in would include:

- Sukuk Ijarah
- Sukuk Musharakah
- Sukuk Mudarabah
- Sukuk Istithmar
- Sukuk Wakalah

All these types of Sukuk must represent an undivided ownership of the Sukuk investors in the underlying income producing assets. The profits payable to Sukuk investors are to be generated from these assets.

The above list is not meant to be exhaustive. As the Sukuk market is always evolving, the Company would be allowed to invest in newly introduced Sukuk structures if they are deemed as Shari'ah Compliant as set out in the Standards and approved by the Shari'ah Supervisory Board and as long as the tradability ratio is maintained.

### **2.2.2. SHARI'AH COMPLIANT DEPOSIT/INVESTMENT**

This will include all dealings and transactions using Murabaha based commodity trading and other Sharia-compliant liquidity instruments to obtain a fixed income return through a special arrangement as long they are compliant with Standards and approved by the SSB, they include the following structures;

- Commodity Murabahah
- Tawarruq
- Mudarabah investment account
- Wakalah investment account
- Shari'ah Compliant Government Investment Issues (Mudarabah and Musharakah certificates)

### **2.2.3. SHARI'AH COMPLIANT ASSET BACKED SECURITIES**

Shari'ah Compliant asset-backed securities would include any form of Shari'ah Compliant securitisation based on a true sale concept where the cash flow related to the underlying assets is based on the transactions that are compliant with Standards and approved by the SSB, these securities use the following Shari'ah contracts:

- Ijarah
- Musharakah

### **2.2.4. SHARI'AH COMPLIANT MORTGAGE-BACKED SECURITIES**

Shari'ah Compliant mortgage-backed securities would include any form of Sharia-compliant securitisation of which the underlying mortgage pools are compliant with Standards and approved by the SSB, these securities are based on the following Sharia contracts:

- Ijarah Muntahiya bi Tamleek (Lease with ownership transfer)
- Musharakah Mutanaqisah (Diminishing partnership)

#### **2.2.5. RESTRICTIONS**

Any Shari'ah Compliant instruments that are not mentioned in this guideline will have to be submitted to the Sharia Supervisory Board for approval prior to investment.

#### **2.2.6. CASH MANAGEMENT**

The Fund shall keep its cash in Islamic Money Market instruments, Islamic accounts or wherever not applicable, a non-interest bearing account. However, the Fund shall at all times utilize a Shari'ah Compliant product in all instances.

The Fund shall only avail Shari'ah Compliant covered drawing financing facility subject to the approval of the SSB.

Non-invested cash assets of the Fund may be invested in Shari'ah Compliant short-term investment products with one or more Islamic financial institutions or Islamic window operations as long they are compliant with Standards and approved by the SSB.

#### **2.2.7. USE OF SHARI'AH COMPLIANT HEDGING TECHNIQUES**

All Shari'ah Compliant hedging activities and use of Shari'ah compliant structured instruments for the Fund's investments activities shall only be used after written approval of the SSB to ensure that they are Shari'ah Compliant. Accordingly, only Shari'ah Compliant hedging products shall be applied and such Shari'ah Compliant hedging product shall only be used for risk management purposes and not for investment purposes.

#### **2.2.8. USE OF SHARI'AH ALTERNATIVES OF DERIVATIVES PRODUCTS**

The Fund shall not subscribe to conventional derivatives product either for hedging or investment purposes. Such conventional derivatives product include; options, forwards, futures, swaps, securities lending, etc. However, the Fund may utilize Shari'ah-alternatives for derivatives which adhere to the Shari'ah Rules and Principles set out in the Standards as interpreted by the Shari'ah Supervisory Board of the Fund.

### **3. INVESTMENT PROCESS**

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The Fund Manager follows a top-down approach, whereby the investments team of the Arqaam Islamic Income Generation Fund 2024 Tranche 2 meets on a periodic basis to discuss the macroeconomic outlook. Following the consensus decision by the investment team on the investment outlook, the investment team will select the sectors identified. Once the sector selection is complete, the investment team performs an in-depth credit review of the companies in that sector and the related securities and instruments. The targeted securities and or relevant instruments (including Sukuk) and or relevant indices will be submitted to the Shari'ah Supervisory Board for approval and inclusion on the Approved List. Once approved by the Shari'ah Supervisory Board the investment team of the Fund Manager will exercise its discretion in the exercise of its investment powers in selecting securities and instruments (including Sukuk) from the Approved List in accordance with the investment policy and risk spreading criteria as set out herein. The investment team will seek a written approval from the Shari'ah Supervisory Board for every new addition to the Approved List.

## 4. KEY TEAM MEMBERS

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The Arqaam Islamic Income Generation Fund 2024 Tranche 2 will be co-Managed by Abdul Kadir Hussain who is the Head of Fixed Income Asset Management at Arqaam and by Zeina Rizk, Director of Fixed Income Asset Management at Arqaam.

### **Mr Abdul Kadir Hussain.**

Mr Hussain has 27 years investment experience in the emerging market space, with a 14 year public track record in managing conventional fixed income credit-based funds and a 11 year public track record managing Shari'ah Compliant fixed income credit funds. The funds managed by Mr Hussain have won awards in every year since 2010, and the Islamic funds managed by Mr Hussein have been recognized by Bloomberg as the best in the MENA region in 2012, 2014, and 2015. Prior to moving to the UAE, Mr Hussain Global Head of Non-US Credit Research of Credit Suisse where he won 'Best High Yield' analyst in Asia for 3 consecutive years from 2000 to 2003.

### **Ms Zeina Rizk.**

Ms Rizk has over 13 years of investment experience in the global credit market, with a 6-year track record of managing both a conventional global credit fund and a Shari'ah Compliant global credit fund. The Shari'ah Compliant fund won the best Shari'ah Compliant fund award from MENA Fund Manager in 2014 and 2015. During her career Ms Rizk was also fixed income advisor and management team member of a global fixed income fund domiciled in Luxembourg, and has held previous positions as a credit and market risk supervisor, and an associate in securitization.

## 5. BASE CURRENCY

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The base currency of the Sub-Fund is the United States Dollar. Shares in the Sub-Fund will be issued and redeemed in United States Dollars. However, the Arqaam Islamic Income Generation Fund 2024 Tranche 2's assets may be invested in securities and other investments that are denominated in currencies other than United States Dollars. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates. In addition, prospective Subscribers whose assets and liabilities are primarily denominated in currencies other than the United States Dollars should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the United States Dollar and such other currency. The Investment Objectives and Policy does allow for the Investment Team to enter into Shari'ah Compliant currency hedging transactions in accordance with the Shari'ah Investment Guidelines as approved the Shari'ah Supervisory Board, but the Investment Team will not actively seek to hedge such exposure to currency fluctuations as part of their day-to-day management of the Sub-Fund. See also Section 9 below: "**Redemptions**".

