

# **PROSPECTUS**

## **TARGET 2023 SUKUK FUND (OEIC) PLC**

An open-ended investment company incorporated under the laws of the DIFC with registered number 3208 and registered as a Public Fund under the laws of the DFSA on 20 March 2019

**Azimut (DIFC) Limited**  
(Fund Manager)

**29 April 2019**

This Prospectus relates to a Public Fund established and existing in accordance with the Collective Investment Law No. 2 of 2010 and the Collective Investment Rules of the Dubai Financial Services Authority (“**DFSA**”).

The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Domestic Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares.

If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

## **IMPORTANT NOTICES**

This prospectus (“**Prospectus**”) is intended solely for use, on a confidential basis, by those persons to whom it has been delivered for the purpose of enabling the recipient to evaluate an investment in shares in Target 2023 Sukuk Fund (OEIC) Plc (the “**Fund**”). Unless the context otherwise requires, words and expressions defined in Section 8 shall have the same meanings where used in this Prospectus.

## **RESPONSIBILITY**

The Fund Manager and the Directors, whose names appear on page 6, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Fund Manager and the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

## **TRANSFER RESTRICTIONS**

The Shares may not be sold, transferred, assigned, hypothecated or otherwise disposed of, in whole or in part, except as provided in the articles of association of the Fund, as amended and/or restated from time to time (the “**Articles**”). The Fund has the right compulsorily to redeem the Shares. Investors may redeem their Participating Shares subject to and in accordance with the provisions of this Prospectus and the Articles. There is no public or other market for the Shares and none is expected to develop.

## **RISKS**

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 Fund Manager and/or their respective affiliates may encounter conflicts of interest in connection with the Fund. All potential investors must carefully read the Section entitled “Certain Risk Factors and Potential Conflicts of Interests” in this Prospectus before making an investment in the Fund.

## **MODIFICATION AND WITHDRAWAL OF OFFER**

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

## **OFFERING MATERIALS**

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

contained in this Prospectus or the documents summarized herein.

### **CONFIDENTIALITY**

Recipients, by their acceptance and retention of this Prospectus, acknowledge and agree to preserve the confidentiality of the contents of this Prospectus and all accompanying documents and to return this Prospectus and all such documents to the Fund Manager or the Administrator if the recipient does not purchase any Shares. Neither this Prospectus 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.

### **CURRENT LAW**

This Prospectus is based on the law and practice currently in force in the DIFC and is subject to changes therein.

### **NO ADVICE**

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

### **OFFERING RESTRICTIONS**

The distribution of this Prospectus and the offer and sale of the 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 Shares, and any foreign exchange restrictions that may be relevant thereto. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy Shares in any jurisdiction to any person to whom it is unlawful to make such an offer or sale. Prospective investors should review Appendix A hereto for a list of offering restrictions in certain jurisdictions.

Neither the Fund nor the Fund Manager 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.

### **ARTICLES**

This Prospectus is subject to and qualified in its entirety by reference to the Articles and the Subscription Agreement which should be reviewed for complete information concerning the rights, privileges and obligations of investors in the Fund. In the event that the description or terms in this Prospectus are inconsistent with or contrary to the descriptions in or terms of the Articles or the Subscription Agreement, the Articles and the Subscription Agreement shall prevail.

## **SOURCE OF INFORMATION**

Certain of the information contained in this Prospectus is based on, or derived from, published sources or information provided by third parties. None of the Fund or the Fund Manager 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.

## **FORWARD LOOKING STATEMENTS**

This Prospectus may contain forward-looking statements relating to future events or the future performance of the Fund. In some cases, forward-looking statements can be identified by terminology such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “plans,” “projects,” “should,” “will,” the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, prospective investors should specifically consider various factors, including the risks outlined in the Section herein entitled “Certain Risk Factors and Potential Conflicts of Interest”. These factors may cause actual events or results to differ materially from any forward-looking statement.

## **SHARI’A NOTICE**

The Fund is classified as an Islamic Fund for the purposes of the DFSA Rulebook.

All operations of the Fund will be conducted in accordance with the applicable rules and principles of Shari’a and the Islamic Finance Rules module of the DFSA Rulebook, in each case with guidance and oversight from the Shari’a Advisor (as defined below).

All investment made shall be in accordance with the Shari’a Investment Guideline and Shari’a Operational Guidelines as approved by the Shari’a Advisor of the Fund and attached hereto as respectively Appendix B and Appendix C .

Any earnings prohibited by Shari’a will be donated to one or more charitable organisations selected by the Fund Manager with the approval of the Shari’a Supervisory Board. Zakat is the responsibility of the Shareholders.

All shareholders in the Fund shall rank *pari passu* as amongst themselves and no class of shares of the Fund shall grant the shareholders therein any preference over the rights of any other shareholder in the Fund.

This Prospectus and the Articles have been reviewed and approved by the Shari’a Advisor.

The Shari’a approval process which relates to the Fund has been carried out in accordance with the legislation applicable in the Dubai International Financial Centre.

## **PROSPECTUS**

This document is the Prospectus of the Fund and contains information valid as at the date of its signing by the Fund Manager and the Director. This Prospectus shall expire one year after the date of this Prospectus. No Participating Shares shall be issued on the basis of this Prospectus after such expiry date.

A copy of this Prospectus is available free of charge from the offices of the Fund Manager.

### **INVESTOR INFORMATION REQUESTS**

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

**Azimut (DIFC) Limited**

Unit 16-45, Level 16, Central Park Tower  
Dubai International Financial Centre  
PO Box 506944  
Dubai, United Arab Emirates  
Tel: +971 4 703 8111  
Email: [funds@azimut.ae](mailto:funds@azimut.ae)

## **DIRECTORY**

### **Director**

Azimut (DIFC) Limited

### **Fund**

**Target 2023 Sukuk Fund (OEIC) Plc**  
c/o Azimut (DIFC) Limited  
Unit 16-45, Level 16, Central Park Tower  
Dubai International Financial Centre  
PO Box 506944  
Dubai, United Arab Emirates

### **Fund Manager**

**Azimut (DIFC) Limited**  
Unit 16-45, Level 16, Central Park Tower  
Dubai International Financial Centre  
PO Box 506944  
Dubai, United Arab Emirates

### **Administrator**

**Apex Fund Services (Dubai) Limited**  
Office 101, Level 1, Building 5  
Gate Village  
Dubai International Financial Centre  
PO Box 506534  
Dubai, United Arab Emirates  
Email: 2023sukukfund@apexfunddubai.ae  
Tel: +9714 4289221

### **Auditor**

**Grant Thornton**  
Rolex Tower, 23rd Floor  
Sheikh Zayed Road  
P.O. Box 1620  
Dubai, United Arab Emirates

### **Legal Counsel**

**Dechert LLP**  
Unit 501, Level 5  
Precinct Building 2  
Dubai International Financial Centre  
PO Box 506675  
Dubai, United Arab Emirates

### **Shari'a Advisor**

**Amanie Advisors Ltd.**  
Unit 4, Floor 13, Currency House, Tower 2,  
Dubai International Financial Centre  
PO Box 506837  
Dubai, United Arab Emirates

### **Shari'a Supervisory Board of Shari'a Advisor**

Dr. Mohamed Ali Elgari  
Dr. Muhammad Amin Ali Qattan  
Dr. Mohd Daud Bakar  
Dr. Osama Al Dereai

