

**PRIVATE PLACEMENT MEMORANDUM**

**BB GLOBAL SUKUK INCOME FUND**

A Cayman Islands Exempted Company

## IMPORTANT NOTICES

This private placement memorandum (“**Memorandum**”) is intended solely for the use on a confidential basis by those persons to whom it has been delivered by BB Global Sukuk Income Fund (the “**Fund**”) for the purpose of enabling the recipient to evaluate an investment in certain non-voting, participating, redeemable shares in the Fund. Unless the context otherwise requires, words and expressions defined in Appendix A “Definitions” shall have the same meanings where used in this Memorandum.

The Fund falls within the definition of a “mutual fund” in terms of the Cayman Islands Mutual Funds Law (2015 Revision) (the “**Mutual Funds Law**”) and accordingly is regulated in terms of that Mutual Funds Law. However, the Fund is not required to be licensed or employ a licensed mutual fund administrator since the minimum aggregate initial investment purchasable by a prospective investor in the Fund is equal to or exceeds US\$100,000 or its equivalent in any other currency.

The Participating Shares have not been registered with or approved by any regulatory authority (with the exception of filing this document with the Cayman Islands Monetary Authority (“**CIMA**”)) nor has any such authority passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is unlawful.

The Fund is not governed by the laws of the State of Qatar and it is not regulated by the Qatar Central Bank and it is not subject to the overview of the Qatar Central Bank. The Fund is not governed by the Law Number 25 of 2002 (Investment Funds Law) of the State of Qatar.

There is no public or other market for the Participating Shares and none is expected to develop. The Participating Shares may be sold, transferred, hypothecated or otherwise disposed of only upon the terms set out in this Memorandum and the memorandum and articles of association of the Fund as amended from time to time (the “**Articles**”) which include the requirement to obtain the prior written consent of the directors of the Fund (the “**Directors**”). The Fund has the right to compulsorily redeem the Participating Shares.

An investment in the Fund involves a high degree of risk and is suitable only for investors who fully understand and who can bear the risks of such an investment for an indefinite period and who can afford a total loss of their investment. In addition, potential investors should be aware that there will be occasions when the Directors, the Investment Manager, the Investment Advisor and/or their affiliates may encounter potential conflicts of interest in connection with the Fund. All potential investors must carefully read the section entitled “Risk Factors and Potential Conflicts of Interest” in this Memorandum before making an investment in the Fund.

The Fund reserves the right to modify, withdraw or cancel any offering made pursuant to this Memorandum at any time prior to consummation of the offering and to reject any subscription, in whole or in part, in its sole discretion.

No offering materials will or may be employed in the offering of Participating Shares except for this Memorandum and the documents summarized herein. No person has been authorized to make representations or give any information with respect to the Fund or the Participating Shares except for the information contained in this Memorandum. Investors should not rely on information not contained in this Memorandum or the documents summarized herein.

Recipients, by their acceptance and retention of this Memorandum, acknowledge and agree to preserve the confidentiality of the contents of this Memorandum and all accompanying documents and to return this Memorandum and all such documents to the Fund or the Investment Manager if the recipient does not purchase any Participating Shares. Neither this Memorandum nor any of the accompanying documents may be reproduced in whole or in part, nor may they be used for any purpose other than that for which they have been submitted, without the prior written consent of the Fund.

None of the Fund, the Administrator, the Investment Manager or the Investment Advisor is making any representation to any offeree or investor in the Fund regarding the legality of investment by such offeree or investor under applicable investment or similar laws.

This Memorandum is based on the law and practice currently in force in the Cayman Islands and is subject to changes therein. This Memorandum must be read in conjunction with the Articles.

Investors are not to construe the contents of this Memorandum as legal, business or tax advice. Each prospective investor should consult its own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning this offering.

Certain of the information contained in this Memorandum is based on, or derived from, published sources or information provided by third parties. None of the Fund, the Investment Manager, the Investment Advisor and/or any of their respective directors, officers, shareholders, affiliates, employees or agents assume or accept any responsibility for the accuracy or completeness of such information.

Certain statements in this Memorandum are forward-looking statements. In some cases, they may be identified by terms such as “anticipates”, “believes”, “could”, “estimates”, “expects”, “targets”, “intends”, “may”, or “will” or the negative of those terms or comparable terms. In particular, the Fund’s target return, its expectation as to whether and when investments will be realized and its expectation as regards the performance of the economies in which the Fund proposes to invest are all forward-looking statements.

Forward-looking statements are based on the Fund’s present beliefs, expectations, intentions and projections regarding the Fund’s future performance, anticipated events or trends and other matters that are not historical facts. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Given the risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as at the date of this Memorandum. Except as required by applicable law, the Fund, the Directors, the Investment Manager and the Investment Advisor do not undertake, and expressly disclaim, any obligation to update or revise publicly any forward-looking statement in this Memorandum, whether as a result of new information, future events or otherwise.

The distribution of this Memorandum and the offer and sale of the Participating Shares in certain jurisdictions may be restricted by law. Prospective investors should inform

themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of Participating Shares, and any foreign exchange restrictions that may be relevant thereto. This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy Participating Shares in any jurisdiction to any person to whom it is unlawful to make such an offer or sale. Prospective investors should review Appendix B hereto for a list of offering restrictions in certain jurisdictions.

### **Investor information requests**

Each prospective investor will be afforded the opportunity to ask questions of, and receive answers from, the Fund and the Investment Manager concerning the terms and conditions of the offering, the Participating Shares and the information set forth herein, and to obtain any additional information or documents, including a copy of the Articles. Inquiries should be directed to:

Barwa Bank Q.S.C.  
Barwa Bank Building  
Grand Hamad Street  
P.O. Box 27778  
Doha Qatar  
Attention: Treasury & Investment Group  
Tel: +974 4448 8612  
E-mail: [m.boulfoul@barwabank.com](mailto:m.boulfoul@barwabank.com)  
Website: <http://www.barwabank.com/>

## DIRECTORY

<p><b>Registered Office</b></p> <p><b>Maples Corporate Services Limited</b>          PO Box 309, Uglan House          Grand Cayman, KY1-1104          Cayman Islands</p>	<p><b>Fund Sponsor</b></p> <p><b>Barwa Bank Q.S.C.</b>          Barwa Bank Building, Grand Hamad Street          P.O. Box 27778          Doha, Qatar</p>
<p><b>Investment Manager</b></p> <p><b>Barwa Bank Q.S.C.</b>          Barwa Bank Building          Grand Hamad Street          P.O. Box 27778          Doha, Qatar</p>	<p><b>Investment Advisor</b></p> <p><b>The First Investor Q.S.C.C</b>          5<sup>th</sup> Floor, Barwa Bank Building          Grand Hamad Street          P.O. Box 160374          Doha, Qatar</p>
<p><b>Administrator</b></p> <p><b>Maples Fund Services (Cayman) Limited</b>          PO Box 1093, Boundary Hall          Cricket Square, Grand Cayman          KY1-1102, Cayman Islands</p>	<p><b>Custodian</b></p> <p><b>Bank Julius Baer &amp; Co. Ltd.</b>          Bahnhofstrasse 36          CH-8010 Zurich          Switzerland</p>
<p><b>Auditor</b></p> <p><b>Deloitte</b>          One Capital Place (OCP)          136 Shedden Road          George Town, Cayman Islands          P.O. Box 1787, KY1-1109</p>	<p><b>Shari'ah Advisor</b></p> <p><b>Bait Al-Mashura Finance Consultations</b>          Financial Square Building          C Ring Road          Doha, Qatar</p>
<p><b>Legal Counsel for the Fund</b></p> <p><b>King and Spalding LLP</b>          Dubai International Financial Centre          Al Fattan Currency House          Tower 2, Level 24          P.O. Box 506547          Dubai, United Arab Emirates</p>	<p><b>Legal Counsel (Cayman Islands Law)</b></p> <p><b>Maples and Calder</b>          Dubai International Financial Centre          Fifth Floor          The Exchange Building          P.O. Box 119980          Dubai, United Arab Emirates</p>

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## 1. EXECUTIVE SUMMARY

This summary is qualified in its entirety by the more detailed information included, or referred to, in this Memorandum.

The Fund was incorporated as an exempted company under the provisions of the Companies Law (as amended) of the Cayman Islands (the “**Companies Law**”) on 12 April 2017. The Fund is registered as a “mutual fund” under the Cayman Islands Mutual Funds Law.

The principal investment objective of the Fund is to consistently generate an attractive total return over the long-term irrespective of market conditions.

The investment manager of the Fund is Barwa Bank Q.S.C., a company incorporated in Qatar and is licensed and regulated by the Qatar Central Bank.

The minimum initial subscription amount from each investor is US\$100,000. Participating Shares will be offered during the Initial Offering Period and on each Subscription Day at a subscription price of US\$1,000 per share. Subscription Days are scheduled to be held on the first Business Day of each calendar month.

The Initial Offering Period is anticipated to commence on 4 May 2017 and is anticipated to close on or about 15 May 2017. The Fund may, in its sole discretion, extend the Initial Offering Period.

Subject to the Lock Up Period, a holder of Participating Shares may generally redeem some or all of his Participating Shares on Redemption Days at the Net Asset Value per Participating Share as at such Redemption Day as at the immediately preceding Valuation Day. Redemption Days are scheduled to be held on the last Business Day of each calendar month.

An investment in the Participating Shares involves a high degree of risk. Potential investors must carefully read the section entitled “Certain Risk Factors and Potential Conflicts of Interest” in this Memorandum before making an investment in the Fund.

## 2. SUMMARY OF TERMS

The following is a summary of the terms of the Fund. This summary is by its nature incomplete and therefore is qualified in its entirety by information contained elsewhere in this Memorandum, the Articles and the Subscription Agreement, each as may be amended and/or supplemented from time to time and each of which will be provided to each prospective investor prior to subscription. In the event that the description of terms in this summary of terms is inconsistent with or contrary to the description in, or terms of, the Articles or the Subscription Agreement, the terms of the Articles and the Subscription Agreement will control. The Articles and the Subscription Agreement should be read in their entirety by investors prior to any decision to invest in the Fund. Prospective investors should also carefully consider the information contained in this Memorandum in the section entitled “Risk Factors and Potential Conflicts of Interest”.