## 6. SHARE CLASSES

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The Arqaam Islamic Income Generation Fund 2024 Tranche 2 will, as at the date of this Schedule, issue one Share Class, comprising Class "E" Shares. The Sub-Fund reserves the right to issue further additional Share Classes whose terms may differ from the Class "E" Shares before and or on or after the Initial Closing Date in such circumstances an updated Schedule for the Sub-Fund will be circulated to all Shareholders.

## 7. FEES

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In addition to the Operating Fees and Expenses and to other Pro-rata Fees as both set out in the Information Memorandum to which the Sub-Fund will be subject the Sub-Fund will also meet the following costs and expenses.

### 7.1. SUBSCRIPTION FEES.

The Fund Manager will, depending on the relevant Share Class, and in relation to each Series of the relevant Share Class, receive a subscription fee of up to 5% of the amount subscribed for Class “E” Shares from Subscribers. The Subscription Fee is payable in addition to the Subscription Price. The Subscription Price (excluding the Subscription Fee, if any) will be invested into the relevant Share Class at the Net Asset Value per Share. The Fund Manager may, in its sole discretion, waive a portion of such subscription fee or decide to transfer part or all of such Subscription Fee to a relevant distributor appointed by the Fund Manager in respect of the marketing and distribution of the Shares in the Sub-Fund.

In addition, Subscribers investing via a third-party distributor or placing agent may also be subject to a separate distribution fee and or entry charge as determined and charged by such third-party distributor or placing agent outside of those charged by the Fund Manager. The Fund may therefore receive the net proceeds of such subscription and, subject to meeting the minimum subscription amount for the applicable Share Class as set out herein, apply the same in the subscription for the applicable Share Class.

### 7.2. MANAGEMENT FEES.

The Fund Manager will receive a Management Fee in relation to each Share Class, and in relation to each Series of the relevant Share Class, payable out of the assets attributable to the relevant Share Class (or Series thereof) of the Arqaam Islamic Income Generation Fund 2024 Tranche 2 of:

- 0.45% *per annum* of the Net Asset Value per Share Class in respect of the Class “E” Shares,

calculated and accrued as at each Valuation Point (calculated before the deduction of accrued Management Fees and Share Service Fee at each Valuation Point) and payable monthly in arrears on the first day of each month following the Initial Closing Date and Secondary Closing Date, as the case maybe.

### 7.3. SERVICE FEES.

In respect of Class “E” Shares, a Share Service Fee of 0.20% per annum of the Net Asset Value per Share Class in respect of the Class “E” Shares shall be payable.

### 7.4. PERFORMANCE FEE.

No Performance Fees will be payable in respect of the Class “E” Shares in the Arqaam Islamic Income Generation Fund 2024 Tranche 2.

### 7.5. SHARI’AH SUPERVISORY BOARD FEES.

For the provision of the services by the members of the Shari’ah Supervisory Board the Sub- Fund will pay its pro rata share of the annual Shari’ah supervisory fee as set out in the Information Memorandum.

In addition, the Sub-Fund will pay:

- a. An annual review fee for the Shari’ah Compliance Report in respect of the Shari’ah compliance review of all Sub-Fund documentation including, the Information Memorandum, Articles, the material contracts (referred to in

section 15 of the Information Memorandum) and the Investment Objective and Policies of the Sub-Fund of USD 4,000 payable in two instalments; and

- b. Fees in relation to the Shari'ah audit of the Sub-Fund in compliance with the Islamic Finance Rules of USD 4,800 per annum.

Such Shari'ah supervisory fees will be prorated for any part year and will be reviewed on an annual basis.

#### **7.6. ADMINISTRATOR FEE.**

The Fund Administrator, Registrar and Transfer Agent will receive from the assets attributable to the Arqaam Islamic Income Generation Fund 2024 Tranche 2 an Administration Fee and in respect of Registrar and Transfer Agent services, of not more than 0.05% of the Net Asset Value of the Arqaam Islamic Income Generation Fund 2024 Tranche 2 per annum subject to a minimum fee per month which is to be calculated and accrued as at each Valuation Point.

The Fund Administrator, Registrar and Transfer Agent is also entitled to receive from the assets of the Sub-Fund Subscription Fees and Redemption Deductions agreed with the Fund Manager as well as reimbursement of out-of-pocket and third-party actual expenses where these occur.

#### **7.7. CUSTODIAN FEE.**

The Custodian will receive from the assets attributable to the Sub-Fund a fee for providing custody services in respect of the Sub-Fund based on a sliding % scale (up to a maximum of 0.1%) of the market value of the securities and instruments held by the Custodian in different jurisdictions in which the Sub-Fund invests. Such fee will be calculated on a monthly basis and be subject to a minimum fee of USD 1,500 per month. The Custodian is also entitled to receive from the assets of the Sub-Fund transaction fees and cash services fees agreed with the Fund Manager as well as reimbursement of out- of-pocket and third-party expenses where these occur.

#### **7.8. ON-BOARDING PAYMENTS.**

The Fund Administrator is entitled to a one-time set-up payment from the assets of not more than 0.05% of the Net Asset Value of the Sub-Fund.

#### **7.9. ESTABLISHMENT EXPENSES**

The total cost and expenses of establishing the Sub-Fund (as at the date of this Schedule and including legal, finance administrative support as well as registration and filing fees) is estimated at (and will be capped at) USD 75,000 and will be paid by the Sub-Fund out of proceeds of the issue of Shares.

#### **7.10. ZAKAT.**

Payment of Zakat is the responsibility of the Shareholders in the Arqaam Islamic Income Generation Fund 2024 Tranche 2 and will not be paid directly out of the assets of the Sub-Fund. Further information concerning Zakat is available in the annual financial statements of the Sub- Fund.

## **8. SUBSCRIPTIONS**

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#### **8.1. MINIMUM INITIAL SUB-FUND SIZE.**

The target minimum size of the Arqaam Islamic Income Generation Fund 2024 Tranche 2 will be USD 5 million in aggregate of all Share Classes. The Directors, on the advice of the Fund Manager, to determine a lower initial size of the Sub-Fund.