### **Custodian**

Linear Investments Limited  
8-10 Grosvenor Gardens  
SW1W 0DH  
London, United Kingdom

**Promotor**

**Noor Bank PJSC**

Building 1, Level 8, Emaar Square  
Downtown Dubai, P.O.Box 8822  
Dubai, United Arab Emirates

## TABLE OF CONTENTS

	<b>Page</b>
1. EXECUTIVE SUMMARY .....	1
2. MANAGEMENT AND GOVERNANCE .....	3
3. INVESTMENT OBJECTIVES AND STRATEGY .....	13
4. SUMMARY OF PRINCIPAL TERMS .....	16
5. ARTICLES AND SHARES .....	32
6. CERTAIN RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST .....	36
7. CERTAIN LEGAL, TAX AND REGULATORY MATTERS .....	46
8. DEFINITIONS .....	50
APPENDIX A OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS .....	55
APPENDIX B SHARI'A INVESTMENT GUIDELINES.....	57
APPENDIX C SHARI'A OPERATIONAL GUIDELINES .....	61



## 1. EXECUTIVE SUMMARY

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

### 1.1 Introduction

Target 2023 Sukuk Fund (OEIC) Plc is incorporated in the DIFC as an open-ended investment company and is a Public Fund and an Islamic Fund pursuant to the laws of the DFSA.

The Fund's principal investment objective is to invest in Shari'a-compliant securities and or instruments, predominantly Sukuk, with the aim to provide the Shareholders with regular quarterly distributions (each, an "**Investment**"). The Fund will focus on income generation and not capital appreciation. Accordingly, income attributable to the Share Classes as specified herein will not be re-invested but distributed to Shareholders. The Fund will adopt a fixed maturity strategy of 4 years from the end of the Initial Offering Period with the objective to provide income over a 4-year cycle.

The Fund has appointed Azimut (DIFC) Limited to act as its fund manager (the "**Fund Manager**"). The Fund Manager is a company limited by shares incorporated in the DIFC on 31 July 2013 and licensed by the DFSA as of 23 August to carry on the financial service of, inter alia, Managing a Collective Investment Fund (as defined in General module of the DFSA Rulebook).

The Fund Manager is controlled by Azimut Holding s.p.a. ("**AZH**"), a joint stock Company incorporated in Italy.

### 1.2 Summary of Principal Terms

<b>Fund</b>	Target 2023 Sukuk Fund (OEIC) Plc
<b>Fund Domicile</b>	Dubai International Financial Centre
<b>Fund Manager</b>	Azimut (DIFC) Limited
<b>Investment Objective</b>	Regular quarterly distributions by investing in Shari'a-compliant securities and or instruments, predominantly Sukuk.
<b>Fund Term</b>	Indefinite

<b>Minimum Subscription</b>	US\$37,500 per investor in respect of Class A Shares and US\$50,000 per investor in respect of Class B Shares, or such other amounts as the Fund Manager may from time to time determine
<b>Subscription Fee</b>	1.5% of the Subscription Price in respect of Class A Shares only
<b>Management Fee</b>	Class A Shares – 0.30% per annum of the Net Asset Value per Share  Class B Shares - 0.30% per annum of the Net Asset Value per Share
<b>Deferred Sales Fee and Deferred Service Fee</b>	Class B Shares only will pay the Deferred Sales Fee of 1.5% and Deferred Service Fee of 1.5%
<b>Legal Counsel</b>	Dechert LLP
<b>Shari’a Advisor</b>	Amanie Advisors Ltd.
<b>Administrator</b>	Apex Fund Services (Dubai) Limited
<b>Custodian</b>	Linear Investments Limited
<b>Auditor</b>	Grant Thornton
<b>Promotor</b>	Noor Bank PJSC

## 2. MANAGEMENT AND GOVERNANCE

### 2.1 Fund Manager

The Fund has appointed Azimut (DIFC) Limited, a company limited by shares incorporated in the DIFC, to act as its fund manager pursuant to a fund management agreement (the “**Fund Management Agreement**”).

The Fund Manager is licensed by the DFSA to carry on the financial services of (a) Arranging Deals in Investments, (b) Advising on Financial Products; (c) Dealing in Investments as Agent; (d) Dealing in Investments as Principle (e) Arranging Credit and Advising on Credit (f) Arranging Custody, (g) Providing Custody, (h) Managing Assets; and (i) Managing a Collective Investment Fund, each as defined in the General module of the DFSA Rulebook.

The Fund Manager has an endorsement on its license to conduct Islamic Financial Business by Operating an Islamic Window. The Fund Manager does not have a Retail Client endorsement.

The issued and paid up share capital of the Fund Manager is US\$ 6,300,000.

On 1 July 2017 New Horizon Capital Management Limited merged with the Azimut Group, Italy’s leading independent asset manager. Azimut Group (“**Azimut**”) is listed on the Milan Stock Exchange, has around USD 60 billion of assets under management and is present in 17 locations worldwide. Azimut acquired 80% of New Horizon Capital Management Limited’s partner’s shares following regulatory approval the company name was changed to AZ New Horizon Limited. In July 2018 the Azimut acquired the remaining 20% of AZ New Horizon Limited’s partner’s shares and its name was further changed to Azimut (DIFC) Limited.

#### *Duties*

The Fund Manager will manage the Fund and the Fund Property in accordance with the Fund Management Agreement, this Prospectus, the Articles, the CIL, CIR, IFBL and IFR.

#### *Fees and Expenses*

Under the Fund Management Agreement, the Fund Manager will receive the Management Fee (please see the section in this Prospectus entitled “Summary of Principal Terms” for details of fees).

The Fund Manager shall be responsible for all of its overhead costs including the salaries and other remuneration benefits of its directors, employees and agents and rent, utilities and office supplies. The Fund will reimburse the Fund Manager as soon as practicable for any Fund Expenses and Organizational Expenses incurred by it.

#### *Termination and Removal of Fund Manager*

The Fund Management Agreement may be terminated by the Fund Manager and the Fund Manager may resign in certain circumstances including by giving not less than 90 days’ notice in writing to the Fund, provided that the Fund Manager may only

voluntarily retire where (a) a replacement fund manager has been appointed to the Fund in accordance with the CIL and the CIR; or (ii) upon an application made by the Fund Manager to a Court, the Court has appointed a temporary fund manager to the Fund, in accordance with article 25(1) of the CIL.

The Fund Management Agreement may be terminated by the Fund and the Fund Manager may be removed and replaced in certain circumstances including (a) by giving not less than 12 months' notice in writing to the Fund Manager; (b) if the Fund Manager commits any material breach of its obligations under the Fund Management Agreement and such breach is not cured (if capable of remedy) within thirty (30) days after receiving a notice from the Fund, setting out such breach in reasonable detail; or (c) if the Fund Manager is Grossly Negligent or is engaged in fraud or wilful misconduct in connection with the performance of its obligations under the Fund Management Agreement as determined by a court of competent jurisdiction, subject to the approval of the Shareholders by Special Resolution and the approval of the DFSA in accordance with article 35(6) of the CIL.

The Fund Manager may be removed and the Fund Management Agreement may be terminated upon an order of Court pursuant to article 25 (2) of the CIL.

In the event that the Fund Manager is removed or replaced, the Fund Manager shall be entitled to compensation from the Fund in an amount equal to 12 months' worth of Management Fee calculated by reference to the NAV as at the date of removal or replacement, or if such day not a Valuation Day, as at the Valuation Day immediately prior to the date of removal or replacement.