**Fund** BB Global Sukuk Income Fund, a Cayman Islands exempted company with limited liability incorporated on 12 April 2017. The Fund is a "regulated mutual fund" for the purposes of the Mutual Funds Law of the Cayman Islands and will be registered with Cayman Islands Monetary Authority pursuant to section 4(3) of the Mutual Funds Law.

**Investment Objectives and Strategy** The principal investment objective of the Fund is to provide investors with income by investing in Shari’ah-compliant sukuk and sukuk-related securities.

The Fund may maintain assets in cash, deposit or call accounts or invested in short-term instruments, such as commercial paper and certificates of deposits, to fund its operations and/or to fund redemption proceeds or for such other reasons as may be determined by the Investment Manager.

**Directors** The Directors of the Fund are Bashar Jallad and Houssam Kharbotli and. The Directors have overall authority over, and responsibility for, the operations and management of the Fund. The Directors have delegated the investment management of the Fund and its investments to the Investment Manager. Consequently, the Directors do not manage the day-to-day conduct of the Fund’s trading activities. Additionally, the Directors have delegated the calculation of net asset value of the Fund, certain administrative, accounting and registrar and transfer agency responsibilities to the Administrator.

**Investment Manager** Barwa Bank Q.S.C (the “**Investment Manager**”) will act as the investment manager of the Fund. The Investment Manager is a company incorporated in Qatar and is licensed and regulated by the Qatar Central Bank.

**Investment Advisor** The Investment Manager appointed The First Investor Q.S.C.C. (the “**Investment Advisor**”) to provide investment advisory services in respect of the Fund. The Investment Advisor is a

company incorporated in Qatar and is licensed and regulated by the Qatar Central Bank.

**Participating Shares** The Fund offers non-voting, participating, redeemable shares with a nominal value of US\$0.01 each (the “**Participating Shares**”). Each person that is issued Participating Shares will become a shareholder of the Fund (each, a “**Participating Shareholder**”) and shall be bound by the terms of the Articles. Participating Shares do not confer any right to receive notice of, attend, speak or vote at general meetings of the Fund. The authorized capital of the Fund is US\$50,000 divided into 100 Management Shares and 4,999,900 Participating Shares. Participating Shares shall be issues in Series.

**Management Shares** The Fund shall issue 100 voting, non-participating shares with a nominal value of US\$0.01 each in the capital of the Fund (the “**Management Shares**”). All of the Management Shares are held by the Investment Manager.

**Eligible Investors** Participating Shares shall not be offered to or purchased by any person who, if they were to hold Participating Shares, would hold Participating Shares:

- (a) in breach of the law or requirements of any country or governmental authority; or
- (b) in circumstances (whether directly or indirectly affecting such person and whether taken alone or in conjunction with any other person, connected or not, or any other circumstances) which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other pecuniary, legal, regulatory or administrative disadvantage which the Fund might not otherwise have incurred or suffered.

Participating Shares are not being offered to U.S. Persons.

**Investment Restrictions** The following investment restrictions will apply in respect of the investment of the assets of the Fund:

- (a) not more than 25% of the latest net asset value of the Fund will be invested in the securities of any one issuer; and
- (b) the total leverage in the Fund will not exceed 200% of the latest net asset value of the Fund.

The above restrictions will apply as at the date of the relevant transaction or commitment to invest. Changes in the portfolio of the Fund will not have to be made merely because any of the

limits set out above would be breached as a result of any appreciation or depreciation in value, changes in exchange rates, any scheme or arrangement for amalgamation, reconstruction or exchange or by reason of any other action affecting every holder of the relevant investment. However, no further relevant investments will be acquired until the limits are again complied with. In the event that any of the above restrictions are breached, the Investment Manager will take such steps as it considers appropriate to rectify the breach, taking due account of the interests of the Shareholders, but shall not be under any further liability in respect of the breach.

<b>Dividends</b>	The Fund aims to pay dividends on a semi-annual basis. The timing and amount of the dividends will be determined by the Directors in their sole discretion.
<b>Minimum Subscription</b>	The minimum initial subscription amount from each investor is US\$100,000. The minimum amount of any subsequent subscription is US\$10,000 or such lesser amount as the Directors may determine.
<b>Initial Offering Period</b>	The period commencing on 4 May 2017 and ending on 15 May 2017, or such other period as the Directors may determine (the “ <b>Initial Offering Period</b> ”).
<b>Subscriptions</b>	Participating Shares will be issued at the subscription price of US\$1,000 per share (the “ <b>Subscription Price</b> ”) on each Subscription Day. A new Series of Participating Shares will be issued on each Subscription Day. Subscriptions may only be made in US\$.
<b>Subscription Day</b>	The first Business Day of each calendar month and such other day or days as the Directors may from time to time determine either generally or in any particular case (each, a “ <b>Subscription Day</b> ”).
<b>Valuation Day</b>	The last Business Day of each calendar month, and such other day or days as the Directors may from time to time determine either generally or in any particular case (each, a “ <b>Valuation Day</b> ”).
<b>Subscription Procedure</b>	Prospective investors will be required to complete and return a subscription agreement, in such form as approved by the Directors (each, a “ <b>Subscription Agreement</b> ”). The duly completed and executed Subscription Agreement must be sent to the Administrator, with a copy to the Investment Manager, and must be received together with subscription monies in cleared funds, in the case of subscriptions during the Initial Offering Period, no later than 5pm (Doha time) on the last Business Day of the Initial Offering Period or such earlier or

later time as determined by the Directors either generally or in any particular case, and thereafter, no later than 5pm (Doha time) one Business Day prior to the relevant Subscription Day or such earlier or later time as determined by the Directors either generally or in any particular case.

If a Subscription Agreement or cleared funds are received after the deadline, it will (unless otherwise determined by the Directors) be treated as a request for subscription on the next Subscription Day.

The Fund reserves the right to reject or accept subscriptions in whole or in part in its absolute discretion and without assigning any reason therefore, in which event subscription monies shall be refunded, without profit.

Subscription Agreements will (save as determined by the Directors or the Investment Manager) be irrevocable and must be sent by facsimile, email, registered post or courier to the Administrator at its address set out in the Subscription Agreement, with a copy to the Investment Manager. If given by facsimile or email initially, the original Subscription Agreement must be sent to the Administrator by post or courier. Failure to provide the original Subscription Agreement may, at the discretion of the Investment Manager or the Administrator, result in the cancellation of the allotment of the Participating Shares. Neither the Fund nor the Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile or email. Facsimiles and emails sent to the Administrator shall only be effective when actually received by the Administrator.

Participating Shares will be issued to three decimal places. Any smaller fraction of a Participating Share that would otherwise arise will be rounded down, with the relevant subscription monies being retained for the benefit of the Fund.

Confirmations will be sent to applicants on approval of their application as soon as practicable after the Initial Offering Period or the relevant Subscription Day, setting out details of the Participating Shares they have been allotted.

Participating Shares will be issued only in registered form.

## **Redemptions**

Subject to the Lock Up Period and other restrictions set out in the Private Offering Memorandum (the “**Memorandum**”), a Participating Shareholder may redeem some or all of his or her Participating Shares on each Redemption Day at the relevant Net Asset Value per Participating Share as at the relevant Redemption Day, provided that a redemption notice, in a form approved by the Directors (the “**Redemption Notice**”), is

received by the Administrator at least 7 Business Days prior to the proposed Redemption Day.

**Lock Up Period**

Participating Shares may not be redeemed within 6 months of the date on which such Participating Shares were originally issued. The Lock Up Period may be waived by the Investment Manager in its sole discretion either generally or in any particular case.

**Redemption Day**

The first Business Day of each calendar month and such other day or days as the Directors may from time to time determine either generally or in any particular case (each, a “**Redemption Day**”).

**Redemption Procedure**

Redemption Notices will (save as determined by the Directors or the Investment Manager) be irrevocable and must be sent by facsimile, email, registered post or courier to the Administrator at its address set out in the Redemption Notice, with a copy to the Investment Manager.

If given by facsimile or electronic mail initially, the original Redemption Notice must be sent to the Administrator by post or courier. No redemption proceeds will be paid to the redeeming Participating Shareholder until the Administrator has received the duly completed and signed Redemption Notice. Neither the Fund nor the Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile or email. Facsimiles and emails sent to the Administrator shall only be effective when actually received by the Administrator. The Administrator will acknowledge receipt of any Redemption Notice on behalf of the Fund, and in the event no acknowledgement is received from the Administrator within five (5) days of submission, the Participating Shareholder should assume that the Redemption Notice has not been received and should contact the Administrator via telephone to confirm the status of their request.

If the Redemption Notice is received after the deadline for receipt of requests for redemption for any particular Redemption Day, it shall (unless otherwise determined by the Administrator or the Investment Manager) be treated as a request for redemption on the next Redemption Day.

In the event that a Participating Shareholder has multiple subscriptions for Participating Shares, a redemption by such Participating Shareholder will be made on a “first-in, first-out” basis, unless otherwise agreed by the Directors.

Partial redemptions must be for that number of Participating Shares having a total redemption value equal to or greater than

the US\$10,000 (the “**Minimum Redemption Amount**”) and must not result in an investor having an interest of less than US\$100,000 (the “**Minimum Holding**”) calculated as of the Redemption Day, provided that the board of Directors may reduce or waive the Minimum Redemption Amount and Minimum Holding requirements in their sole discretion. If a Redemption Notice is received which would, if satisfied, result in the Participating Shareholder retaining less than the Minimum Holding of Participating Shares, the Fund may decline to process the redemption, treat such Redemption Notice as a request for a partial redemption only up to the Minimum Holding or may redeem the Shareholder's entire holding of Participating Shares.

**Redemption Proceeds**

The Fund will deduct the Redemption Fee from the redemption proceeds.

The Fund will generally pay a redeeming Participating Shareholder at least 95% of the amount due to such redeeming Participating Shareholder (being the redemption proceeds less the Redemption Fee) within 30 days after the relevant Redemption Day, based upon the Net Asset Value per Participating Share of the relevant Series, based upon the Fund's unaudited interim financial reports. The balance, if any, will be paid, without profit, to the redeeming Participating Shareholder as soon as practicable following the completion of the Fund's audited financial statements for the year as to which the redemption relates or at such other earlier time as the Directors may determine.

Cash payments will be remitted by wire transfer to the account designated by the Participating Shareholder in the Redemption Notice. No profit will accrue on the redemption proceeds pending payment.

**In Kind Distributions**

Redemption payments will be made in cash in US\$ only during the term of the Fund.