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## **8.2. ISSUE OF SHARES.**

The Fund will issue Class “E” Shares for the Arqaam Islamic Income Generation Fund 2024 Tranche 2 to investors effective as of the Issue Date in accordance with the provisions set out below. The Class “E” Shares will be “distribution” Shares reserved for institutional investors. Up to 100,000,000 Class “E” Shares are initially available for issue.

Shares in the Sub-Fund will be issued in a separate Series within each Share Class (or Sub- Class) on each Issue Date on which Shares are issued in that particular Share Class (or Sub- Class). Each Series (in a relevant Share Class or Sub-Class) will have its own Net Asset Value per Share and all costs and expenses of a relevant Share Class (or Sub-Class) will accordingly be apportioned between the different Series (in that Share Class or Sub-Class) pro rata to the Net Asset Value of such Series as compared to the Net Asset Value of the entire Share Class. A new Series (in a relevant Share Class or Sub-Class) will be issued on each Issue Date that Shares in a relevant Share Class are purchased and designated and identified by reference to Issue Date on which they were issued, and subject to the discretion of the Fund Manager, by Subscriber. Multiple Series of a relevant Share Class or Sub-Class may be issued on the same Issue Date.

## **8.3. OFFER PERIODS**

The Initial Offer Period for Class “E” Shares in the Arqaam Islamic Income Generation Fund 2024 Tranche 2 will be 30 Business Days, beginning on 06 July 2021 and ending on 06 August 2021 (the “**Initial Closing Date**”), subject to the discretion of the Fund Manager to extend or shorten such Initial Offer Period and to the receipt of total target Subscriptions as noted above.

The Fund may accept further subscriptions up to four (4) months from the Initial Closing Date of the applicable Share Class into any additional Share Classes issued or the Class “E” Shares.

The Fund Manager reserves the right to extend or shorten such applicable Initial Offer Period and any subsequent offer periods for each of the Class “E” Shares and or any additional Share Classes that may be issued. In such cases the Initial Offer Period and any subsequent offer periods and corresponding Closing Dates (as may be applicable) will be notified to potential Subscribers.

## **8.4. MINIMUM SUBSCRIPTION.**

The minimum initial subscription and holding amount in the Arqaam Islamic Income Generation Fund 2024 Tranche 2 for each potential Subscriber will be as follows:

- in respect of Class “E” Shares is USD 1,000,000.

For additional subscriptions, the minimum subscription amount in the Arqaam Islamic Income Generation Fund 2024 Tranche 2 for each potential Subscriber will be as follows:

- in respect of Class “E” Shares, USD 50,000.

The Fund Manager may decrease the minimum initial subscription or holding amount thresholds in relation to the Sub-Fund in its absolute discretion, subject only to any applicable law and regulation.

Subscriptions amounts received by the Fund are used to purchase Class “E” Shares at the Initial Issue Price. Fractional Shares may be issued up to four decimal places.

## **8.5. INITIAL ISSUE PRICE.**

During the Initial Offer Period, Class “E” Shares in the Arqaam Islamic Income Generation Fund 2024 Tranche 2 will be offered for subscription at the Initial Issue Price of USD 100 per Share. Subscribers investing after the Initial Closing Date on a Secondary Closing Date will subscribe at a Subscription Price equal to the NAV per Share of the relevant Share Class. The Fund Manager has arbitrarily set the Initial Issue Price.

**8.6. SUBSEQUENT SUBSCRIPTIONS AFTER THE FINAL CLOSING DATE**

On or after the Final Closing Date no Shares of any Class will be offered for subscription.

**8.7. SUBSCRIPTION DATE.**

The Subscription Date (and corresponding Issue Date) for the Sub-Fund will be the Business Day falling after expiry of the Initial Closing Date and or Secondary Closing Date, as applicable.

**8.8. SUBSCRIPTION PROCEDURE.**

Potential Subscribers who wish to subscribe for Class “E” Shares in the Arqaam Islamic Income Generation Fund 2024 Tranche 2 must send the Subscription Agreement to the Fund Administrator with a copy to the Fund Manager. For the purpose of the prior notice requirements set out below, all applications for subscriptions shall be deemed to be received at the time they are received by the Fund Administrator.

**8.9. PRIOR NOTICE FOR SUBSCRIPTIONS.**

No application for subscription will be accepted unless the Subscription Agreement and payment of the full Subscription Price (and applicable Subscription Fee if any) in immediately available funds (as detailed below) are received in accordance with the terms agreed in the Subscription Agreement, subject to a minimum notice period of 2 Business Days.

Applications for subscriptions received after such deadline will be returned. The Fund Manager may in its discretion waive this requirement. The Fund Administrator and the Fund Manager reserve the right to request receipt of the original Subscription Agreement.

**8.10. PAYMENT OF SUBSCRIPTION PRICE.**

The full Subscription Price (including any applicable Subscription Fee) must be received in immediately available funds by the Fund Administrator or its agent at least two Business Days prior to the desired Subscription Date as set out herein. The Fund Manager may in its discretion waive this requirement.

## **9. REDEMPTIONS**

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**9.1. REDEMPTION DATE.**

The Redemption Date for the Arqaam Islamic Income Generation Fund 2024 Tranche 2 will be last Business Day of each calendar week.

**9.2. REDEMPTIONS.**

Each Shareholder may apply for the redemption of all or part of his Shares or of a fixed United States Dollar amount as of each Redemption Date at the applicable Redemption Price applicable on the Redemption Date less any Redemption Deductions.

The Redemption Price will be calculated on the Net Asset Value per Share less Redemption Deductions, if any on the relevant Redemption Date as determined on the corresponding previous Business Day's Valuation Point.

If the value of a Shareholder's holding on the relevant Redemption Date is less than the fixed United States Dollar amount which the Shareholder has applied to redeem or if, following the requested redemption a Shareholder will hold Shares in the Sub-Fund worth less than the Minimum Holding Amount, the Fund Manager may elect to redeem of all of the Shares of such



Shareholder applying for the redemption. Your attention is drawn to Section 1.7 “**Term – Investment Horizon**” in respect of the possible consequences of redemption prior to the Maturity Date.

**9.3. PRIOR NOTICE REQUIREMENT FOR REDEMPTIONS.**

No Redemption Request will be accepted unless the application is received at least two (2) Business Days prior to the desired Redemption Date. Redemption Requests received after such deadline will be dealt with on the next Redemption Date after the desired Redemption Date. The Fund Manager may in its discretion waive this requirement.