#### *Liability and Indemnification*

Pursuant to the Fund Management Agreement, none of the Fund Manager or its directors, officers, employees, affiliates, advisors or agents (each, an "**Indemnified Party**") shall be liable to the Fund or any Shareholder for any action taken or not taken by it or for any action taken or not taken by any other person with respect to the Fund or in connection with any of the services under the Fund Management Agreement, provided that, any Indemnified Party seeking to rely on such provision was neither Grossly Negligent nor engaged in fraud or wilful misconduct in respect of such action taken or not taken, as determined by a final non-appealable judgement by a court of competent jurisdiction.

Pursuant to the Fund Management Agreement, to the extent permitted by applicable law, the Fund will indemnify, upon demand, each Indemnified Party, against any and all expenses (including legal fees), claims, costs, damages, losses (including, without limitation, from and against any judgment, settlement, legal fees and other costs or expenses incurred in connection with the defence of any action or threatened action or proceeding), or liabilities which an Indemnified Party sustains or incurs in respect of the Fund or in connection with its activities for and/or on behalf of the Fund, except for losses or damages incurred by an Indemnified Party that are primarily attributable to such person's wilful misconduct, fraud or Gross Negligence, as determined by a final non-appealable judgement by a court of competent jurisdiction.

## 2.2 Directors of Fund Manager

The directors of the Fund Manager are:

### **Mr. Serdar Aktasli**

Serdar is a shareholder, director and Chief Operating Officer of Azimut (DIFC) Limited.

Serdar started his business career in the investment management and research division at UBS Zurich in 1995. Two years later he was appointed as the Legal & Compliance Officer at UBS Asset Management in Zurich. In 1999, Serdar joined Vontobel Group, a leading Swiss Private Banking Group in Zurich, to build the Legal, Compliance and Risk department within the asset management division. In 2003 he took over the function as the Group's Head of Compliance / Chief Compliance Officer and was appointed as a member of the Finance & Risk Management Committee. His responsibility comprised all of the Vontobel group's banks, securities and asset management firms in Switzerland, Europe, Middle East, Far East and the US and had various management responsibilities with the Group. Serdar holds a Master of Arts degree in Business Administration (1993) and a Master of Arts in Law (1995), both from the University of St Gallen (HSG, Switzerland). He is a Chartered EFFAS Financial Analyst (2000) and a Graduate of the London Business School Senior Executive Programme (2012).

### **Gabriele Blei**

After gaining his BA in Business Studies at the University of Westminster in 2002, Gabriele went on to achieve a Master of Science in Banking and International Finance from the Cass Business School at London University (2003). Before being appointed as Head of Business Development within Azimut Group, he held a number of executive roles across Europe. These include being Partner and Fund Manager at Sofia SGR Italy, an independent asset management company; and being an equity analyst with Intermonte SIM Italy before becoming Head of Business Development and Investor Relations with AZ Funds Management in Luxembourg in 2008.

### **Giorgio Medda**

Giorgio is a Member of Azimut Group's International Operations Executive Committee and Member of the Board of Directors of AZ International Holdings S.A., Luxembourg. Since 2015, he is Azimut Group's Regional Head of Turkey and MENA region. From 2012 to 2015 He acted as the CEO of Azimut Portföy Yönetim A.S., Istanbul. From 2007 to 2012 Giorgio was a Portfolio Manager at Azimut Capital Management SGR, Milan. Prior to joining Azimut, he acted as an Equity Research Sales Analyst for Mediobanca, Milan (1999-2000) and Credit Suisse First Boston, London (2000-2007). Giorgio holds a BA from the University Commerciale Luigi Bocconi Milan.

### **Alessandro Palmarella**

Alessandro is a director and Head of Wealth Management of Azimut (DIFC) Limited.

Alessandro's career has led him to specialize increasingly in the management and advisory services of private and institutional clients' wealth. After two decades with a major Swiss bank (UBS) where he had the opportunity to hold leading positions in sales and distribution of equity products, Alessandro moved to a Geneva based Family Office as a Fund Manager of Japanese and South East Asian equities and convertible bonds. This position helped him to develop a very opportunistic approach in managing funds. Capitalizing on his long lasting experience he decided to start his own hedge fund back in 2008 along with a partner. Rapidly the funds' assets under management rose above USD 150'000'000. In 2010 the fund won an award from 'Hedge Fund Review' as the best European event driven fund.

### **Murat Salar**

Murat Salar graduated from Ankara Tevfik Fikret Higs School in 1989 and from Middle East Technical University Department of Economics in 1994. Between 1994-1996 Murat worked at PWC Istanbul office as an auditor. Starting from 1996 until 2010 he worked with AYatırım and Alternatif Yatırım Ortaklığı as AGM, General Manager and Board Member. He was a Shareholder and Board Member at Osmanlı Menkul between 2010 and 2011. From 2011 to 2015, he was the General Manager and Board Member of Azimut Bosphorus Capital. In 2015 he became Board Member for Azimut Portföy. From 2016 until now he is the General Manager and Board Member for Azimut Portföy.

### **Mattia Sterbizzi**

Mattia is a Member of the Board of AZ International Holdings S.A. He is also a Legal/Product Manager of AZ Fund Management S.A. He further acts as Board member of Eskatos Capital Management S.à r.l., Azimut Portfoy A.Ş., AN Zhong (AZ) Investment Management Ltd and AZ Sestante Ltd. Before joining Azimut Group in 2014, Mattia worked in the function as an Attorney at Studio Legale Vita Samory, Fabbrini e Associati (2004 – 2008), a Managing Associate at Orrick, Herrington & Sutcliffe Law Firm (2009 – 2013) and Senior Associate at LCA Lega Colucci & Associati Law Firm (2013 – 2014). Mattia holds a J.D. from the Università degli Studi di Milano and is a Member of the Italian Bar Association.

## **2.3 Management Team of Fund Manager**

The key members of the management team of the Fund Manager (the “**Management Team**”) are:

### **Giorgio Medda - Senior Executive Officer**

See bio above.

### **Serdar Aktasli - Finance Officer, Chief Operating Officer**

See bio above.

### **Alessandro Palmarella - Head of Wealth Management**

See bio above.

## **Mattia Sterbizzi - Legal Manager**

See bio above.

## **Ilona Zudikova - Compliance Officer and Money Laundering Reporting Officer**

Ms. Zudikova holds a Bachelor Degree in BA & Management from Vilnius University (Lithuania) and an International Diploma in Governance Risk and Compliance by the International Compliance Association (UK). Ms. Zudikova has 6 years' experience as a compliance professional in the UAE both for authorized firms and consulting firms. Previously she held business development and executive management staff at several corporates in the UAE and Lithuania. Mrs Zudikova will be working in conjunction with the Compliance and Money Laundering Reporting Function of AZ Fund Management S.A., the Luxembourg based management company within the Azimut Group, and the Compliance and Money Laundering Reporting Function of Azimut Capital Management SGR S.p.A., the Italy based management company within the Azimut Group.

Ms. Zudikova reports operationally to the Chief Operating Officer and functionally to the CEO and the Board. Ilona has direct access to the Board.

## **2.4 Director of Fund**

The Fund Manager is the sole director of the Fund.

New Directors may be appointed, and existing Directors may be removed and/or replaced, from time to time by Special Resolution of the Shareholders in accordance with the CIL and the Articles and subject to the approval of the DFSA.