**Other Restrictions on Redemptions**

If Redemption Notices are received by the Fund in respect of any Redemption Day in relation to Participating Shares with an aggregate Net Asset Value of more than 20% of the Net Asset Value of the Fund, the Directors may, in their discretion, reduce each request for redemptions pursuant to such Redemption Notices pro rata, as between those Participating Shares sought to be redeemed, so that only Participating Shares with an aggregate Net Asset Value equal to 20% (or such higher percentage as the Directors in their discretion may determine) of the Net Asset Value of the Fund are redeemed on any Redemption Day. A redeeming Participating Shareholder whose request for a redemption of Participating Shares is reduced will be deemed to

have submitted a Redemption Notice to have the remaining balance of the Participating Shares as specified in the original Redemption Notice redeemed on the next following Redemption Day without the need to submit a further Redemption Notice. Such deemed submitted Redemption Notice shall not have priority over other submitted Redemption Notices, provided always that redemptions on any such subsequent Redemption Day shall always be subject to the discretion of the Directors to reduce each request for redemptions pursuant to each Redemption Notice on a pro rata basis as aforesaid to ensure that no more than 20% of the Net Asset Value of the Fund shall be redeemed on any Redemption Day, unless the Directors determine otherwise.

### **Compulsory Redemptions**

Upon written notice to a Participating Shareholder, the Fund has the right to compulsorily redeem all or some of the Participating Shares held by a Participating Shareholder at the Net Asset Value per Participating Share as at the day of redemption, or if such day is not a Valuation Day, as at the Valuation Day immediately prior to the date such redemption is to take effect if the Directors for any reason determine in their discretion to do so.

Without prejudice to its general powers to redeem compulsorily for any reason, the Directors intend to compulsorily redeem Participating Shares where:

- (a) the Participating Shares are held by or for the benefit (directly or indirectly) of any person who is not an Eligible Investor;
- (b) the value at the Net Asset Value per Participating Share as at the last Valuation Day of all the Participating Shares held by a Participating Shareholder is less than the Minimum Holding; and
- (c) any of the representations given by a Participating Shareholder in its Subscription Agreement were not true or have ceased to be true.

### **Suspension of Redemptions and Subscriptions**

The Fund may postpone or suspend (a) the determination of the Net Asset Value of the Fund and/or the Participating Shares of any one or more Series (and the applicable Valuation Day), (b) the issue of Participating Shares of any one or more Series (and the applicable Subscription Day), (c) the redemption by Participating Shareholders (in whole or in part) of Participating Shares of any one or more Series (and the applicable Redemption Day), and (d) the payment (in whole or in part) of any redemption proceeds (even if Valuation Days and Redemption Days are not postponed or suspended), upon the

occurrence of any of the following circumstances (and in each case for the whole or any part of a period):

- (a) when any exchange on which investments held by the Fund are quoted is closed except for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended;
- (b) during the existence of any state of affairs as a result of which in the reasonable opinion of the Directors, the disposal of investments held by the Fund would not be reasonably practicable or might prejudice the non-redeeming Participating Shareholders of the Fund;
- (c) during any breakdown in the means of communication normally employed in determining the price or value of any investments held by the Fund or of current prices in any stock market on which investments held by the Fund are quoted, or when for any other reason the prices or values of any investments held by the Fund cannot reasonably be promptly and accurately ascertained;
- (d) when the transfer of funds involved in the realisation or acquisition of any investments held by the Fund cannot, in the opinion of the Directors, be effected at normal rates of exchange; and
- (e) during which the Directors determine in good faith that there exist any circumstances that render the calculation of the Net Asset Value, acceptance of subscriptions for Participating Shares, redemptions, repurchases or payment of the Redemption Price, impracticable or undesirable.

The Fund may withhold payment to any person whose Participating Shares have been tendered for redemption until after any suspension has been lifted. If a redemption request is not withdrawn by a Participating Shareholder following declaration of a suspension, the redemption will be completed on the Redemption Day following the month in which such suspension is ended, unless the Directors determine otherwise, on the basis of the Net Asset Value per Participating Share as at such Redemption Day.

## **Transfers**

No Participating Shares may be transferred, assigned or disposed of without the prior written consent of the Directors which shall not be withheld unreasonably.

The transferor or transferee shall pay or reimburse the Fund for any and all fees and expenses incurred by or on behalf of the Fund in connection with any transfer of Participating Shares.

## **Management Fee**

The Fund shall pay the Investment Manager a management fee (the “**Management Fee**”), payable monthly in arrears, in an amount equal to 1% per annum of the Invested Capital. The Management Fee is calculated as at the last Business Day of each calendar month and will be allocated ratably to each Series of Participating Shares and for partial periods.

Any new or existing Participating Shareholder that subscribes for Participating Shares at any time other than the first Business Day of a calendar month will be assessed a pro-rated portion of the Management Fee with respect to such subscription.

## **Performance Fee**

The Fund shall pay the Investment Manager a performance fee (the “**Performance Fee**”), calculated on a Share-by-Share basis. For each Performance Period, the Performance Fee in respect of each Participating Share will be an amount equal to 10% of the increase, if any, in the Net Asset Value per Participating Share of the relevant Series, during the Performance Period (or part thereof), above the higher of the High Water Mark and the Hurdle of 10% per annum for the relevant Performance Period. The Performance Fee will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee.

The “**Performance Period**” means each 12-month period commencing on each 1 January, provided that the first Performance Period in respect of any Participating Share will be the period commencing on the date such Participating Share is issued and ending on the next following 31 December.

The “**High Water Mark**” of each Series of Participating Share in respect of each Performance Period will be the greater of the Net Asset Value at the date of issue and the highest Net Asset Value achieved at the end of the previous Performance Period that a Performance Fee was paid.

The “**Hurdle**” of each Series of Participating Share in respect of each Performance Period will be an amount equal to the Net Asset Value of the Series at the final Valuation Day in the previous Performance Period increased by 10% per annum.

The Performance Fee is calculated as of:

- (a) each Redemption Day with respect to Participating Shares redeemed before the end of a Performance Period;
- (b) the end of each Performance Period; and
- (c) the dates of termination and final liquidation of the assets

of the Fund, in each case with respect to the period ending on such date.

It should be noted that the Performance Fee is based in part upon unrealized gains (as well as unrealized losses and such unrealized gains and/or losses may never be realized) and that on termination of the Investment Management Agreement the Investment Manager shall be entitled to receive all fees and other moneys accrued but not yet paid on a pro rata basis up to the date of such termination as provided in the Investment Management Agreement and shall repay on a pro rata basis fees and other moneys paid to it in respect of any period after the date of such termination.

**Subscription Fee**

A subscriber for Participating Shares will be required to pay a Subscription Fee of up to 1% of the subscription amount. The Subscription Fee will be paid to the Investment Manager. The Investment Manager may waive or reduce such Subscription Fee, either generally or in any particular case. For the avoidance of doubt, the Subscription Price is exclusive of the Subscription Fee.

**Redemption Fee**

A Participating Shareholder will be required to pay a Redemption Fee of up to 0.5% of the redemption proceeds. The Redemption Fee will be paid to the Investment Manager.

**Operating Expenses**

The Fund will bear all costs and expenses associated with its operations and business, including all transactional expenses (such as brokerage, banking, sales and purchase commissions and charges, clearing and settlement charges, , income taxes, withholding taxes, transfer taxes and other governmental charges and duties), legal expenses, accounting fees, audit fees, directors' fees and expenses, regulatory fees and administration fees (together, the "**Operating Expenses**").

**Organizational Expenses**

The Fund will bear all costs and expenses associated with the launch of the Fund, including government and regulatory charges and professional fees and expenses in connection with the preparation of the Fund's constitutional and offering documents ("**Organizational Expenses**"). Organizational Expenses may be amortized by the Fund over a 60-month period. Such amortization period is a departure from IFRS.

**Net Asset Value**

The Net Asset Value of the Fund and the Net Asset Value per Participating Share shall be calculated, in US\$, by the Administrator as at the close of business on the relevant Valuation Day (or at such other times as the Directors may determine).

The Net Asset Value of the Fund shall be equal to the value of

all the assets less the value of all the liabilities of the Fund as at the relevant Valuation Day.

The Net Asset Value per Participating Share of any Series is determined by dividing the value of the assets of the Fund attributable to the Participating Shares of the relevant Series less all liabilities attributable to the Participating Shares of such Series by the number of such Participating Shares as at the relevant Valuation Day, the result being round naturally to four decimal places.

Participating Shares within the same Series, if applicable, will have the same Net Asset Value per Participating Share.

The value of the assets of the Fund and the method of valuation of such assets shall be determined by the Investment Manager subject to the overall supervision of the Directors. Assets will be valued in accordance with the following principles:

- (a) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price on the relevant Valuation Day or, if no trades occurred on such day, at the last traded price when the last trade occurred as adjusted in such manner as the Investment Manager thinks fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Investment Manager determines as the fairest criteria in ascribing a value to such security;
- (b) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realization value as determined by the Investment Manager in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Investment Manager deems relevant in considering a positive or negative adjustment to the valuation;
- (c) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the

most recent official settlement price quote by that clearing house, exchange or financial institution or the price provided by a third party valuation agent. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Investment Manager may determine at its discretion which market shall prevail;

- (d) investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued at their fair value as determined by the Investment Manager; and
- (e) deposits will be valued at their cost plus accrued profit.

The Directors may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with good accounting practice.

The Directors shall determine which accounting principles shall apply to the calculation of the Net Asset Value. To the extent that the Directors have not determined otherwise, or to the extent feasible, expenses, fees and other liabilities will be accrued in accordance with International Financial Reporting Standards (“**IFRS**”). Reserves (whether or not in accordance with IFRS) may be established for estimated or accrued expenses, liabilities or contingencies.

All valuations will be binding on all persons and in no event shall the Directors, the Administrator or the Investment Manager incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of manifest error or bad faith.

Prospective investors should be aware that situations involving uncertainties as to the valuation of positions could have an adverse effect on the Fund’s net assets if the Administrator’s or the Investment Manager’s judgments regarding appropriate valuations should prove incorrect.