**9.4. PAYMENT OF NET REDEMPTION PROCEEDS.**

Net Redemption Proceeds will be paid in United States Dollars as soon as reasonably practicable and normally within five Business Days after the Redemption Date. Net Redemption Proceeds will only be paid in favour of the relevant Shareholder and will be paid by electronic transfer (net of the electronic transfer fee) to the account instructed by that Shareholder or, if no account details are held, by cheque mailed to the address of the Shareholder recorded in the Shareholder Register.

Whilst the Sub-Fund intends to make all redemptions in cash, if requested by a Shareholder, redemptions may be made in kind (in specie) at the discretion of the Fund Manager. In order to satisfy payment of the Net Redemption Proceeds to such Shareholder in kind, the Fund Manager will allocate to the Shareholder investments from the portfolio of assets of the Arqaam Islamic Income Generation Fund 2024 Tranche 2 equal to the value of the Shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders in the Sub-Fund. The valuation used shall be confirmed by a special report of the Registered Auditor. The costs of any such redemptions in kind shall be borne by the redeeming Shareholder.

**9.5. TRANSACTION CHARGES REDEMPTION DEDUCTIONS.**

If the Sub-Fund incurs any Redemption Deductions in respect of any redemption of Shares, or any loss, or expense that may be incurred in liquidating or employing securities, deposits or financing to fund the Net Redemption Proceeds, or Dilution Levy, as noted above, will be part of Redemption Price.

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## **10. VALUATION**

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**10.1. VALUATION POINT.**

The Valuation Point for the Arqaam Islamic Income Generation Fund 2024 Tranche 2 will be by 5 pm UAE time on the Business Day immediately preceding a Redemption Date.

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## **11. DIVIDENDS AND DISTRIBUTIONS**

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**11.1. CLASS “E” SHARES – DISTRIBUTION SHARES.**

The Class “E” Shares will be “distribution” Shares. The declaration of any dividends will be made in accordance with the CIL, the CIR and the Articles.

**11.2. CALCULATION AND PAYMENT OF DIVIDENDS CLASS “E” SHARES.**

It is the intention of the Directors in respect of the Sub-Fund to make a distribution of substantially all income attributable to the Class “E” Shares each quarter (calculated from the Initial Closing Date or the Secondary Closing Date, as applicable). The Sub-Fund’s Investment Objective and Policy is to make such distributions in respect of the Class “E” Shares equalling an annual target distribution rate of 6% (the “**Class E Target Return**”). The Fund reserves the right to make interim distributions and to also withhold distributions and to carry forward any proposed distribution where it is in the interests of the Sub-Fund as a whole to do so.

Distributions will lower the Net Asset Value per Share. It is not the intention to preserve the Net Asset Value per Share above or at a certain amount.

**There is no assurance that the Class E Target Return will be achieved and/or any distributions will be made either quarterly or at all.**

All Shareholders holding Class “E” Shares recorded in the register of Shareholders at the end of the Record Date (including the Record Date transactions) of each quarter shall be eligible for such dividend. Such distribution will be announced no later than 20 Business Days after the relevant Valuation Point for determining the Net Asset Value per Class “E” Shares for the preceding quarter. Distributions will be paid out either via bank transfer or via the issuance of additional Class “E” Shares, as maybe applicable, to the relevant Shareholders of that Share Class. Shareholders have the option to opt for the method of payment of their choice by way of the submission of their Subscription Agreement, subject to the discretion of the Board as advised by the Fund Manager.

The selection upon subscription to subscribe for Class “E” Shares may be changed by the relevant Shareholder by giving notice to the Fund Manager no less than 30 days before the relevant Valuation Point for determining the Net Asset Value per Share Class for the Class “E” Shares as applicable, for the preceding quarter. The Fund Manager may waive or reduce such prior notice period to be given by a Shareholder at its own discretion.

Any In the case of any dividend on any Share Class unclaimed after a period of twelve months from the date of declaration of such dividend will be automatically forfeited and, Arqaam will use reasonable efforts to contact the relevant Shareholders using their notified contact details prior to such dividend being forfeited and such dividend will be donated to a registered charity approved by the Shari’ah Supervisory Board.

## **ANNEX 1 – RISK FACTORS**

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Prospective Subscribers should be aware that an investment in the Fund and or the relevant Sub-Fund involves significant risks which prospective Subscribers should consider before participating in the Fund.

There can be no assurance that the Investment Objective and Policies of one or more Sub-Funds, as may be set out in the relevant Schedule, will be successful and that any rate of return will be realised or that significant capital losses will not occur.

In evaluating the merits and suitability of an investment in the Shares of the Fund, prospective Subscribers should give careful consideration to the following risk factors, and any other risks discussed elsewhere in this Information Memorandum. However, this list is not, and is not intended to be, an exhaustive list or a comprehensive description of the types of risks that any prospective Subscriber or Shareholder in the Fund and or the relevant Sub-Fund may encounter, and other risks and conflicts not discussed below may arise in connection with the management and operation of the Fund and or the relevant Sub-Fund.

## 1. GENERAL

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### 1.1. GENERAL.

Prospective Subscribers and Shareholders should carefully consider the Investment Objective and Investment Policies as set out in this Information Memorandum and relevant Schedule. Prospective Subscribers and Shareholders should note that the relevant Sub-Fund's investment strategy involves certain risks and can therefore be volatile. Accordingly, investment results may vary substantially over time and the value of a Shareholders' investment in the Sub-Fund may substantially decline as well as substantially appreciate. There is no guarantee, nor can any assurance be given that the targeted returns of the relevant Sub-Fund will be met, that any other strategic objectives of the Sub-Fund will be achieved, or that Shareholders will receive a return of all or any part of their investment. Shareholders may receive less than the amount invested upon redemption of one or more Share Classes or the termination of the Fund or Sub-Fund. Accordingly, an investment in the Fund and the relevant Sub-Fund should be made only by those persons who could sustain a loss of their entire investment.

### 1.2. TAX TREATMENT AND ELECTIONS.

There may be changes in tax laws, treaties and regulations, or interpretations of such tax laws, treaties and regulations that are adverse to the Fund and or the relevant Sub-Fund or the Shareholders. There can be no assurance that the structure of the Fund or of any investment will be tax-efficient for any particular Shareholder. Prospective Subscribers are urged to consult their own tax advisors with reference to their specific tax situations and any special issues that an investment in the Fund and or the relevant Sub-Fund may raise for such Shareholders.