The Articles contain provisions for the indemnification of each of the Directors and officers of the Fund and the Fund Manager, to the fullest extent permitted by the laws of the DIFC against any loss, liability, damages, actions, proceedings or claims incurred or sustained in connection with it being or having been a Director, Fund Manager or an officer of the Fund except where such loss, liability, damages, actions, proceedings, or claims arises as a result of their own fraud, Gross Negligence or wilful misconduct. Furthermore, the Articles provide that subject to any provision of the laws of the DIFC to the contrary, the Directors, the Fund Manager and officers of the Fund, shall not be liable for any loss, liability, damages, actions, proceedings or claims to or of the Fund at any time unless caused by their own fraud, Gross Negligence or wilful misconduct.

The Fund shall not pay fees to the Directors (except for any independent director). The Fund shall reimburse the Directors for reasonable travel and other expenses incurred in connection with their activities as directors of the Fund.

## **2.5 Oversight Committee**

The Fund Manager shall appoint an oversight committee (the “**Oversight Committee**”) to monitor the Fund Manager and to report to the Fund Manager and the DFSA in accordance with the CIL and CIR and which shall consist of at least

three (3) individuals who meets the independence and suitability criteria set out in the CIL and CIR.

The current members of the Oversight Committee are Charles-Henry Monchau, Esra Ada Vural and Ralf Preyer.

### **Charles-Henry Monchau**

Charles-Henry Monchau is Managing Director - Head of Investment Management at Al Mal Capital PSC, a leading asset management company in the UAE under the supervision of ESCA. Charles was previously SEO / Head of Asset Management at SHUAA Capital and brings more than 20 years of experience in international multi-asset investing. Before moving to the UAE, Charles was heading the Asset Allocation Team for the Europe & Middle East at Deutsche Bank (2014-2016). Based in Geneva, he was in charge of a team of 25 portfolio managers running around USD 10bn in discretionary mandates. Prior to Deutsche Bank, Charles was Regional CIO for EFG Private Bank (2010-2013) and held various senior portfolio management and buy-side research roles at Rothschild Bank AG in Zurich (2009-2010), Lombard Odier in Paris and Geneva (2001-2009) and BNP Paribas in Geneva and Nassau (1995-2001). He was also an adjunct professor in Finance at the International University of Geneva. Charles has an Executive MBA from Instituto di Empresa (Madrid & Shanghai) and a MSc in Finance (University of Geneva). He is also a CFA, CMT, CAIA and CIIA Charterholder.

### **Esra Ada Vural**

Esra Ada Vural is CEO of Nüve Capital Danışmanlık A.Ş., a consulting firm advising on capital markets and asset management topics in Turkey. Esra was previously Deputy General Manager of Üründül Enerji Yatırımları A.Ş. a leading independent power producer with operations across Turkey, Eastern Europe, Central Asia and the Middle East, overseeing the corporate finance department. Before moving to the corporate world, she has been working for the Capital Market Board of Turkey for 17 years, out of which the last 3 she served as Head of Institutional Department with a direct responsibility on regulation and supervision of asset management companies in Turkey. She has been the leading manager of the team drafting the new regulation for collective investment schemes, pension funds and portfolio management companies after the enactment of the new Capital Market Law in Turkey in 2014.

### **Ralf Preyer**

Ralf Preyer started his investment banking career after studying in Switzerland as a trader for Erste Bank in 1989, and subsequently moved to London in 1992 to work at various investment firms for several years, including as proprietary trader at UBS London. Since 2000 he is an independent adviser in the fields of corporate finance, transactional advisory and real estate investments and holds several board memberships in firms in Austria, Eastern Europe and UAE. From 2015 to 2017, Ralf was a member of the board of directors and authorized individual of New Horizon Capital Management Ltd, Dubai. Ralf holds a Degree in Economics & Computer Science from Universität Zürich, Switzerland, as well as an Options and Futures Diploma from INSEAD Business School, Fontainebleau, France.



Furthermore, Ralf is a full member with license to trade equities and bonds listed on the Vienna Stock Exchange and is licensed as SFA-registered Securities Representative (UK) since 1992. The Fund will pay the Oversight Committee an annual fee of up to US\$ 24,000, payable quarterly in advance.

## **2.6 Shari'a Advisor and Shari'a Supervisory Board**

The Fund Manager has appointed Amanie Advisors Ltd as its Shari'a advisor and, in particular, the Fund Manager has appointed a Shari'a Supervisory Board in respect of the Fund consisting of the following members:

### **Dr. Mohamed Ali Elgari (Chairman)**

Dr. Mohamed Ali Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in Saudi Arabia. Dr. Ali Elgari is an advisor to several Islamic financial institutions throughout the world and is also on the Shariah board of the Dow Jones Islamic index. He is a member of, amongst others, the following Shariah Supervisory Boards, Credit Suisse, Merrill Lynch & Co, Rasmala Investments, UBS Islamic Finance, Saudi American Bank, Al Bank Al Saudi Al Fransi, FWU Group, Citi Islamic Investment Bank, HSBC Amanah Takaful Malaysia. He is also a member of the Islamic Fiqh Academy as well as the Islamic Accounting & Auditing Organisation for Islamic Financial Institution (AAIOFI). Dr. Elgari has written several books on Islamic banking. He graduated from the University of California with a Ph.D. in Economics.

### **Dr. Muhammad Amin Ali Qattan**

Dr. Qattan has a Ph.D. in Islamic Banking from Birmingham University and is himself a lecturer as well as a prolific author of texts and articles on Islamic economics and finance. He is currently the Director of Islamic Economics Unit, Centre of Excellence in Management at Kuwait University. Dr. Qattan also serves as the Shariah advisor to many reputable institutions such as Ratings Intelligence, Standard & Poors Shariah Indices, Campo d'oro SA, Monumental Venture (Suisse), Al Fajer Retakaful amongst others. He is a highly regarded Shariah Scholar and is based in Kuwait

### **Dr. Mohd Daud Bakar**

Dr. Mohd Daud Bakar received his first degree in Shariah from University of Kuwait in 1988 and obtained his Ph.D. from University of St. Andrews, United Kingdom in 1993. In 2002, he went on to complete his external Bachelor of Jurisprudence at University of Malaya. He is currently the Chairman of the Shariah Advisory Council at the Central Bank of Malaysia, the Securities Commission of Malaysia and the Shariah Supervisory Board of The International Islamic Liquidity Management Corporation (IILM). Dr Bakar has published a number of articles in various academic journals and has made many presentations in various conferences both local and overseas. Dr. Bakar was previously the Deputy Vice- Chancellor at the International Islamic University Malaysia.

Dr. Mohd Daud Bakar is currently the Shariah board member of Dow Jones Islamic Market Index (New York), National Bank of Abu Dhabi, First Gulf Bank, Noor

Bank, National Bank of Fujairah, Morgan Stanley (Dubai), Societe Generale (Dubai), Credit Agricole (Dubai), National Bank of Oman, Financial Guidance (USA), BNP Paribas (Bahrain), Gulf International Bank, Bank Al Khair (Bahrain), Bank of London and Middle East (London), amongst many others.