### **Series Roll Up**

Participating Shares of any issued and outstanding Series (other than the Series issued in connection with the initial offering of Participating Shares (such Series being referred to as the “**Initial Series**”)) in respect of which a Performance Fee is payable may be re-designated and converted by way of compulsory

redemption and reissued into Participating Shares of the Initial Series (after accrual or payment of any Management Fee and/or Performance Fee) at the end of such Performance Period as the Directors may determine at the prevailing Net Asset Value per Participating Share of the Initial Series. Any compulsory redemption of Participating Shares pursuant to this provision shall not require prior notice in writing to be given to Participating Shareholders.

**Fiscal Year**

The first fiscal year (the “**Fiscal Year**”) of the Fund will end on 31 December 2017 and each Fiscal Year thereafter will end on 31 December of each calendar year or such other date determined by the Directors from time to time.

**Reports**

The Fund will provide Participating Shareholders with an annual audited financial report of the Fund as soon as practicable and in any event within 6 months following the end of each Fiscal Year.

The Fund will provide Participating Shareholders with a half-yearly unaudited statement of the Net Asset Value per Participating Share as soon as practicable and in any event within 30 days following each 30 June.

**Tax**

It is the responsibility of all persons interested in purchasing Participating Shares to inform themselves as to any tax consequences from their investing in the Fund and the Fund’s operations or management, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of Participating Shares. Investors should therefore seek their own separate tax advice in relation to their holding of Participating Shares and accordingly none of the Fund, the Directors or the Investment Manager accept any responsibility for the taxation consequences of any investment into the Fund by an investor.

**Side Letters**

The Fund or the Investment Manager may, subject to applicable laws, enter into side letters or similar arrangements with individual investors which have the effect of altering or supplementing the terms of the Memorandum solely with respect to such investor; provided that such side letters or arrangements shall not have a detrimental effect on any other investor.

**Indemnity**

The Directors and the Investment Manager are generally indemnified by the Fund against any loss or liability incurred in connection with their activities for and on behalf of the Fund save where such loss or liability is the result of their own actual fraud, willful default or Gross Negligence.

**Certain Risk Factors and Potential Conflicts of Interest** Potential investors should be aware that an investment in the Fund involves a high degree of risk and is suitable only for investors who fully understand and who can bear the risks of such an investment for an indefinite period and who can afford a total loss of their investment. In addition, potential investors should be aware that there will be occasions when the Directors, the Investment Manager and/or their respective affiliates may encounter conflicts of interest in connection with the Fund.

Each prospective investor should conduct its own due diligence and obtain independent professional advice regarding the relevant risks before making an investment in the Fund.

**Governing Law** The Subscription Agreement and Articles shall be governed by and construed in accordance with the laws of the Cayman Islands.

**Auditor** Deloitte

**Administrator** Maples Fund Services (Cayman) Limited

**Custodian** Bank Julius Baer & Co. Ltd.

**Shari'ah Advisor** Bait Al-Mashura Finance Consultations

**Fund Legal Counsel** King & Spalding LLP

**Cayman Legal Counsel** Maples and Calder (Dubai) LLP

### 3. INVESTMENT OBJECTIVE AND STRATEGY

#### **Investment Objective and Strategy**

The principal investment objective of the Fund is to provide investors with income by investing in Shari'ah-compliant sukuk and sukuk-related securities.

The Fund may maintain assets in cash, deposit or call accounts or invested in short-term instruments, such as commercial paper and certificates of deposits, to fund its operations and/or to fund redemption proceeds or for such other reasons as may be determined by the Investment Manager.

The investment strategies summarized above represent the current intentions of the Fund. Depending on conditions and trends in the securities markets and the economy in general, different strategies or investment techniques may be pursued or employed, whether or not described in this Memorandum, subject to any applicable law or regulation. There can be no assurance that the investment strategies will achieve the investment objective.

**POTENTIAL INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ADVISORS AS TO LEGAL, BUSINESS AND TAX AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE FUND.**

## 4. MANAGEMENT

### Directors

The Directors have overall authority over, and responsibility for, the operations and management of the Fund. The Directors may delegate certain functions to other parties, subject to supervision and direction by the Directors.

The Directors have delegated the investment management of the Fund to the Investment Manager and the administration of the Fund to the Administrator on the terms of the Investment Management Agreement and Administration Agreement respectively.

The initial Directors shall be Bashar Jallad and Houssam Kharbotli.

- **Bashar Jallad**

Bashar has over 26 years banking experience in Treasury and Financial Capital Markets, he joined Barwa Bank Group in September 2012 as the Group Treasurer & Chief Investment Officer from Abu Dhabi Islamic Bank where he was the Treasurer since January 2008. Prior to ADIB Bashar worked at the National Bank of Abu Dhabi Treasury & Financial Markets Group since 1996 in various senior positions at the Money Markets Dept. Before joining NBAD Bashar worked at the Treasury Department in Arab Bank for Investment & Foreign Trade in Abu Dhabi where he started his career upon graduating from the United States. He holds BA in Finance from Hillsdale College - Michigan, USA – 1989.

- **Houssam Kharbotli**

Houssam joined The First Investor Q.S.C.C to lead its specialized Islamic investment activities in asset management, private equities and related financial services. An experienced investment banker who has worked with top global investment houses for over 25 years, he's worked in various financial centers the world over. In addition, Houssam has had robust experiences in Qatar and GCC markets having occupied top jobs with major government-related institutions in Qatar and Oman.

Prior to The First Investor Q.S.C.C, Houssam served as the CEO of Qatar Debt Management Office (4 years), CEO of a sovereign investment company in Oman (5 years) and Senior Financial Advisor at Qatar Petroleum (7 years). He also spent years as an investment banker with Deutsche Bank, UBS, First Chicago Bank and Banca Commerciale Italian, having formed a strong educational foundation at Cambridge Polytechnic (Industrial economics) and Chicago Business School (Finance).

The holder of the Management Shares may appoint and remove Directors from time to time.

The Directors shall not be entitled to remuneration for their directorship services. The Directors shall be reimbursed for all expenses properly incurred in respect of their directorship activities.

The Directors and officers of the Fund are indemnified by the Fund against any loss or liability incurred by reason of their being or having been a Director or officer save where

such loss or liability is the result of their own actual fraud, willful default or Gross Negligence.

### **Investment Manager**

Barwa Bank Q.S.C., an Islamic bank in Qatar licensed and regulated by the Qatar Central Bank, has been appointed by the Fund as the investment manager to the Fund pursuant to the terms of an investment management agreement between the Fund and the Investment Manager (the “**Investment Management Agreement**”). Barwa Bank Q.S.C. has authorized capital of QAR 4 billion and issued capital of QAR 3 billion, and provides a full range of Shari’ah compliant banking services including retail, corporate and commercial banking, business banking, private banking, real estate finance, structured finance, investments and asset management.

The Investment Manager has been appointed to manage the Fund and its investments subject to the overall supervision of the Directors, to recommend to the Directors on an ongoing basis the investment, realization and reinvestment of the assets of the Fund and supervise the implementation of the investment objective and strategies of the Fund subject to any investment restrictions.

The members of the Investment Manager’s current management team who have responsibility for management of the Fund and its investments are:

- **Bashar Jallad, Group Treasurer and Chief Investment Officer**

Bashar has over 26 years banking experience in treasury and financial capital markets, he joined Barwa Bank Group in September 2012 as the Group Treasurer & Chief Investment Officer from Abu Dhabi Islamic Bank (“ADIB”) where he was the Treasurer since January 2008. Prior to ADIB Bashar worked at the Treasury & Financial Markets Group of National Bank of Abu Dhabi (“NBAD”) since 1996 in various senior positions at the Money Markets Department. Before joining NBAD Bashar worked at the Treasury Department in Arab Bank for Investment & Foreign Trade in Abu Dhabi where he started his career upon graduating from the United States. He holds BA in Finance conferred in 1989 from Hillsdale College, Michigan, United States.

- **Osama Abu Baker, Group Chief Financial Officer**

Osama has over sixteen years of experience in financial management, consulting and auditing. Prior to joining Barwa Bank, he held several managerial positions in large international organizations, including Qatar Real Estate Investment Company, Saipem International and Deloitte. In these various capacities, he has developed extensive experience in financial planning, restructuring, mergers and acquisitions, ratings and Islamic finance.

Osama holds an undergraduate degree in Economics and Accounting and is a certified public accountant under the jurisdiction of the State of Illinois, USA.

- **Nile Rabbani Awan, Group Chief Risk Officer**

Nile has over 21 years of diverse banking experience which is almost evenly divided between Corporate/Investment Banking and Risk Management in both conventional as well as Islamic Banking. Prior to joining Barwa Bank, Nile was the Deputy Country Risk Officer at ABN AMRO Bank U.A.E. and then the Chief Risk Officer at Noor Islamic Bank, U.A.E.

In addition to the Middle East, where he has spent almost 12 years, he also served in Pakistan as well as the Asia Pacific Region (Singapore). He holds a Bachelors in Computer Science from the University of Karachi and an MBA from the Lahore University of Management Sciences in Pakistan.

The Investment Management Agreement shall continue in force until terminated by the Investment Manager or the Fund at any time upon at least 90 days' prior written notice or forthwith in certain circumstances. The Investment Management Agreement contains limitations of liability and indemnities operating in favor of the Investment Manager and its directors, officers, employees, delegates, affiliates and agents provided that any person seeking to rely on such provision was not engaged in actual fraud, willful default or Gross Negligence. The Investment Manager may delegate its responsibilities subject to retaining responsibility for the actions of its delegates.

If the Investment Management Agreement is terminated, the investment activity of the Fund and all subscriptions and redemptions shall be suspended. The Directors shall promptly move to wind down the Fund and cause the Fund to liquidate all of its investments and distribute available cash to its Participating Shareholders, following payment of any outstanding fees and expenses, including the Management Fee and Performance Fee as applicable.

### **Investment Advisor**

The First Investor Q.S.C.C., a wholly-owned subsidiary of the Investment Manager since 2009, has been appointed to provide certain investment advisory services in respect of the Fund pursuant to an investment advisory agreement (the "**Investment Advisory Agreement**"). The Investment Advisor is one of the leading Shari'ah-compliant investment banking firms and is regulated by the Qatar Central Bank.

The Investment Advisory Agreement shall continue in force until terminated by the Investment Manager or the Investment Advisor at any time upon at least 90 days' prior written notice or forthwith in certain circumstances. The Investment Advisory Agreement contains limitations of liability and indemnities operating in favor of the Investment Advisor and its directors, officers, employees, delegates, affiliates and agents provided that any person seeking to rely on such provision was not engaged in actual fraud, willful default or Gross Negligence.