In addition, the Board in conjunction with the Fund Manager may make such tax elections as they, in their absolute discretion consider appropriate in any applicable jurisdiction and shall not be required to consider the impact of such election on any individual Shareholders or group of Shareholders for the purposes of such election.

### 1.3. PAST PERFORMANCE.

The past investment performance of the Fund Manager and any of the principals and or the investment team responsible for the implementation of the Investment Objective and Investment Policies of the relevant Sub-Fund and/or any entities with which it has been associated, should not be construed as an indication of the future results of an investment in the relevant Sub-Fund. The relevant Sub-Fund's investment programme should be evaluated on the basis that there can be no assurance that the Fund Manager's assessments of the short-term or long-term prospects of investments will prove accurate.

### 1.4. DISCLOSURE OF THE SUB-FUND PROPERTY.

The composition of the Fund's and or the relevant Sub-Fund's investment portfolio comprising the relevant Sub-Fund's Property is subject to confidentiality provisions with the Fund Manager. The Fund believes that disclosure of the composition of the Sub-Fund's investment portfolio comprising the relevant Sub-Fund's Property could be disadvantageous to the Fund Manager and the Shareholders, for instance by increasing competition for limited investment capacity. Accordingly, as is common with certain funds, the Fund intends only to disclose a general performance review, commentaries on and highlights of the performance of Sub-Funds, certain sensitivity measures regarding the Fund's and relevant Sub-Funds investment portfolio comprising the relevant Sub-Fund's Property and a summary of historical returns, all of which the Fund intends to publish and supply in accordance with the requirements of the CIL, CIR and Islamic Finance Rules.

### 1.5. INVESTMENT SELECTION.

The Fund Manager selects investments on the basis of information and data made directly available to the Fund Manager by the issuers of the securities and other instruments or through sources other than the issuers. Although the Fund Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is

reasonably available, the Fund Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

## **2. RISKS RELATING TO THE USE OF SHARI'AH COMPLIANT FINANCING**

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### **2.1. USE OF SHARI'AH COMPLIANT FINANCING.**

Each Schedule attached here to provides details of the use and permitted level or cap and methodology to calculate such Shari'ah Compliant financing exposure that may apply to each Sub- Fund in respect of the use of Shari'ah Compliant financing and or other financing techniques. As such, and as set out in the applicable Schedule, a Sub-Fund may engage in any form of Shari'ah Compliant financing to finance operations and use any Shari'ah Compliant forms as approved by the Shari'ah Supervisory Board. Such actions may include the pledge of assets or the Sub-Fund Property in order to be able to secure financing for investment purposes in pursuing the Investment Objective and Policy of the applicable Sub- Fund. Such amount of finance outstanding at any time may, subject to the limitations and restrictions set out in the relevant Schedule, be significant in relation to the available capital of the applicable Sub-Fund and or the Net Asset Value of a particular Share Class, as the case may be.

### **2.2. RISK OF FINANCING.**

Generally, the use of Shari'ah Compliant finance may enhance total investment returns and increase the potential returns in respect of one or more Sub-Funds and one or more Share Classes therein or Sub-Classes hereof. Conversely, any adverse external event that may affect the value of an investment into which the Sub-Fund has invested may magnify and or increase any potential loss and or decrease such total investment return due to such finance.

### **2.3. COUNTERPARTY RISK.**

The Fund may enter into financial instruments or transactions with a counterparty. A counterparty may become bankrupt or otherwise fail to perform its obligations due to financial difficulties, jeopardizing the value of the Fund's investment. The Fund is therefore exposed to the risk that a counterparty cannot honour its commitments under such transactions, resulting then in a fall of the Net Asset Value. If there is a failure or default by a counterparty to a transaction, the Fund will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty). The Fund may seek to minimise counterparty risk through the selection of financial institutions and types of transactions employed. However, the Fund's operational mechanisms may involve counterparty and other risk elements that may create unforeseen exposure.

### **2.4. REHYPOTHECATION RISK.**

The Fund may obtain Shari'ah Compliant finance. The use of finance creates special risks and may significantly increase the Fund's investment risk. Finance creates an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk. Any investment income and gains earned on investments made through the use of finance that are in excess of the profit costs associated therewith may cause the Net Asset Value to increase more rapidly than would otherwise be the case. Conversely, where the associated profit costs are greater than such income and gains, the Net Asset Value may decrease more rapidly than would otherwise be the case.

Finance is financed by the Master Fund pledging assets as collateral to the prime broker, alternatively known as rehypothecation. The prime broker may assume or transfer the registration of the full legal and beneficial ownership of these assets, to be held on behalf of the Fund, and may, as permitted by the Fund, use them for its own purpose, provided that it shall establish and maintain an interest or exposure (whether directly or indirectly) in these assets so that any transactions/arrangements related to these assets shall be compliant with the principles of the Shari'ah. The prime broker

may partially or fully liquidate these pledged assets to the extent necessary to recover any due amounts from the Fund. At the same time, any coupons/profits generated by the pledged assets must be posted back to the Fund by the prime broker. In the event that the assets of the Fund decline in value, it could be subject to a "margin call" where the Fund must either pledge additional collateral or liquidate the pledged securities, at times under disadvantageous conditions. Any rehypothecated or pledged assets may be available to creditors of the prime broker in the event of the prime broker's insolvency.

## **2.5. SWAP AGREEMENT RISK.**

Shari'ah Compliant alternatives for Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease a Fund's exposure to, for example, equity securities. Shari'ah Compliant alternatives for Swap agreements can take many different forms and are known by a variety of names. Whether the Fund's use of swap agreements will be successful will depend on the Fund Manager's ability to select appropriate transactions for the Fund. Shari'ah Compliant alternatives for Swap transactions may be highly illiquid and may increase or decrease the volatility of the Fund. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Fund to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Fund's ability to realise amounts to be received under such transactions.

Shari'ah Compliant alternatives for Swaps may be individually negotiated transactions in the over-the-counter market in which the Fund assumes the credit risk of the other counterparty to the swap and is exposed to the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of the swap counterparty. Such over-the-counter swap transactions may be highly illiquid and may increase or decrease the volatility of the Fund. If there is a default by a counterparty, the Fund under most normal circumstances will have contractual remedies pursuant to the swap agreement; however, exercising such contractual rights may involve delays or costs which could result in the Net Asset Value of the Fund being less than if the Fund had not entered into the transaction. Furthermore, there is a risk that a swap counterparty could become insolvent and / or the subject of insolvency proceedings, in which event the recovery of the collateral posted by the Fund with such counterparty or the payment of claims under the swap agreement may be significantly delayed and the Fund may recover substantially less than the full value of the collateral entrusted to such counterparty or of the Fund's claims.