### **Dr. Osama Al Dereai**

Dr. Osama Al Dereai is a Shariah scholar which has an extensive experience in teaching, consulting and research in the field of Islamic finance. He received his Bachelor's degree specializing in the Science of Hadeth Al Sharef from the prestigious Islamic University of Madina. Dr. Al Dereai obtained his Masters degree from the International Islamic University (Malaysia) and was later conferred his Doctorate in Islamic Transactions from the University of Malaya. Dr. Al Dereai is a Shariah board member of various financial institutions which include the First Leasing Company, Barwa Bank, Barwa Capital (UK), First Investment Company and Ghanim Al Saad Group of Companies, Asian Islamic Investment Management Sdn. Bhd. Dlala Islamic Brokerage Company (W.L.L) First Finance Company (Q.S.C.) amongst others.

The Fund will pay the Shari'ah Advisor and the Shari'ah Supervisory Board a fee of up to US\$ 30,000 per annum to be paid semi-annually in advance.

The Fund shall also pay the Shari'ah Advisor and the Shari'ah Supervisory Board a Shariah structuring and endorsement fee of US\$ 15,000 on a one-off basis.

## **2.7 Administrator**

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

The Administrator is part of the Apex Group, a global provider of fund administration services with 36 offices across the globe, ISAE 3402/SSAE18 audited, independently owned with over US\$560 billion under administration. Apex Group provides specialist fund administration, share registrar, corporate secretarial services and directors to funds and collective investment schemes globally.

In accordance with the Administration Agreement, the Administrator provides certain administrative services to the Fund including (a) calculating the net asset value of the Fund and the Shares; (b) verifying the identity of investors for the purposes of anti-money laundering regulations; (c) preparing and submitting to the Fund and the Fund Manager all ancillary documentation that are used for the annual audit and the preparation of financial statements; and (d) such other services as may be agreed by the Fund Manager in connection with the administration of the Fund.

The Administrator is a service provider to the Fund and will not have any responsibility or authority to make investment decisions, nor render investment advice, asset valuation with respect to the assets of the Fund. The Administrator has no responsibility for monitoring compliance by the Fund with any investment policies to which they are subject. The Administrator is responsible and liable only for the administration services that it provides to the Fund pursuant to the

Administrator Agreement. The Administrator accepts no responsibility or liability for any losses suffered by the Fund as a result of any breach of such investment policies by the Fund.

In calculating the net asset value of the Fund, the Administrator may rely, without further inquiry, investigation or verification, upon information and communications received by the Administrator from any source, including the Investment Manager, or any other person, firm or corporation whatsoever, and the Administrator shall not (in the absence of fraud, gross negligence or wilful default on the part of the Administrator) be liable for any loss suffered by the Fund, the Investment Manager or any Participating Shareholders by reason of any error in such calculations by the Administrator resulting from any inaccuracy in any such information.

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

The Administration Agreement contains limitations of liability and indemnities operating in favour 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 Fund will pay the Fund Administrator an annual administration fee in an amount equal to 0.25% per annum of the Net Asset Value of the Fund subject to a minimum fee of up to US\$ 20,000 per annum which is to be calculated and accrued as at each Valuation Day.

The Fund will also pay the Fund Administrator an annual transfer fee of up to US\$ 15,000. The Fund will reimburse the Fund Administrator for any out-of-pocket and third party expenses.

## **2.8 Custodian**

Linear Investments Limited has been appointed by the Fund to act as the custodian of the Fund (the "**Custodian**") pursuant to the terms of a custodian agreement between the Fund and the Custodian.

The Custodian is authorised and regulated by the Financial Conduct Authority ("**FCA**") of the United Kingdom (FCA registration number 537389).

The Fund will pay the Custodian an annual custody fee in an amount equal to 0.05% per annum of the Net Asset Value of securities and assets held by the Custodian.

The Fund will also pay the Custodian a settlement fee in an amount equal to US\$ 100 per transaction in Investments invested in by the Fund. The Fund will reimburse the Custodian for any out-of-pocket and third party expenses.

## **2.9 Auditor**

Grant Thornton has been appointed to act as the auditor of the Fund (the “**Auditor**”) pursuant to the terms of an agreement between the Fund and the Auditor.

The Audit Principal appointed by the Auditor is Mr Darren Yule whose professional address is Grant Thornton, Rolex Tower, 23rd Floor, Sheikh Zayed Road, P.O. Box 1620, Dubai, United Arab Emirates.

The Auditor may be replaced, from time to time by Special Resolution of the Shareholders in accordance with the CIL and the Articles and subject to the approval of the DFSA.

The Fund will pay the Auditor an annual fee of up to US\$12,000.

## **2.10 Promotor**

The Fund Manager has appointed Noor Bank PJSC (the “**Promotor**”) to market and distribute the Fund to investors.

The Promotor was incorporated on 26 March 2007 as a Public Joint Stock Company under UAE Federal Law No. 8 of 1984 (as amended) and is regulated by the Central Bank of the United Arab Emirates. The Bank was registered with the UAE Securities and Commodities Authority on 26 April 2007 and is licensed to promote funds in the UAE.

The Fund Manager shall not market or distribute the Fund (other than via Noor Bank PJSC) to Retail Clients.

Any fees payable to the Promotor will be paid by the Fund Manager and no fees will be paid to the Promotor by the Fund out of the Fund Property

**THE ABOVE IS ONLY A BRIEF SUMMARY OF CERTAIN MATERIAL PROVISIONS OF CERTAIN OF THE MATERIAL CONTRACTS, WHICH SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PROVISIONS OF SUCH MATERIAL CONTRACTS.**

### **3. INVESTMENT OBJECTIVES AND STRATEGY**

#### **3.1 Investment Objective**

The Fund's principal investment objective is to invest in Shari'a-compliant securities and or instruments, predominantly Sukuk, with the aim to provide the Shareholders with regular quarterly distributions. The Fund will focus on income generation and not capital appreciation. Accordingly, income attributable to the Share Classes as specified herein will not be re-invested but distributed to Shareholders. The Fund will adopt a fixed maturity strategy of 4 years from the end of the Initial Offering Period with the objective to provide income over a 4-year cycle.

#### **3.2 Investment Strategy**

All operations of the Fund will be conducted in accordance with the applicable rules and principles of Shari'a and the Islamic Finance Rules module of the DFSA Rulebook, in each case with guidance and oversight from the Shari'a Advisor.

All investments will be validated by the Shari'a Advisor in accordance with the Shari'a Investment Guidelines and the Shari'a Operational Guidelines attached hereto respectively as Appendix B and Appendix C.

All investments made by the Fund will be in Shari'a-compliant securities and instruments denominated in US\$ or in a currency pegged to the US\$.

The Fund will primarily invest in Sukuk with no geographical limitation or restriction on the issuer.

#### **3.3 Investment Policy and Restrictions**

The Fund's investment restrictions will be as follows:

- a) The Fund will not acquire more than 10% of any outstanding security or instrument by any one single issuing body.
- b) The Fund will not invest more than 15% of its Net Asset Value in a single security.
- c) The Fund will not invest more than 20% of its Net Asset Value in private placements of securities or instruments.
- d) The Fund will not invest more than 35% of its Net Asset Value in investments with a tenor of more than 4 years.

There will be no credit rating restrictions in respect of any investment made by the Fund. However, the Fund Manager will undertake an in-depth credit review of each investment prior to investing in such security or instrument.