### **Administrator**

Maples Fund Services (Cayman) Limited has been appointed by the Company to act as the administrator of the Company pursuant to the terms of an administration agreement between the Company and the Administrator (the **Administration Agreement**).

The Administrator is responsible, under the supervision of the Directors, for carrying out certain of the Company's day-to-day administrative activities including providing the Company with administrative, accounting, financial, transfer agency and other similar services.

The Administration Agreement contains limitations of liability and indemnities operating in favor of the Administrator, its successors and permitted assigns and their respective directors, officers, shareholders, employees and agents, present and future, in the absence of fraud, gross negligence (as defined therein) or wilful misconduct. Either party may terminate the Administration Agreement upon 90 days' prior written notice or forthwith in certain circumstances.

The Company will pay the Administrator fees for its services at rates to be agreed by the Administrator and the Company. The Administrator will also be reimbursed by the Company for all reasonable out-of-pocket expenses incurred.

### **Custodian**

Bank Julius Baer & Co. Ltd (the "**Custodian**") has been appointed by the Fund as the Fund's custodian. Bank Julius Baer & Co. Ltd. is a dedicated wealth manager in Switzerland, with heritage dating back to the 19th century. The Custodian is part of the Julius Baer Group, headquartered in Zurich, which ranks among the largest publicly listed financial service providers in Switzerland. The Julius Baer Group is present in all the major global financial centers and multiple locations in Europe, the Middle East, Latin America and Asia.

### **Auditor**

Deloitte & Touche has been appointed by the Fund as the fund's auditor. The Auditor shall carry out an audit examination of the financial statements of the Fund as at the end of each financial year. The scope of the examination will be designed to enable the Auditor to report whether the financial statements present fairly in all material respects the Fund's financial position and the result of operations of the Fund in accordance with International Standards on Auditing (ISAs). The Auditor will further report on applicable provisions of Qatar Central Bank Law No. 33 of 2006 that might have had a material effect on the business of the fund or on its financial performance.

Deloitte & Touche is an affiliate of DCB Holding Ltd., a member firm of Deloitte Touche Tohmatsu Limited (DTTL).

### **Shari'ah Advisor - Bait Al-mashura**

Bait Al-mashura Finance Consultations is a Qatari shareholding company established in 2007. It is the first institution in the State of Qatar offering Shari'ah and financial advisory, supervision and audit for Islamic financial institutions, as well as management consultancy, training and development.

Within the scope of its services to companies and individuals, Bait Al-Mashura provides creative solutions and services. In order to raise its performance, Bait Al-Mashura joined with

the Leading Edge Alliance (LEA) - a US based second largest international association in the world, focused on accounting, financial and business advisory services.

Keeping pace with the rapid development of Islamic finance industry, Bait Al-Mashura has intended to standardize the works of Shari'ah boards, audit and control in line with such rapid development and widespread Islamic finance practices in various parts of the world. Bait Al-Mashura also pays attention to the scientific approach for the deployment of the concepts, values and ethics of Islamic finance to be a true partner in the success of Islamic banking industry.

The members of Bait Al-mashura Finance Consultations' Shari'ah Board are:

- **Sheikh Dr. Walid Bin Hadi**

Sheikh Walid holds an M.A and PhD in Islamic Shari'ah and is the Head of Shari'ah Supervision Board of QInvest Company and a member of the Shari'ah Supervision Boards for many other Islamic Finance Organizations, including Qatar Islamic Bank, al-Rayan Bank, Qatar International Islamic Bank, Qatar National Bank, European Finance House, Asian Finance House, Qatar-Syria International Bank and Arab Finance House. He has several publications in the field of Islamic Finance Transactions.

- **Sheikh Dr. Osama Qais al-Deraie**

Sheikh Osama has worked as a lecturer in International Islamic University - Malaysia - Faculty of Law and Humanities, and a collaborating lecturer with the Faculty of Law at Qatar University. He holds a bachelor's degree in the Noble Hadith and its Sciences from the Islamic University in al-Madeenah, and a master's and doctoral degrees in Islamic Economics from the University of Malaya – Malaysia. At present, he is the General Manager and CEO of Bait al-Mashura Finance Consultations and a member of many of the Fatwa and Shari'ah Supervision Boards inside and outside Qatar. He has a number of studies and research in the Islamic finance industry. He is a specialized trainer in the transactions of contemporary jurisprudence and its applications in financial institutions.

- **Sheikh Dr. Esam al-Enezy**

Sheikh Esam is the Assistant Chief Executive of Shari'ah Supervision and a member of Teaching Staff of Kuwait University. He is a member of Shari'ah Supervision Board at Investment House Company since 2005, in addition to his membership in Shari'ah Advisory body of Boubyan Bank. He has several researches specialized in Islamic Finance Tools and in the field of Shari'ah Agreement with Contemporary Banking Activities. He obtained PhD in Jurisprudence from Jordan University in The Hashemite Kingdom of Jordan.

## 5. THE SHARES

All Participating Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Articles. Under the terms of the Articles, the liability of the Participating Shareholders of the Fund is limited to the amount, if any, unpaid on the Participating Shares.

### Share Capital

The authorized share capital of the Fund is US\$50,000 consisting of:

- (a) 4,999,900 Participating Shares being non-voting, participating, redeemable shares of par value US\$0.01 each. The Directors may issue Participating Shares in Series or classes with such designations or classifications as the Directors may determine (and the Directors may rename or re-designate any issued Series or class of Participating Share) without the consent of or a notice to existing shareholders. The Participating Shares being issued pursuant to this Memorandum do not have the right to receive notice of, attend, speak or vote at general meetings of the Fund. Participating Shares are redeemable at the option of the holder in accordance with the terms set out in this Memorandum and the Articles and are subject to compulsory redemption in certain circumstances. Dividends may, in the absolute discretion of the Directors, be paid to the holders of the Participating Shares out of the reserves available for distribution. In a liquidation, the assets available for distribution are to be distributed to the holders of the Participating Shares *pari passu* in proportion to the Net Asset Value per Participating Share of the Participating Shares held; and
- (b) 100 Management Shares being voting, non-participating, shares of par value US\$0.01 each all of which have been issued and are held by the Investment Manager. Management Shares carry one vote per share but do not carry any right to dividends. In a liquidation the Management Shares rank only for a return of the nominal amount paid up on those shares before any payment to the holders of the Participating Shares and any other shares ranking *pari passu* with the Participating Shares in a liquidation.

Subject to the terms of the Articles, authorized but unissued Participating Shares may be re-designated and/or issued at the discretion of the Directors and there are no pre-emption rights with respect to the issue of additional Participating Shares.

The Fund may by special resolution of the voting shareholders increase or reduce its authorized share capital.

### Series Roll-Up

Participating Shares of any issued and outstanding Series (other than the Initial Series) in respect of which a Performance Fee is payable may be re-designated and converted by way of compulsory redemption and reissued into Participating Shares of the Initial Series (after accrual or payment of any Management Fee and/or Performance Fee) at the end of such period as the Directors may determine at the prevailing Net Asset Value per Participating Share of the Initial Series. Any compulsory redemption of Participating Shares pursuant to this provision shall not require prior notice in writing to be given to Participating Shareholders.

## **Variation of Rights**

The rights attached to the Participating Shares may from time to time (whether or not the Fund is being liquidated) only be materially adversely varied or abrogated with the consent in writing of the holders of at least two thirds of the issued Participating Shares, or with the sanction of a resolution passed by a majority of at least two-thirds of the votes cast in person or by proxy at such a meeting.

All the provisions of the Articles as to general meetings of the Fund apply to every such separate meeting, except that the necessary quorum at any such meeting is one or more persons at least holding or representing by proxy at least one third of the issued Participating Shares.

The rights attaching to the Participating Shares shall be deemed not to be varied by the creation, allotment or issue of further shares ranking *pari passu* with the Participating Shares or ranking behind the Participating Shares, the redemption or repurchase of any shares, the passing of a Directors resolution to change or vary the investment objective and/or investment strategy, or any modification of the fees payable to any service provider to the Fund.

**THE STATEMENTS CONTAINED IN THIS MEMORANDUM CONCERNING THE ARTICLES, THE PARTICIPATING SHARES AND RELATED MATTERS ARE ONLY A SUMMARY, DO NOT PURPORT TO BE COMPLETE AND IN NO WAY MODIFY OR AMEND THE ARTICLES. PROSPECTIVE INVESTORS MUST CAREFULLY READ THE ARTICLES AND CONSULT WITH THEIR OWN LEGAL COUNSEL CONCERNING THEIR RIGHTS AND OBLIGATIONS BEFORE SUBSCRIBING FOR PARTICIPATING SHARES.**

## **6. CERTAIN RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST**

Potential investors should be aware that an investment in the Fund involves a high degree of risk and is suitable only for investors who fully understand and who can bear the risks of such an investment for an indefinite period and who can afford a total loss of their investment. In addition, potential investors should be aware that there will be occasions when the Directors, the Investment Manager, the Investment Advisor and/or their affiliates may encounter potential conflicts of interest in connection with the Fund. Potential investors should carefully evaluate the following considerations and other risks before making an investment in the Fund.

### **No Guarantee**

There can be no guarantee that the Fund will achieve its investment objective or that investors will receive a return of their capital. There can be no guarantee that implementation of the investment objective and strategy of the Fund will not result in losses to the investors.

### **Absence of Operating History**

The Fund is a newly formed entity and does not have an operating history upon which investors may base an evaluation of its likely performance. The investment results of the Fund are reliant upon the success of the Investment Manager and the Investment Advisor and no guarantee or representation is made in this regard.

### **Regulations**

The Fund is not registered pursuant to any other applicable law, rule or regulation. Consequently, Participating Shareholders will not benefit from certain of the protections afforded by such other laws or regulations.

### **Non-Voting Interests**

Investors will have no right to vote or participate in the management of the Fund. Accordingly, no person should purchase any Participating Shares unless he is willing to entrust all aspects of management of the Fund to the Directors and the Investment Manager.

### **Nature of Investments**

The Fund's business will involve a high degree of financial risk. Certain markets in which the Fund is anticipated to invest are subject to a high degree of volatility and therefore the Fund's performance may be volatile. The Investment Manager in its sole discretion may employ such investment and trading strategies and methods as it determines to adopt. The Fund may also invest in securities for which no active trading market exists. As a result of these investment risks, an investor may lose all or a substantial amount of his investment in the Fund.