The Fund will also bear the risk of loss if it breaches the swap agreement or if it fails to post or maintain required collateral. Recent changes in law and regulation require certain types of swap agreements to be transacted on exchanges and / or cleared through a clearinghouse, and will in the future require additional types of swap agreements to be transacted on exchanges and / or cleared through a clearinghouse.

# **3. RISKS RELATING TO THE STRUCTURE OF THE FUND**

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## **3.1. NATURE OF AN INVESTMENT FUND.**

Shares in the Fund and or the relevant Sub-Fund are not deposits or other obligations of any bank or other financial institution, and are not guaranteed by any bank or other financial institution, including Arqaam or the Arqaam Group. Any investment in the Fund and or the relevant Sub-Fund is therefore subject to investment risks, including the possible loss of the amount invested.

## **3.2. NO SECONDARY OR PUBLIC MARKET.**

The Shares cannot be assigned, transferred, pledged, or otherwise encumbered except on the terms and conditions set forth in the Information Memorandum, and there is and will be limited (if any) secondary or public market for the Shares. It is not the intention of the Board or the Fund Manager to seek any listing as at the date of this Information Memorandum. Subject to certain conditions and restrictions, Shareholders may require the Fund to redeem all or part of their Shares as of each Redemption Date.

### **3.3. REDEMPTIONS.**

Limits apply to the timing of redemption of Shares and redemptions generally. Additionally, the Fund Manager has the discretion to satisfy redemptions in kind (in specie). Accordingly, Shareholders, on such redemptions, may be allocated assets and not cash, the value of which may go up and down until such assets are ultimately realised.

### **3.4. LIMITATION OF RECOURSE.**

The Fund Manager may, using a reasonable-efforts basis, attempt to recover losses from brokers or counter-parties. The Fund Manager is not liable to the Fund for losses caused by brokers or counter-parties unless caused by the Fund Manager's own gross negligence, wilful default, or a combination of gross negligence or wilful default, or by a combination of gross negligence or wilful default of the broker or counter-party and the Fund Manager, or the level of negligence or misconduct as per the applicable Shari'ah Rules and Principles set out in the Standards. The Fund Manager will be liable to the Fund for acts that constitute gross negligence or wilful default, or the level of gross negligence or wilful default as per the applicable Shari'ah Rules and Principles set out in the Standards, in the event that the Fund Manager failed to act in good faith in the reasonable belief that such actions were in, or not opposed to, the best interests of the Fund, or if the Fund Manager is liable to the Fund for damages under the securities laws of the UAE. Shares in the Fund are only available for subscription by investors who understand that they and the Fund are waiving potential claims for damages arising from the operation of the Fund and expect some execution losses to the Fund.

### **3.5. NON-PARTICIPATION IN MANAGEMENT.**

Shareholders in the Fund will have no right or power to participate in the management of the Fund or of any Sub-Fund Property, subject to the provisions of the Articles. All aspects of management of the relevant Sub-Fund Property are entrusted to the Fund Manager. Shareholders will have no opportunity to control the day-to-day operation of the Fund and or the relevant Sub-Fund, including the investment and disposition decisions.

### **3.6. FEES AND EXPENSES.**

The operating expenses of the Fund which include, amongst other items, brokerage commissions and other trading expenses, valuation fees, investment expenses, as well as administrative, custodial, legal, accounting, audit and reporting expenses, are expected to equal a substantial percentage of the Fund's assets each year. These expenses are in addition to the Management Fees payable by the Fund, and the amounts of each expense will be set out in the Fund's annual report available from the Fund Manager.

## **4. SHARI'AH COMPLIANCE**

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### **4.1. RELIANCE ON SHARI'AH SUPERVISORY BOARD.**

The Shari'ah Supervisory Board does not monitor investment performance of the Fund or the relevant Sub-Fund but the Fund and the relevant Sub-Fund's compliance with Standards, Shari'ah Investment Guidelines and any other Shari'ah Supervisory Board guidance and procedures and in accordance with the Islamic Finance Rules. The Shari'ah Supervisory Board has no discretionary management or investment advisory role in respect of the Fund or a relevant Sub-Fund. The Shari'ah

Supervisory Board has the right or ability to require the Fund Manager to make changes to the composition of a relevant Sub-Fund Property if such changes are required for Shari'ah Compliance purposes so that the Fund and or the relevant Sub-Fund is in compliance with Standards, Shari'ah Investment Guidelines and any the other Shari'ah Supervisory's guidance and procedures and in accordance with the Islamic Finance Rules. Prospective Subscribers and Shareholders should be aware that compliance with Shari'ah Supervisory Procedures and the Islamic Finance Rules, since the Shari'ah Supervisory Board function is not to monitor investment performance of the Fund and or the relevant Sub-Funds, does not ensure the Investment Objective and Investment Policies and or any target returns will be achieved.

#### **4.2. SHARI'AH COMPLIANCE.**

It is possible that, subsequent to an investment being made by a Sub-Fund that it is determined that part or all of that investment was not, or due to a change in circumstances, is no longer, Shari'ah Compliant. In the event of such an occurrence the Fund Manager, with the assistance of the Shari'ah Supervisory Board, will determine what action should be taken to liquidate such investment and/or purify the Sub-Fund. Purification may involve the payment to a charity selected by the Fund Manager (on the advice of the Shari'ah Supervisory Board) of moneys arising from or which is related to a non-Shari'ah Compliant activity or circumstance. In addition, subsequent to an investment being made by a Sub-Fund that it is determined that part or all of that investment was not, or due to a change in circumstances, is no longer, Shari'ah Compliant such determination may adversely affect the ability of the Arqaam Islamic Income Fund to realise such investment arising from such determination in relation to the enforceability of the rights of the Sub-Fund as a security-holder in such companies and could therefore expose the Arqaam Islamic Income Fund to a loss on such investment.

## **5. RISKS RELATING TO THE ASSETS COMPRISING THE SUB-FUND PROPERTY**

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#### **5.1. CREDIT TRENDS.**

The value of specific investments may decline due to developments in the trends of particular industries and/or the financial conditions of the credit parties underlying the Sukuk. These conditions may result in the Fund sustaining loss on certain investments, particularly if the Fund is required to liquidate investments during adverse markets conditions.