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

Though it is the intention of the Fund Manager to allocate up to 100% of the Fund in investments with a tenor of 4 years and the Fund Manager will generally seek to match the maturities of its investments to the 4-year term of fixed maturity strategy some or all of the Fund's investments may mature before or after the Maturity Date, and be invested into securities with a tenor of more or less than 4 years, subject to the restriction noted above. In addition, though the intention of the Fund Manager is for the Fund to hold securities until the Maturity Date, the Fund Manager has the discretion to sell such securities prior to their maturity and/or to replace them with securities that the Fund Manager believes will provide better investment returns to fulfil the principal investment objective.

### **3.4 Investment horizon**

The Fund will pursue the principal investment objective via the investment policy for a period of four (4) years from the end of the Initial Offering Period (the "**Maturity Date**").

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

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

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

Although the Fund will permit redemptions on the terms set out herein, the Fund will be run on a fixed maturity strategy with an investment objective set on a medium to long-term basis with an anticipated term of 4 years from the end of the Initial Offering Period to the Maturity Date.

The terms of the Fund have been designed to facilitate the investment objective and to encourage Shareholders to maintain their Shareholding until the Maturity Date.

### **3.5 Leverage**

The Fund does not intend to use leverage except in respect of Shari'a compliant derivatives and for hedging purposes as set out below. Such leverage shall not exceed 20% of the Fund's Net Asset Value.

The Fund may use, for hedging purposes, the equivalent Shari'a-compliant financial derivative instruments of conventional-based contracts, such as currency forward, currency swap and currency options for currency hedging with the aim to reduce the effect of exchange rate movements between the base currency of the Fund and the currencies of the investments.

The suitable Shari'a-compliant equivalent contracts of the above shall be approved by the Shari'a Advisor prior to the Fund's subscription.

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

#### 4. SUMMARY OF PRINCIPAL 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 Prospectus, 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 Prospectus in the section entitled “Risk Factors and Potential Conflicts of Interest”.

**The Fund** Target 2023 Sukuk Fund (OEIC) Plc, is an open-ended investment company incorporated in the DIFC.

The Fund is registered as a Public Fund and an Islamic Fund.

**Investment Objective** The Fund’s principal investment objective is to invest in Shari’a-compliant securities and or instruments, predominantly Sukuk, with the aim provide the Shareholders with regular quarterly distributions. The Fund will focus on income generation and not capital appreciation. Accordingly, income attributable to the Share Classes as specified herein will not be re-invested but paid out to Shareholders. The Fund will adopt a fixed maturity strategy of 4 years from the end of the Initial Offering Period with the objective to provide income over a 4-year cycle.

**Fund Manager** Azimut (DIFC) Limited, a company limited by shares incorporated in the DIFC, is the fund manager of the Fund.

The Fund Manager is licensed by the DFSA to carry on certain financial services including Managing a Collective Investment Fund (as defined in the General module of the DFSA Rulebook).

**Director** The Fund Manager is the sole director of the Fund.

**Oversight Committee** The Fund Manager shall appoint an oversight committee consisting of at least three (3) individuals who meet the independence and suitability criteria set out in the CIL and CIR.

**Participating Shares** This Prospectus relates to an offering of “**Class A Shares**”, and “**Class B Shares**” each being non-voting (except in respect of any matters specifically reserved for the approval of the Shareholders under the CIL, CIR and/or the Articles), participating, redeemable shares of nominal value US\$0.01 each (together the “**Participating Shares**”) to Eligible Investors. Each person that is issued Participating Shares will become a shareholder of the Fund (each, a “**Participating Shareholder**”, and collectively, the



“**Participating Shareholders**”) and shall be bound by the terms of the Articles.

A register listing all of the Participating Shareholders shall be available for inspection by Participating Shareholders at the registered office of the Fund Manager.

Participating Shares do not confer any right to receive notice of, attend, speak or vote at general meetings of the Fund except in respect of any matters specifically reserved for the approval of the Shareholders under the CIL, CIR and/or the Articles.

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

**Dividends** The declaration and payment of dividends will be made in accordance with the CIL, the CIR and the Articles.

It is the intention of the Directors in respect of the Fund to make a distribution of substantially all income attributable to the Class A Shares and Class B Shares each quarter (calculated from the end of the Initial Offering Period). The Fund’s Investment Objective and Policy is to make such distributions in respect of the Class A Shares and the Class B Shares equaling an annual target distribution rate of 5%. The Fund reserves the right to make interim distributions and to also withhold distributions and to carry forward any proposed distribution where it is in the interests of the Fund as a whole to do so.

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

There is no assurance that the target distribution rate will be achieved and or any dividends will be made either quarterly or at all.

All Shareholders holding Class A Shares and/or Class B Shares recorded in the register of Shareholders at the end of the Valuation Day (including the Valuation Day transactions) of each quarter shall be eligible for such dividend. Such dividends will be declared and paid no later than twenty (20) Business Days after the final Valuation Day of each calendar quarter.

Dividends will be paid in cash or in kind by way of the issuance of additional Class A Shares or Class B Shares as applicable to the relevant Shareholder. Each Shareholder shall elect its preferred method of payment in its Subscription Agreement, provided that, a

Shareholder may change its election by giving written notice to the Fund Manager at least thirty (30) days before the final Valuation Day of the relevant calendar quarter. The Fund Manager may waive or reduce such notice period in its sole discretion.

<b>Eligible Investors</b>	<p>Participating Shares shall not be offered to or purchased by Restricted Persons.</p> <p>Participating Shares may be offered to and purchased by “Professional Clients” and “Retail Clients” as defined in the Collective Investment Law, DIFC Law No. 2 of 2010.</p> <p>The Fund Manager, in its sole discretion, may decline to accept the subscription of a prospective investor, for any reason or for no reason, even if it satisfies the Fund’s eligibility requirements.</p>
<b>Minimum Initial Subscription</b>	<p>US\$37,500 per investor in respect of Class A Shares and US\$50,000 per investor in respect of Class B Shares, or such other amounts as the Fund Manager may from time to time determine.</p>
<b>Initial Offering Period</b>	<p>The period commencing on 7 April 2019 and ending on 1 May 2019, or such other period as the Fund Manager may from time to time determine (the “<b>Initial Offering Period</b>”).</p>
<b>Subscriptions</b>	<p>During the Initial Offering Period, Participating Shares will be issued at the subscription price of US\$1 per share and thereafter, will be offered on each Subscription Day at a subscription price equal to the prevailing Net Asset Value per Participating Share of the relevant Class as at the relevant Subscription Day, or if such day is not a Valuation Day, as at the immediately preceding Valuation Day (the “<b>Subscription Price</b>”).</p>
<b>Subscription Day</b>	<p>In respect of any Valuation Day, the Business Day (other than a Sunday) immediately following such Valuation Day and/or such other day or days as the Fund Manager may from time to time determine either generally or in any particular case (each, a “<b>Subscription Day</b>”).</p>
<b>Valuation Day</b>	<p>Each Business Day and such other day or days as the Fund Manager may from time to time determine either generally or in any particular case (each, a “<b>Valuation Day</b>”).</p>
<b>Subscription Procedure</b>	<p>Prospective investors will be required to complete and return a duly completed and executed Subscription Agreement (together with any information and document requested under the Subscription Agreement) to the Administrator, with a copy to the Fund Manager, and must be received, in the case of subscriptions during the Initial Offering Period, no later than 5pm (UAE time) on the last Business Day of the Initial Offering Period or such earlier or later time as determined by the Fund Manager either generally or in any</p>

particular case, and thereafter, no later than 5pm (UAE time) one (1) Business Day prior to the relevant Subscription Day or such earlier or later time as determined by the Fund Manager either generally or in any particular case. Subscription monies and subscriptions fees (if applicable) in cleared funds must be received on or prior to 5pm (UAE time) on the Subscription Settlement Day. If the Subscription Agreement or subscription monies are received after the relevant deadline, the subscription will (unless otherwise determined by the Fund Manager) be treated as a request for subscription on the next Subscription Day.