### **Lack of Direct Contractual Relationship with Obligor**

Sukuk are investment certificates representing a proportional ownership interest in a defined pool of assets or activities that yield Shari'ah-compliant income and capital return. There are

various structures used for the offering of sukuk. These include issuances by sovereign, quasi-sovereign and corporate entities. In some cases, sukuk are issued by special-purpose companies that are formed in order to execute the underlying financing transaction. In these cases, the returns from the sukuk will be dependent in part upon the creditworthiness of the ultimate obligors in the underlying financing transactions. The value of and the realization of income from sukuk will be dependent upon the ability of issuer of the sukuk (or, in the case of sukuk issued by special purpose companies, the ultimate obligor under the underlying financing transaction) to make lease or other required periodic payments and/or to satisfy repurchase and other obligations with respect to the assets. There are ongoing uncertainties and exposure to adverse business, financial or economic conditions which may lead to the issuer's or underlying obligor's inability to timely meet its payment obligations. The Fund will have a contractual relationship only with the issuer of the sukuk, and, in the case of sukuk issued by special purpose companies, the Fund will not have any direct contractual relationship with the obligor on the underlying financing transaction. In addition, the Fund may only own a portion of outstanding sukuk securities. In those cases, the Fund may own insufficient sukuk securities to enable it to commence certain enforcement activities without the cooperation of other holders of the sukuk. The Fund generally will have no right directly to enforce compliance by the obligor on the underlying financing transaction in the case of sukuk issued by special purpose companies.

### **Illiquid Assets**

Sukuks and other Shari'ah-compliant fixed income securities are relatively less liquid when compared to conventional bonds and majority of the trading is concentrated to a limited number of instruments. As a result, the Investment Manager may be unable to realize the fair market value of a particular instrument at the time of liquidation.

### **Authentication of Securities and Nominee Risk**

In instances involving the physical deliveries of unlisted and listed securities, there may be difficulties in establishing the authenticity of such securities. Accordingly, although the Investment Manager will endeavor to check that, on its face, any such instrument appears genuine, no responsibility can be taken for verifying the validity or authenticity of any such instrument.

### **Credit Risk**

Fixed income instruments such as sukuk are rated by independent agencies based on the market conditions, operating performance, corporate actions, and debt servicing abilities. Changes in credit rating due to business risks, management changes and delays in debt repayments may affect credit ratings. Any downgrade in the credit rating may adversely impact the market value of sukuk and the Fund's Net Asset Value. In addition, the obligation of the issuer may be structurally subordinate, in which case the priority of the repayment will be secondary to other senior debt notes. An issuer may default on the payment of profit or principal. In the event of a default by an issuer, the Investment Manager reserves the right to pursue repayment or settlement by taking legal action.

## **Exchange Fluctuations**

The Fund may invest in instruments denominated in various currencies. Investments in foreign securities involve additional considerations, such as fluctuations in the rate of exchange between US\$ and the various foreign currencies in which the Fund's investments are denominated, and costs associated with conversion of investment principal and income from one currency into another.

## **Impact of Changes in Global Interest Rates and Reinvestment Risk**

Changes in interest rates may impact the value of fixed income instruments such as sukuk. In the case of callable fixed income securities, issuers reserve the right to recall the security before maturity. The Investment Manager may be unable to reinvest capital at similar rates of return, thereby, exposing the Fund to reinvestment risk.

## **Leverage Risks**

The Fund is permitted to use leverage for investment and other purposes. While leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Fund would be magnified to the extent the Fund is leveraged. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund which would be greater than if the Fund were not leveraged.

## **Limited Diversification**

The Investment Manager intends to seek to diversify the Fund's investments as it deems appropriate and consistent with the investment objective of the Fund. If the Fund's investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility.

## **Market Risk**

Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

## **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of the Fund. None of these conditions is within the control of the Fund or the Investment Manager, and no assurances can be given that the Fund or the Investment Manager will anticipate these developments.

## **Emerging Market Risks**

The Fund intends to make investments in a number of different assets, a substantial amount of which may be in countries which may prove unstable or are considered to be “emerging markets.” Specific “emerging market” risks include the possibility of adverse political developments, adverse economic change, as well as exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital and renunciation of foreign debt. Investments may require significant government approvals under corporate, securities, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from international standards. Furthermore, government restrictions may hinder distributions from individual investments or the transfer of ownership on any exit.

## **Reliance on Investment Manager**

Although the Directors have the ultimate authority and responsibility for the management of the Fund, all decisions relating to the investment of the Fund’s assets has been delegated to, and will be made by, the Investment Manager, who will therefore have total trading authority over the Fund. The Fund’s expertise in trading is therefore largely dependent on the continuation of an agreement with the Investment Manager and the services and skills of its directors, officers and employees. Further, the Directors intend to wind down the Fund if the Investment Management Agreement is terminated and the Investment Manager no longer acts as manager of the Fund’s assets. The loss of the Investment Manager’s services (or that of one of its key personnel) could materially and negatively impact the value of the Fund.

## **Effect of Redemptions**

If significant redemptions of Participating Shares in the Fund are requested, it may not be possible to liquidate the Fund’s investments at the time such redemptions are requested or to do so at prices that reflect the true value of such investments. In addition, although it is expected that on winding up, the Fund would liquidate all of its investments and distribute cash to its Participating Shareholders, there can be no assurance that this will occur.

## **Performance Fee**

The Performance Fee may create an incentive for the Investment Manager and/or its directors, officers, employees and/or agents to make investments that are riskier or more speculative than would be the case in the absence of the Performance Fee. Prospective investors should note that the Management Fee and Performance Fee are based in part upon unrealized gains (as well as unrealized losses), and that such unrealized gains and losses may never be realized by the Fund.

## **Counterparty Default**

The Fund will be exposed to a credit risk of parties with whom it conducts business and may also bear risk of settlement default. The Fund’s portfolios will, in certain circumstances, be fully subject to the default of a counterparty.

## **Restrictions on Transfers and Redemptions**

Currently, there is no public market for the Participating Shares and it is unlikely that any active secondary market for any of the Participating Shares will develop. Participating Shares are not being registered to permit a public offering under the securities laws of any jurisdiction. The Participating Shareholders might be able to dispose of their Participating Shares only by means of redemptions on the relevant Redemption Day at the Redemption Price, in the absence of an active secondary market. The risk of any decline in the Net Asset Value during the period from the date of notice of redemption until the Redemption Day will be borne by the Participating Shareholder(s) requesting redemption. In addition, the Directors have the power to suspend and limit redemptions and the payment of redemption proceeds. There are also restrictions on transferring Participating Shares. The Fund has the right to compulsorily redeem Participating Shares.

## **In Kind Payments**

Although under normal circumstances, the Fund intends to pay redemption proceeds in cash, it is possible that upon a winding up of the Fund redemption proceeds be made in kind and could consist of securities or other investments for which there is no readily available public market.

## **Legal and Regulatory Risks**

Legal and regulatory changes could occur that may adversely affect the Fund. None of these conditions is within the control of the Fund or the Investment Manager and no assurances can be given that the Fund or the Investment Manager will anticipate these developments.

## **Tax Risks**

Any changes in the tax laws or other regulations or laws of any applicable jurisdiction could have an adverse impact on (a) an investment in the Fund or (b) on the Fund or its access to investment opportunities. In particular, tax laws relevant to the Fund are subject to change and investors could incur tax liabilities as a result of such change. It is possible, therefore, that the current interpretation of the law or understanding of practice may change or, indeed, that the law may be changed with retroactive effect. Each investor should take independent advice on their tax position, as the consequences for investing are different and complex for each investor.

Statements in this document concerning the taxation of the Fund and its investors are based on current tax law and practice which is subject to change. There can be no assurances that the expected tax efficiencies of the Fund will be achieved or will continue in the future.

## **FATCA Withholding and Compliance**

An investor may become subject to additional U.S. tax withholding if it fails to provide certain information to the Fund. FATCA generally imposes a withholding tax of 30% on certain U.S.-source income and proceeds from the sale of certain assets that give rise to U.S.-source income paid or allocated to non-U.S. Persons who fail to meet the requirements of FATCA.

In order to avoid having to withhold under FATCA, the Fund will require investors to provide information regarding themselves and their investors or otherwise demonstrate that they are in compliance with FATCA. Investors must agree to supply such information and agree that they will make all reasonable efforts to comply with FATCA as additional U.S. Treasury Regulations and other guidance are published.

FATCA is particularly complex and its application is uncertain at this time. Each investor should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such investor in its particular circumstance.

### **Third-Party Litigation**

The Fund's investment activities subject it to the risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Fund and would reduce net assets. The Directors, the Investment Manager, the Investment Advisor and others are entitled to be indemnified by the Fund in connection with such litigation, subject to certain limitations.

### **International Investing**

A substantial portion of the trades executed for the Fund may take place on foreign exchanges. Additional risks of international investing include political or economic instability in the country of issue, and the possible imposition of exchange controls or other laws or restrictions. In addition, prices of securities in many markets may be subject to different economic, financial, political and social factors than are the prices of securities in more-established markets. With respect to some countries there may be the possibility of expropriation or confiscatory taxation, limitations on liquidity of securities, or political or economic developments which could affect the assets held by the Fund.

### **Lack of Independent Experts Representing Participating Shareholders**

The Fund and the Investment Manager have consulted with legal counsel regarding the formation and terms of the Fund and the offering of Participating Shares. Participating Shareholders have not been independently represented; consequently, each prospective investor should consult his or her own legal, tax and financial advisors regarding an investment in the Fund. The representations and warranties contained in the Subscription Agreement for the Fund are intended to be relied upon by the Fund, the Investment Manager, the Investor Advisor and the Fund's service providers.

### **Electronic Communications**

The Fund, the Investment Manager and the Administrator may provide to Participating Shareholders statements, reports and other communications relating to the Fund and to such Participating Shareholder's investment in the Fund in e-mail or other electronic form. While reasonable care will be taken, such communications may be intercepted or interfered with, may contain defects and may not be successfully replicated on other systems and the Fund, the Investment Manager and the Administrator each give no warranties in relation to these matters.