#### **5.2. LOW-RATED OR NON-INVESTMENT GRADE SECURITIES RISK.**

In following an Investment Policy a Sub-Fund may, as disclosed in any Schedule to this Information Memorandum, invest in higher-yielding securities rated lower than investment grade. High-yield Sukuk securities (including financings) and unrated securities of similar credit quality ("**high-yield Sukuk instruments**" or "**junk**") involve greater risk of a complete loss of the Sub-Fund's investment, or delays of profit and principal payments, than higher-quality debt securities. Issuers of high-yield debt instruments are not as strong financially as those issuing securities of higher credit quality. High-yield debt instruments are generally considered predominantly speculative by the applicable rating agencies as these issuers are more likely to encounter financial difficulties and are more vulnerable to changes in the relevant economy, such as a recession or a sustained period of rising interest rates, that could affect their ability to make profit and principal payments when due. If an issuer stops making profit and/or principal payments, payments on the securities may never resume. These instruments may be worthless and the Sub-Fund could lose its entire investment.

The prices of high-yield debt instruments fluctuate more than higher-quality securities. Prices are especially sensitive to developments affecting the issuer's business or operations and to changes in the ratings assigned by rating agencies. In addition, the entire high-yield debt market can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large-sustained sales by major investors, a high-profile default, or other factors. Prices of corporate high-yield debt instruments often are closely linked with the company's stock prices and typically rise and fall in response to factors that affect stock prices.



High-yield debt instruments are generally less liquid than higher-quality securities. Many of these securities are not registered for sale with relevant regulatory authorities in the local jurisdiction and/or do not trade frequently. When they do trade, their prices may be significantly higher or lower than expected. At times, it may be difficult to sell these securities promptly at an acceptable price, which may limit the Fund's ability to sell securities in response to specific economic events or to meet Redemption Requests. As a result, high-yield debt instruments generally pose greater illiquidity and valuation risks.

The use of credit ratings in evaluating debt securities can involve certain risks, including the risk that the credit rating may not reflect the issuer's current financial condition or events since the security was last rated by a rating agency. Credit ratings may be influenced by conflicts of interest or based on historical data that no longer apply or are accurate. Recently, legislation and regulations to reform rating agencies have been proposed and may adversely impact the Sub-Fund's investments or investment process.

Unrated debt securities determined by the Fund Manager to be of comparable quality to rated securities which the Sub-Fund may purchase may pay a higher profit rate than such rated debt securities and be subject to a greater risk of illiquidity or price changes. Less public information is typically available about unrated securities or issuers.

### **5.3. INVESTMENT IN EMERGING COUNTRIES AND MARKETS.**

Investment in securities and markets in emerging countries and markets, may be subject to different and greater risks than investments in more developed countries and markets because of a variety of factors, including currency controls and the fluctuation of currency exchange rates, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations. Other factors include high rates of inflation and the potential for substantial depreciation in the value of local currencies.

In many cases, the economies of emerging countries are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also may have been, and may continue to be, adversely affected by economic conditions in the countries with which they trade.

There may be less publicly available information about emerging countries and markets, and issuers in these countries and markets may not be subject to uniform accounting, auditing, and financial reporting standards and requirements comparable to those for issuers in more developed countries and markets. Securities of some issuers in emerging countries and markets are less liquid and more volatile than securities of comparable issuers in more developed countries and markets and brokerage commissions may be higher. Securities markets in emerging countries may also be less liquid and more volatile than those in more developed countries. Moreover, there may be less governmental supervision and regulation of securities markets, brokers, and securities issuers than in more developed countries and markets.

### **5.4. CURRENCY RISKS.**

The base currency of an applicable Sub-Fund will be specified in the relevant Schedule and Shares in the applicable Sub-Fund will be issued and redeemed in the Base Currency. However, a specific Sub-Fund Property may be invested in securities and other investments that are denominated in currencies other than Base Currency and the income and gains received may be denominated in several different currencies. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates which may cause the value of investments to go up or down and may have an adverse effect on the price and value of, and income from, investments. The Investment Objectives and Policy of the Sub-Fund does allow for the Investment Team to enter into Shari'ah Compliant currency hedging transactions, but the Investment Team will not actively seek to hedge such exposure to currency fluctuations as part of their day to day management of the Sub-Fund. In addition, prospective Subscribers whose assets and liabilities are primarily denominated in currencies other than the United States Dollar should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the United States Dollar, Euro and such other currencies.

#### **5.5. ILLIQUIDITY OF SECURITIES AND MARKETS IN EMERGING COUNTRIES.**

Securities in which the Fund may invest may include those that are either listed on one or more stock exchanges or traded over the counter, as well as those that are not publicly traded. In the case of securities that are listed or traded on organised exchanges or other markets, there may be less market liquidity than would typically be available for companies of comparable size that are traded in the securities markets of developed countries. This reduced liquidity may diminish the Fund's ability to act on investment information and research in both buying and selling securities. In addition, it may limit the size of investments and increase the cost of transacting in such markets.

Securities that are not publicly traded may be resold in privately negotiated transactions, but they may be less liquid than publicly traded securities and the prices realised upon their resale may be less than those that could be realised if the securities were publicly traded. Furthermore, companies whose securities are not publicly traded may be in early stages of development, which may involve substantial business and financial risks. Such companies may not be subject to the disclosure and other investor protection requirements that may apply in the case of publicly traded securities. If such securities are required to be registered under the securities laws of one or more jurisdictions before being sold, the expenses of such registration may be chargeable against the proceeds of the sale.

#### **5.6. TERM OF INVESTMENT.**

Specific terms of one or more Sub-Funds as set out in the relevant Schedule may specify strategies and investment objectives and/ or restrictions to which an investor should take note. Such strategies may indicate that the applicable Sub-Fund's portfolio will be concentrated in securities with a view to medium to long-term capital increases or appreciation or income generation or a mixture thereof across one or more Share Classes. Accordingly, an investor should generally consider such investment objectives and strategies and should note, for example, the possible consequences of early redemption where the investment strategy of an applicable Sub-Fund is medium to long term or a fixed maturity product.

#### **5.7. TRADING STRATEGY OF THE FUND.**

The Fund will purchase approved Shari'ah Compliant Fixed Income securities on a primarily buy and hold basis. Prior to purchase a full review of the value of these investments will be made. Trading in the securities will only occur when value targets have been achieved.