The Fund Manager 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 interest.

Subscriptions may only be made in US\$, or, in the absolute discretion of the Fund Manager, in another currency and/or in kind. In the event that a subscription in a currency other than US\$ is accepted by the Fund Manager, the Fund shall exchange such subscription monies for US\$ at the rate prevailing at the time of subscription and such exchange shall be at the sole risk and cost of the relevant subscriber.

At the request of a subscriber, the Fund Manager may (but is not obliged to), identify and coordinate Shari'a-compliant foreign exchange hedging arrangements for such subscriber. All costs associated with such hedging arrangements shall be borne by such subscriber and may be deducted from the subscription monies.

Subscription Agreements will (save as determined by the Fund Manager) be irrevocable and must be sent (together with any information and document requested under the Subscription Agreement) by facsimile, email, registered post or courier to the Administrator at its address set out in the Subscription Agreement, with a copy to the Fund 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 Fund Manager or the Administrator, result in the cancellation of the allotment of the Participating Shares. None of the Fund, the Fund Manager and 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 subscription request on behalf of the Fund, and in the event no acknowledgement is received from the Administrator within five (5) days of submitting the request, the applicant should assume that

the subscription request has not been received and they should contact the Administrator via email or telephone.

Fractions of Participating Shares will be issued to the nearest three decimal places where the balance of the subscription monies for Participating Shares represents less than the Subscription Price.

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 any restrictions set out in this Prospectus and/or the Articles, a Participating Shareholder may redeem some or all of his or her Participating Shares as of each Redemption Day at Redemption Price, provided that, the Redemption Notice is received by the Administrator by 5pm (UAE time) at least one (1) Business Day prior to the proposed Redemption Day except in certain circumstances set out below.

### **Redemption Price**

The Participating Shares shall be redeemed at a price (the “**Redemption Price**”) equal to the Net Asset Value of Participating Shares of the relevant Class calculated as at the relevant Redemption Day, or if such day is not a Valuation Day, as at the immediately preceding Valuation Day, after adjustment for:

- (a) any accrual of Management Fee, due; and
- (b) any Deferred Sales Fee and/or Deferred Service Fee.

### **Redemption Day**

In respect of any Valuation Day, the Business Day (other than a Sunday) immediately following such Valuation Day, and/or such other day or days as the Fund Manager 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 Fund 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 Fund Manager.

If given by facsimile or email 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 (together with any information and document requested by the Administrator in accordance with the applicable laws and regulations). 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 email on [azimutdific@apexfunddubai.ae](mailto:azimutdific@apexfunddubai.ae) or telephone on + 971 4 4289221 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 Fund 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 on different Subscription Days, a redemption by such Participating Shareholder will be made on a “first-in, first-out” basis, unless otherwise agreed by the Fund Manager.

Partial redemptions may be declined by the Fund Manager if they would cause an investor to have an interest of less than the Minimum Holding.

**Redemption  
Proceeds**

The Fund will generally pay a redeeming Participating Shareholder the redemption proceeds within 10 Business Days after the relevant Redemption Day, based upon the Net Asset Value per Participating Share of the relevant Class.

Cash payments will be remitted by wire transfer to the account designated by the Participating Shareholder in the Redemption Notice.

No interest will accrue on the redemption proceeds pending payment.

**In Kind  
Distributions**

Redemption payments will be made in US\$ or, in the absolute discretion of the Fund Manager, in kind, or partly in cash and partly in kind. In kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or of participation interests in the actual investment that will remain held in the Fund.

**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 Restricted Person;
- (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.

### **Redemption Restrictions**

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 Fund Manager may, if it determines in good faith that it would otherwise materially adversely affect non-redeeming Participating Shareholders, 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 Fund Manager in its discretion may determine) of the Net Asset Value of 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 Fund Manager 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 Fund Manager determines otherwise.

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

The Fund Manager 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 Classes (and the applicable Valuation Day), (b)

the issue of Participating Shares of any one or more Classes (and the applicable Subscription Day), and/or (c) the redemption (in whole or in part) of Participating Shares of any one or more Classes held by Participating Shareholders (and the applicable Redemption Day), where due to exceptional circumstances, including upon any of the following circumstances, it is in the interests of the Shareholders to do so (and in each case for the whole or any part of a period):

- (a) when any stock 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 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.

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 next Redemption Day following the date that 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**

Participating Shares shall not be transferred to Restricted Persons.

No Participating Shares may be transferred, assigned or disposed

of without the prior written consent of the Directors or their authorised agents which shall not be withheld unreasonably. The Directors will in all cases as a condition of granting such consent, require such potential transferee to complete and return a duly completed and executed Subscription Agreement (together with any information and document requested under the Subscription Agreement). Subject as aforesaid, Participating Shares are transferable by written instrument signed by the transferor, but transfers will not be effective until registered in the Register of Participating Shareholders of the Fund. Participating Shareholders wishing to transfer Participating Shares must complete and sign the transfer instrument in such form as approved by the Fund Manager (together with a Subscription Agreement and any information and documents requested under the Subscription Agreement) in the exact name or names in which the Participating Shares are registered, indicating any special capacity in which they are signing and supply the details to the Fund.

**Subscription Fee –  
Class A Shares only**

The Class A Shares shall be subject to a subscription fee (the “**Subscription Fee**”) in an amount equal to 1.5% of the Subscription Price paid for such Shares which is payable by the subscriber to the Fund Manager at the time of subscription and deducted from subscription monies.

The Fund Manager will not charge an upfront Subscription Fee to subscribers in respect of the Class B Shares.

**Management Fee**

The Fund shall pay the Fund Manager a management fee (the “**Management Fee**”), payable monthly, in an amount equal to:

- (a) 0.30% per annum of the Net Asset Value per Share in respect of the Class A Shares; and
- (b) 0.30% per annum of the Net Asset Value per Share in respect of the Class B Shares,

before any reserves or accruals for the Management Fees for the current month.

The Management Fee is exclusive of VAT and shall be calculated daily (based on the Net Asset Value as at the relevant Valuation Day) and payable monthly in arrears on the last day of each calendar month. Any new or existing Shareholder that subscribes for Participating Shares at any time other than the first day of a calendar month will be assessed a pro-rated portion of the Management Fee with respect to such subscription.

**Performance Fee**

No performance fees will be payable in respect of the Fund.

**Deferred Sales Fee –**

In relation to the Class B Shares there is no upfront Subscription



**Class B Shares only**

Fee. Instead, the Fund will pay the Fund Manager a deferred sales fee in respect of Class B Shares in an amount equal to 1.5% of the Subscription Price paid per Class B Share (the “**Deferred Sales Fee**”).

A subscriber will be issued an amount of Class B Shares equal in value to the subscription amount paid by such subscriber to the Fund in respect of such Class B Shares and the Deferred Sales Fee will be amortized by the Fund for a period of four (4) years from the relevant Subscription Day.

In the event that a Class B Share is redeemed within four (4) years from the Subscription Day, such Class B Share will only be charged a pro rata portion of the Deferred Sales Fee up to and including the Redemption Day and the Fund Manager will waive its entitlement to any further Deferred Sales Fee in respect of such Class B Share from and including the relevant Redemption Day.