## **Potential Conflicts of Interest**

The Directors, the Investment Manager and the Investment Advisor may from time to time act in a similar capacity to, or otherwise be involved in, other funds or collective investment schemes, some of which may have similar investment objectives to those of the Fund. Thus, each may be subject to conflicting demands in respect of allocating management time, services and other functions between the activities each has undertaken with respect to the Fund and the activities each has undertaken or will undertake with respect to other investors, commodity pools, managed accounts and/or trading advisers. It is therefore possible that any of them may, in the course of their respective businesses, have potential conflicts of interest with the Fund or the Participating Shareholders. Each will at all times have regard to its obligations to the Fund and/or the Participating Shareholders and, in the event that a conflict of interest arises they will endeavor to ensure that such conflicts are resolved fairly.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS MUST READ THE ENTIRE MEMORANDUM INCLUDING ALL ATTACHMENTS AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISERS, BEFORE DECIDING TO INVEST IN THE FUND.**

## 7. CERTAIN LEGAL, TAX AND REGULATORY MATTERS

### Certain Tax Considerations

It is the responsibility of all persons interested in purchasing Participating Shares to inform themselves as to any tax consequences from their investing in the Fund and the Fund's operations or management, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of Participating Shares. Investors should therefore seek their own separate tax advice in relation to their holding of Participating Shares and accordingly none of the Fund, the Investment Manager, the Investment Advisor or the Administrator accept any responsibility for the taxation consequences of any investment into the Fund by an investor.

#### *Certain Cayman Islands Tax Considerations*

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the Shareholders. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Fund.

#### *Exchange of Financial Account Information*

Sections 1471 through 1474 of the U.S. Internal Revenue Code, which are commonly referred to as "FATCA", generally impose a withholding tax of 30% on certain "withholdable payments" to non-U.S. persons who fail to meet the requirements of FATCA. On November 29, 2013, the Cayman Islands government entered into a model 1 intergovernmental agreement with the United States (the "US IGA") in connection with the implementation of FATCA. In addition, the Cayman Islands government entered into a model 1 non-reciprocal intergovernmental agreement with the United Kingdom (the "UK IGA") on November 5, 2013. In addition to the US IGA and the UK IGA, the Cayman Islands has also signed, along with over 60 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS").

Cayman Islands regulations were issued on 4 July 2014 to give effect to the US IGA and the UK IGA, and on 16 October 2015 to give effect to the CRS. The Cayman Islands Tax Information Authority (the "TIA") has published guidance notes on the application of the US IGA, the UK IGA and the CRS which would require the Fund to, among other things, (i) register with the TIA, (ii) conduct due diligence on its investors, and (iii) report certain information to the TIA. In certain circumstances, the TIA may transmit the information reported to it to overseas fiscal authorities.

By investing in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund from time to time, which may be disclosed to the TIA. Where an investor fails to provide any requested information, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned.

## **Importance of Obtaining Professional Advice**

The foregoing analysis is not intended as a substitute for careful tax planning. Accordingly, prospective investors in the Fund are strongly urged to consult their tax advisors with specific reference to their own situations regarding the possible tax consequences of an investment in the Fund.

## **Anti-Money Laundering**

In order to comply with legislation or regulations aimed at the prevention of money laundering the Fund is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, the Fund may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Fund, and the Administrator on the Fund's behalf, reserve the right to request such information as is necessary to verify the identity of a shareholder (i.e. a subscriber or a transferee). In some cases the Directors, or the Administrator on the Fund's behalf may be satisfied that full due diligence may not be required where an exemption applies under the Money Laundering Regulations (2015 Revision) of the Cayman Islands, as amended and revised from time to time (the "**Regulations**") or applicable law. Depending on the circumstances of each application, a detailed verification of identity might not be required where:

- (a) the subscriber makes the payment for their investment from an account held in the subscriber's name at a recognized financial institution and redemptions/dividends are repaid directly to the subscriber; or
- (b) the subscriber is regulated by a recognized regulatory authority or listed on a recognized stock exchange (or is a subsidiary of either) and is based or incorporated in, or formed under the law of, a recognized jurisdiction; or
- (c) the application is made through an intermediary which is regulated by a recognized regulatory authority and is based in or incorporated in, or formed under the law of a recognized jurisdiction and an assurance is provided in relation to the procedures undertaken on the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority, stock exchange or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognized by CIMA as having equivalent anti-money laundering regulations to the Cayman Islands.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Fund, or the Administrator on the Fund's behalf, may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

The Fund, and the Administrator on the Fund's behalf, also reserve the right to refuse to make any redemption or dividend payment to a shareholder if the Directors or the

Administrator suspect or are advised that the payment of redemption or dividend proceeds to such Shareholder may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Administrator with any applicable laws or regulations.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law (2016 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Law (2015 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

By subscribing, applicants consent to the disclosure by the Fund and the Administrator of any information about them to regulators and others upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.

### **Cayman Islands Mutual Funds Law**

The Fund falls within the definition of a “mutual fund” under terms of the Mutual Funds Law and accordingly is regulated in accordance with the terms of the Mutual Funds Law. However, the Fund is not required to be licensed or employ a licensed mutual fund administrator since the minimum aggregate investment purchasable by a prospective investor in the Fund is equal to or exceeds US\$100,000 or its equivalent in any other currency.

As a regulated mutual fund, the Fund is subject to the supervision of CIMA. The Fund must file this Memorandum and details of any changes that materially affect any information in this document with CIMA. The Fund must also file annually with CIMA accounts approved by an approved auditor, together with a return containing particulars specified by CIMA, within six months of its financial year end or within such extension of that period as CIMA may allow. A prescribed fee must also be paid annually.

CIMA may, at any time, instruct the Fund to have its accounts audited and to submit them to CIMA within such time as CIMA specifies. In addition, CIMA may ask the Directors to give CIMA such information or such explanation in respect of the Fund as CIMA may reasonable require to enable it to carry out its duty under the Mutual Funds Law.

CIMA shall, whenever it considers it necessary, examine, including by way of on-site inspections or in such other manner as it may determine, the affairs or business of the Fund for the purpose of satisfying itself that the provisions of the Mutual Funds Law and applicable anti-money laundering regulations are being complied with.

The Directors must give CIMA access to or provide at any reasonable time all records relating to the Fund and CIMA may copy or take an extract of a record it is given access to.

Failure to comply with these requests by CIMA may result in substantial fines on the part of the Directors and may result in CIMA applying to the court to have the Fund wound up.

CIMA may take certain actions if it is satisfied that a regulated mutual fund:

- (a) is or is likely to become unable to meet its obligations as they fall due;
- (b) is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors;
- (c) is not being managed in a fit and proper manner; or
- (d) has persons appointed as Director, manager or officer that is not a fit and proper person to hold the respective position.

The powers of CIMA include *inter alia* the power to require the substitution of Directors, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to CIMA including the ability to cancel the registration of the Fund and to apply to the court for approval of other actions.

#### **Qatari Unregulated Fund**

Although the Investment Manager and Investment Advisor are regulated by the Qatar Central Bank, the Fund is not governed by the laws of the State of Qatar, and it is not regulated by the Qatar Central Bank and it is not subject to the oversight of the Qatar Central Bank. The Fund is not governed by the Law Number 25 of 2002 (Investment Funds Law) of the State of Qatar.

## APPENDIX A - DEFINITIONS

In this Memorandum, the words set out below have the meanings set opposite to them, if not inconsistent with the subject or context.

“**Administration Agreement**” has the meaning given to such term in Section 4 hereof.

“**Administrator**” has the meaning given to such term in Section 4 hereof.

“**Articles**” has the meaning given to such term in the section herein entitled “Important Notices”.

“**Business Day**” means any day on which banks in both Doha and the Cayman Islands are open for business or such other day as the Directors may from time to time determine.

“**CIMA**” has the meaning given to such term in Section 1 hereof.

“**Code**” means the United States Internal Revenue Code of 1986, as amended.

“**Companies Law**” has the meaning given to such term in Section 1 hereof.

“**Custodian**” has the meaning given to such term in Section 4 hereof.

“**Directors**” has the meaning given to such term in the section herein entitled “Important Notices”.

“**FATCA**” has the meaning given to such term in Section 7 hereof.

“**FFI**” has the meaning given to such term in Section 2 hereof.

“**Fiscal Year**” has the meaning given to such term in Section 2 hereof.

“**Fund**” has the meaning given to such term in the section herein entitled “Important Notices”.

“**Gross Negligence**” in relation to a person means a standard of conduct beyond negligence whereby that person acts with reckless disregard for the consequences of a breach of a duty of care owed to another.

“**High Water Mark**” has the meaning given to such term in Section 2 hereof.

“**Hurdle**” has the meaning given to such term in Section 2 hereof.

“**IFRS**” has the meaning given to such term in Section 2 hereof.

“**Initial Offering Period**” has the meaning given to such term in Section 2 hereof.

“**Initial Series**” has the meaning given to such term in Section 2 hereof.

“**Invested Capital**” means the total investment in sukuk and sukuk-related securities. For the avoidance of doubt, Invested Capital does not include amounts held in cash, deposit, call accounts or short-term instruments, such as commercial paper and certificates of deposits.

“**Investment Management Agreement**” has the meaning given to such term in Section 4 hereof.

“**Investment Manager**” has the meaning given to such term in Section 2 hereof.

“**IRS**” has the meaning given to such term in Section 7 hereof.

“**Lock Up Period**” means a period of 6 months from the date on which Participating Shares were issued, during which Participating Shares may not be redeemed unless the Lock Up Period is waived by the Investment Manager in its sole discretion either generally or in any particular case.

“**Management Shares**” has the meaning given to such term in Section 2 hereof.

“**Memorandum**” has the meaning given to such term in the section herein entitled “Important Notices”.

“**Minimum Holding**” has the meaning given to such term in Section 2 hereof.

“**Minimum Redemption Amount**” has the meaning given to such term in Section 2 hereof.

“**Mutual Funds Law**” has the meaning given to such term in the section herein entitled “Important Notices”.

“**Net Asset Value**” means the net asset value of the Fund or of the Participating Shares or any Series or class thereof as the context may require.

“**Operating Expenses**” has the meaning given to such term in Section 2 hereof.

“**Organizational Expenses**” has the meaning given to such term in Section 2 hereof.

“**Participating Shareholders**” has the meaning given to such term in Section 2 hereof.

“**Participating Shares**” has the meaning given to such term in Section 2 hereof.

“**Performance Fee**” has the meaning given to such term in Section 2 hereof.