#### **5.8. EXECUTION RISKS AND FUND MANAGER ERROR.**

In order to seek positive returns in global markets, the Fund Manager's trading and investment for the Fund involves multiple portfolio managers, multiple instruments, multiple brokers and counter-parties, and multiple strategies. In each case, the Fund Manager seeks best execution and has trained execution and operational staff devoted to executing, settling, and clearing trades. Any slippage, errors, and miscommunications with brokers and counter-parties may result in losses to the Fund. Such losses may be caused by the Fund's brokers and counter-parties or by the Fund Manager or by a combination of the broker or counter-party and the Fund Manager.

## **6. LEGAL AND REGULATORY RISKS**

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#### **6.1. POLITICAL AND LEGAL FACTORS.**

The Fund may invest in emerging countries where there is a high potential return on invested capital but also a high degree of either political or economic risk, or both, or where existing regulations may impede repatriation of investment capital or earnings. In such cases, the potential return may be offset, or more than offset, as a result of adverse political or other developments. In that regard, it is generally the case that investments in any emerging country could be affected by factors

such as nationalisation, expropriation without just compensation, exchange control, confiscatory taxation, political changes, governmental regulation, social, political, or diplomatic instability (including military or other internal political coups, insurrections and wars), and potential difficulties in enforcing contractual obligations.

In addition, the legal systems in emerging countries are often not as sophisticated as those in developed nations and it may be difficult to predict with any degree of assurance the resolution of legal questions presented in adjudications or other governmental proceedings. In addition, the availability of judicial and other remedies may, as a practical matter as well as a legal matter, be far more restricted than in developed countries. These factors may adversely affect the companies in which the Fund invests as well as the enforceability of the rights of the Fund as a security-holder in such companies.

#### **6.2. INVESTMENT AND REPATRIATION RESTRICTIONS.**

Some emerging countries have laws and regulations that preclude direct foreign investment in the securities of their companies. In certain emerging countries, however, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in those countries is permitted through investment funds that have been specifically authorised. The Fund may invest in these investment funds and, in such a case, the Fund will bear its proportionate share of the expenses of the investment fund.

In addition, in some emerging countries, prior governmental approval for foreign investments may be required under certain circumstances. Moreover, the extent of foreign investment in domestic companies may be limited. Foreign ownership limitations also may be imposed by the charters of individual companies in emerging countries to prevent, among other concerns, violation of foreign investment limitations. Repatriation of investment income, capital, and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. The Fund could be adversely affected by delays in or a refusal to grant and required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging countries on profit or dividends paid on securities purchased by the Fund or gains from the disposition of such securities.

#### **6.3. REGULATIONS.**

Future developments in relevant government or central bank regulations and supervision may adversely affect securities markets in the region, by imposing restrictions on trading or transferring securities. Restrictions may also be imposed by relevant securities authorities and stock exchanges.

Additionally, despite legislation to encourage foreign investment, the legal systems in some emerging markets are undergoing rapid change and in others remains underdeveloped, leading to significant risks for investors, including risks relating to the ownership and transferability of assets and the enforcement of proprietary rights.

#### **6.4. POOR CORPORATE GOVERNANCE.**

The Fund intends to make investments in countries or economies considered to be emerging markets. Some emerging markets have suffered from poor corporate governance characterized by a lack of transparency, absence of accurate disclosures, irregularity in public accountability, inferior institutional quality and inefficiency in internal control systems. In the absence of a proper regulatory framework, it becomes more difficult to control accounting manipulation, reduce unethical behaviour and prevent fraudulent conduct. In the past, the shortfall and/or the absence of robust regulatory scrutiny have led to large corporate failures.

#### **6.5. TAXATION.**

Prospective investors should consult legal advisors in the countries of their citizenship, residence and domicile to determine the possible tax or other consequences of purchasing, holding and redeeming Shares under the laws of their respective jurisdictions.

Although currently no tax will be levied on the income or capital gain earned by the Fund in the DIFC, any change in tax laws and subsequent levying of tax on income or capital gains will impact the performance of the Fund.

## **7. RISKS RELATING TO THE FUND MANAGER & OTHER SERVICE PROVIDERS**

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### **7.1. RELIANCE ON FUND MANAGER EXPERTISE.**

The success of the Fund, and its ability to generate profits, depends on the management and the financial and managerial expertise of the Fund Manager. Investors will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the Fund Manager in making investment decisions.

Investors are required to conduct their own due diligence before committing themselves to this investment opportunity.

### **7.2. OTHER ACTIVITIES OF THE FUND MANAGER.**

The Fund Manager currently manages and intends to manage other customer accounts in the future. Orders for such accounts similar to those of the Fund may occur contemporaneously. There is no specific limit as to the number of accounts which may be managed by the Fund Manager. The performance of the Fund's investments could be adversely affected by the manner in which particular orders are entered for all such accounts. See further section [6.9 "Conflicts of Interest."](#) of the Information Memorandum.

### **7.3. ATTRACTION AND RETENTION OF KEY PERSONNEL.**

The failure to attract and retain key personnel could significantly affect the business. The success of companies in the private investment and investment banking industry depends to a considerable extent on the skills and knowledge of the key personnel.

### **7.4. RELIANCE ON OTHER SERVICE PROVIDERS.**

The success of the Fund will also depend on the ability of the Fund to engage and retain other service providers; including, without limitation, an administrator, bankers, brokers, custodians, auditors, lawyers and others. The Fund will remain reliant on external third parties for the performance of these and other services. Any failure by other service providers to provide their services to the Fund may have a materially detrimental impact upon the Fund and its success.

### **7.5. LIABILITY OF OTHER SERVICE PROVIDERS.**

Agreements with other service providers may include limitations on their liability in certain circumstances. Attempts will be made to negotiate those to market norms or within acceptable commercial parameters. Those limitations may result in recovery by the Fund being significantly lower than the loss it has suffered.

### **7.6. INDEMNITY FOR OTHER SERVICE PROVIDERS.**

In addition, agreements with other service providers may include indemnities for them and their related persons in certain circumstances for actual losses, claims or liabilities they may suffer in acting on behalf of the Fund in providing their services. Attempts will be made to negotiate those to market norms or within acceptable commercial parameters. There is a risk that the Fund will have to indemnify other service providers even where it has undertaken a culpable act.

### **7.7. TERMINATION OF OTHER SERVICE PROVIDERS.**

Agreements with other service providers will include termination provisions for one or both parties, with or without cause, and subject to or without notice. Attempts will be made to negotiate those to market norms or within acceptable commercial parameters. In the event of termination of such agreements, no assurance can be given that the Fund will be able to find and engage a suitable replacement, the timing of a replacement being found and the costs associated with a switch.

## **Arqaam Capital Limited**

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