“**person**” means a natural person, corporation, company, partnership, trust, unincorporated organization, association, or any other entity which has legal personality.

“**Redemption Day**” means the last Business Day of each calendar month and such other day or days as the Directors may from time to time determine either generally or in any particular case.

“**Redemption Fee**” has the meaning given to such term in Section 2 hereof.

“**Redemption Notice**” has the meaning given to such term in Section 2 hereof.

“**Regulations**” has the meaning given to such term in Section 7 hereof.

“**Series**” means a series of Participating Shares as may from time to time be issued by the Fund.

“**Shares**” means the Participating Shares and/or the Management Shares as the context requires.

“**Subscription Agreement**” has the meaning given to such term in Section 2 hereof.

“**Subscription Day**” has the meaning given to such term in Section 2 hereof.

“**Subscription Price**” means US\$1,000 per share.

“**US\$**” or “**\$**” means the lawful currency of the U.S.

“**U.S. Person**” means (i) any citizen of the United States or natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a “U.S. Person;” (iv) any trust of which any trustee is a “U.S. Person;” (v) any agency or branch of a non-United States entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a “U.S. Person;” (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; (viii) any partnership or corporation if: (A) organized or incorporated under the laws of any non-United States jurisdiction; and (B) formed by a “U.S. Person” principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), unless it is organized or incorporated, and owned, by “accredited investors” (as defined in Regulation D of the U.S. Securities Act) who are not natural persons, estates or trusts; and (ix) the government of the United States and the government of any of its states, territories, possessions or municipalities, and any agency, branch, authority or fund related thereto.

“**Valuation Day**” has the meaning given to such term in Section 2 hereof.

## **APPENDIX B - OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS**

### **BAHRAIN**

THIS OFFER IS A PRIVATE PLACEMENT. IT IS NOT SUBJECT TO THE REGULATIONS OF THE CENTRAL BANK OF BAHRAIN THAT APPLY TO PUBLIC OFFERINGS OF SECURITIES, AND THE EXTENSIVE DISCLOSURE REQUIREMENTS AND OTHER PROTECTIONS THAT THESE REGULATIONS CONTAIN. THIS MEMORANDUM IS THEREFORE INTENDED ONLY FOR “ACCREDITED INVESTORS” AS DEFINED BY THE CENTRAL BANK OF BAHRAIN. THE FINANCIAL INSTRUMENTS OFFERED BY WAY OF PRIVATE PLACEMENT MAY ONLY BE OFFERED IN MINIMUM SUBSCRIPTIONS OF US\$100,000 (OR EQUIVALENT IN OTHER CURRENCIES). THE CENTRAL BANK OF BAHRAIN ASSUMES NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS MEMORANDUM AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS MEMORANDUM. THE FUND ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS MEMORANDUM. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE FUND, WHO HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS MEMORANDUM IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE RELIABILITY OF SUCH INFORMATION.

### **CAYMAN ISLANDS**

NO INVITATION TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR ANY PARTICIPATING SHARES IS PERMITTED TO BE MADE.

### **DUBAI INTERNATIONAL FINANCIAL CENTRE**

THIS MEMORANDUM RELATES TO A FUND WHICH IS NOT SUBJECT TO ANY FORM OF REGULATION OR APPROVAL BY THE DUBAI FINANCIAL SERVICES AUTHORITY (“**DFSA**”). THE DFSA HAS NO RESPONSIBILITY FOR REVIEWING OR VERIFYING ANY PROSPECTUS OR OTHER DOCUMENTS IN CONNECTION WITH THIS FUND. ACCORDINGLY, THE DFSA HAS NOT APPROVED THIS MEMORANDUM OR ANY OTHER ASSOCIATED DOCUMENTS NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT IN THIS MEMORANDUM, AND HAS NO RESPONSIBILITY FOR IT. THE PARTICIPATING SHARES TO WHICH THIS MEMORANDUM RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTION ON THEIR RESALE. PROSPECTIVE PURCHASERS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE PARTICIPATING SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR. NO PARTICIPATING SHARES ARE OFFERED TO RETAIL CLIENTS (AS DEFINED IN THE LAWS OF THE DFSA).

## **KUWAIT**

THE PARTICIPATING SHARES HAVE NOT BEEN LICENSED FOR OFFERING IN KUWAIT BY THE MINISTRY OF COMMERCE AND INDUSTRY OR THE CENTRAL BANK OF KUWAIT OR ANY OTHER RELEVANT KUWAITI GOVERNMENT AGENCY. THE OFFERING OF PARTICIPATING SHARES IN KUWAIT ON THE BASIS OF A PRIVATE PLACEMENT OR PUBLIC OFFERING IS, THEREFORE, RESTRICTED IN ACCORDANCE WITH DECREE LAW NO. 31 OF 1990, AS AMENDED, AND MINISTERIAL ORDER NO. 113 OF 1992, AS AMENDED. NO PRIVATE PLACEMENT OR PUBLIC OFFERING OF THE PARTICIPATING SHARES IS BEING MADE IN KUWAIT, AND NO AGREEMENT RELATING TO THE SUBSCRIPTION FOR PARTICIPATING SHARES WILL BE CONCLUDED IN KUWAIT. NO MARKETING OR SOLICITATION OR INDUCEMENT ACTIVITIES ARE BEING USED TO OFFER OR MARKET THE PARTICIPATING SHARES IN KUWAIT.

## **LEBANON**

THE CENTRAL BANK OF LEBANON'S BASIC DECISION NO. 7074 DATED SEPTEMBER 5, 1998 PROHIBITS THE MARKETING OR PROMOTION OF A FOREIGN FUND, OR THE OFFER OR SALE OF SHARES OR INTERESTS IN SUCH A FUND IN LEBANON, PRIOR TO OBTAINING THE AUTHORIZATION OF THE CENTRAL COUNCIL OF THE CENTRAL BANK OF LEBANON.

## **OMAN**

THE INFORMATION CONTAINED IN THIS MEMORANDUM NEITHER CONSTITUTES A PUBLIC OFFER OF SECURITIES IN THE SULTANATE OF OMAN AS CONTEMPLATED BY THE COMMERCIAL COMPANIES LAW OF OMAN (SULTANI DECREE 4/74) OR THE CAPITAL MARKET LAW OF OMAN (SULTANI DECREE 80/98), NOR DOES IT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF ANY OFFER TO BUY NON-OMANI SECURITIES IN THE SULTANATE OF OMAN AS CONTEMPLATED BY ARTICLES 125 AND 139 OF THE EXECUTIVE REGULATIONS TO THE CAPITAL MARKET LAW (ISSUED VIA MINISTERIAL DECISION NO. 1/2009). ADDITIONALLY, THIS MEMORANDUM IS NOT INTENDED TO LEAD TO THE CONCLUSION OF ANY CONTRACT OF WHATSOEVER NATURE WITHIN THE TERRITORY OF THE SULTANATE OF OMAN.

## **QATAR**

IN THE STATE OF QATAR, THE OFFER CONTAINED HEREIN IS MADE ON AN EXCLUSIVE BASIS TO THE SPECIFICALLY INTENDED RECIPIENTS THEREOF FOR PERSONAL USE ONLY AND SHALL IN NO WAY BE CONSTRUED AS A GENERAL OFFER FOR THE SUBSCRIPTION FOR PARTICIPATING SHARES TO THE PUBLIC OR AN ATTEMPT TO DO BUSINESS, AS A BANK, INVESTMENT COMPANY OR OTHERWISE IN THE STATE OF QATAR.

THE FUND IS NOT GOVERNED BY THE LAWS OF THE STATE OF QATAR AND IT IS NOT REGULATED BY THE QATAR CENTRAL BANK AND IT IS NOT SUBJECT

TO THE OVERVIEW OF THE QATAR CENTRAL BANK. THE FUND IS NOT GOVERNED BY THE LAW NUMBER 25 OF 2002 (INVESTMENT FUNDS LAW) OF THE STATE OF QATAR.

#### **SAUDI ARABIA**

THIS MEMORANDUM MAY NOT BE DISTRIBUTED IN THE KINGDOM OF SAUDI ARABIA EXCEPT TO SUCH PERSONS AS ARE PERMITTED UNDER THE INVESTMENT FUNDS REGULATIONS ISSUED BY THE SAUDI ARABIAN CAPITAL MARKET AUTHORITY. THE FUND ACCEPTS FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM AND CONFIRMS, HAVING MADE ALL REASONABLE ENQUIRIES THAT TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING. THE SAUDI ARABIAN CAPITAL MARKET AUTHORITY DOES NOT TAKE ANY RESPONSIBILITY FOR THE CONTENTS OF THIS MEMORANDUM, DOES NOT MAKE ANY REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS MEMORANDUM. PROSPECTIVE PURCHASERS OF THE PARTICIPATING SHARES OFFERED HEREBY SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE ACCURACY OF THE INFORMATION RELATING TO THE PARTICIPATING SHARES. THIS MEMORANDUM DOES NOT, AND IS NOT INTENDED TO, CONSTITUTE A PUBLIC INVITATION OR A PUBLIC OFFER OF SECURITIES IN THE KINGDOM OF SAUDI ARABIA.

#### **UNITED ARAB EMIRATES**

BY RECEIVING THIS PPM, ANY PERSON OR ENTITY IN THE U.A.E TO WHOM IT HAS BEEN ISSUED ACKNOWLEDGES AND AGREES THAT IT HAS INITIATED THE ISSUE OF THE PPM AND THE OFFERING OF PARTICIPATING SHARES, AND THAT ANY PURCHASE OF PARTICIPATING SHARES WAS NOT MADE AS A RESULT OF PROMOTIONAL ACTIVITIES BY THE COMPANY OR OTHER PERSON AUTHORIZED TO PROMOTE OR DISTRIBUTE THE PARTICIPATING SHARES. NEITHER THIS PPM NOR THE COMPANY HAS BEEN APPROVED BY THE U.A.E. SECURITIES AND COMMODITIES AUTHORITY (THE "SCA"), THE U.A.E. CENTRAL BANK OR ANY OTHER REGULATORY BODY OF THE U.A.E, NOR HAS ANY PLACEMENT AGENT OR OTHER PERSON BEEN AUTHORIZED OR LICENSED BY THE SCA, THE U.A.E. CENTRAL BANK OR ANY OTHER REGULATORY AUTHORITY IN THE U.A.E. TO PROMOTE THE PARTICIPATING SHARES IN THE U.A.E.