To the extent that the Deferred Sales Fee has been paid in full by the Fund (or the amount of the Deferred Sales Fee paid is greater than the amortised amount) to the Fund Manager prior to the relevant Redemption Day, the Fund Manager shall repay the balance (if any) in respect of such Class B Share and/or may offset such amount against the amount of Deferred Sales Fee payable to the Fund Manager in respect of such Class B Share.

**Deferred Service Fee  
– Class B Shares only**

In relation to the Class B Shares there is no upfront Subscription Fee. Instead, the Fund will pay the Fund Manager a deferred service fee in respect of redeemed Class B Shares in an amount equal to 1.5% of the Net Asset Value of the redeemed Class B Shares as at the relevant Redemption Day (the “**Deferred Service Fee**”).

Such Deferred Service Fee will be payable by the Fund to the Fund Manager out of the redemption proceeds due to the redeeming Class B Shareholder.

The Fund Manager undertakes to waive the Deferred Service Fee payable in respect of a Class B Share as follows:

- (a) in the event that the Class B Share is redeemed after (12) months but within twenty-four (24) months of the Subscription Day in respect of such Class B Share, the Deferred Service Fee will be 1.2% of the Net Asset Value of the redeemed Class B Share as at the relevant Redemption Day;
- (b) in the event that the Class B Share is redeemed after twenty-four (24) months but within thirty-six (36) months of the Subscription Day in respect of such Class B Share, the

Deferred Service Fee will be 0.8% of the Net Asset Value of the Class B Share as at the relevant Redemption Day;

- (c) in the event that the Class B Share is redeemed after thirty-six (36) months but within thirty-six (48) months of the Subscription Day in respect of such Class B Share, the Deferred Service Fee will be 0.4% of the Net Asset Value of the Class B Share as at the relevant Redemption Day; and
- (d) in the event that the Class B Share is redeemed after forty-eight (48) months of the Subscription Day in respect of such Class B Share, the Deferred Service Fee will be waived.

### **Variation of Terms**

The Directors reserve the right to agree with any Participating Shareholder (through a side letter or otherwise) to waive or modify any of the terms set out herein with respect to such Participating Shareholder (including those relating to fees) without providing notice to, or obtaining the consent of, any other Participating Shareholder (other than a Participating Shareholder whose rights are adversely affected by such waiver or modification). Such modification or waiver may be effected through the establishment of a separate Class of Participating Shares. Such modification or waiver may require the consent of the Fund Manager or other third party service provider.

### **Organizational Expenses**

All costs and expenses associated with the establishment and launch of the Fund (the “**Organizational Expenses**”), including without limitation, government incorporation charges and professional fees and expenses in connection with the preparation of this Prospectus and the agreements referred to herein will be paid by the Fund out of the proceeds of the initial subscriptions and amortised over a period of five (5) years from the initial closing date. Amortisation of Organizational Expenses may be inconsistent with IFRS and the audited financial statements of the Fund may therefore be qualified or to avoid a qualified audit opinion the Directors may treat Organizational Expenses in a different manner.

The Organizational Expenses are expected to amount to not more than US\$250,000.

The Fund will reimburse the Fund Manager as soon as practicable for all Organizational Expenses incurred by it on behalf of the Fund whether prior to or after the establishment of the Fund.

The Fund will pay the Organizational Expenses out of the Fund Property.

## **Fund Expenses**

The Fund shall bear all expenses incidental to its operations and business (the “**Fund Expenses**”), including without limitation, (i) the Management Fee, the Deferred Sales Fee and the Deferred Services Fee, (ii) the Administrative Expenses, (iii) the Transactional Expenses, and (iv) all transactional costs including brokerage, banking, sales and purchase commissions and charges and exchange fees, fees and charges of custodians and clearing agencies, income taxes, withholding taxes, transfer taxes and other governmental charges and duties, any costs incurred in respect of meetings of the Directors (including its committees) and meetings, if any, of Shareholders, fees of the Fund’s legal advisers and the Administrator’s, Auditor’s, Shari’a Advisor’s, Oversight Committee’s and Directors’ fees and expenses, the costs of maintaining the Fund’s registered office in the DIFC and its registration as a Public Fund with the DFSA, the costs of printing and distributing any offering materials and any reports and notices to shareholders, disbursements incurred in respect of marketing and offering Participating Shares (including travel and accommodation expenses), brokers’ fees and expenses, research fees and expenses and the costs of winding down and liquidating the Fund.

In respect of the Fund, the Fund Manager has elected to apply an expenses cap in respect of the Fund Expenses (excluding any Deferred Sales Fees, Deferred Service Fees, and extraordinary or otherwise unexpected costs) estimated at an amount of 0.45% per annum of the Net Asset Value of the both the Class A Shares and the Class B Shares (individually and collectively, the “**Cap**”), calculated and accrued as at each Valuation Day, so that where Fund Expenses are in excess of the Cap, such excess amount will be met by the Fund Manager and or its Affiliates. Where the Fund Expenses do not exceed the Cap the Fund Manager, and/or its Affiliates may, at their sole discretion, at any time seek reimbursement from the Fund for amounts they have borne in excess of the Cap.

The Fund Manager is responsible for providing and paying for all office personnel, office space and office facilities required for the performance of its services to the Fund.

Subject to the foregoing, the Fund will reimburse the Fund Manager as soon as practicable for any Fund Expenses incurred by it.

The Fund will pay the Fund Expenses out of the Fund Property.

## **Net Asset Valuations**

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

such other persons as aforesaid) may determine). The Subscription Price and Redemption Price (following the Initial Offering Period) will be available upon request from the Fund Manager or the Administrator.

The Net Asset Value of the Fund will be equivalent to all the assets less all the liabilities of the Fund as at the Valuation Day.

The Net Asset Value per Participating Share of any Class is determined by dividing the value of the assets of the Fund attributable to the Participating Shares of the relevant Class less all liabilities attributable to the Participating Shares of such Class by the number of such Participating Shares as at the relevant Valuation Day, the result being rounded to the nearest cent.

The value of the assets of the Fund shall be determined by the Fund Manager. Assets will be valued in accordance with the Fund Manager's valuation policy.

The Fund Manager may, in its discretion, permit any other method of valuation to be used if it considers 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 Fund 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 Fund Manager's judgements regarding appropriate valuations should prove incorrect.

**Financial Year**

The financial year of the Fund (the "**Financial Year**") ends on December 31 of each calendar year.

**Fund Currency**

Cash distributions to Participating Shareholders will be made in US\$. The financial statements of the Fund will be prepared in US\$.

**Reports to  
Participating  
Shareholders**

Financial statements of the Fund will be prepared by the Fund Manager in accordance with International Financial Reporting Standards and shall be audited by the Auditor in accordance with the International Auditing and Assurance Standards Board.

The Fund Manager shall provide an annual report in accordance with Rule 9.4.5 of CIR, which shall contain (a) the full audited financial statements, (b) the Fund Auditor's report in accordance with Rule 9.3.8(b) of the CIR, (c) the Fund Manager's report in accordance with Rule 9.4.9 of the CIR, and (d) a comparative table in accordance with Rule 9.4.10 of the CIR, to all Participating Shareholders within four (4) months of the end of each Annual Accounting period in accordance with Rule 9.4.2 of the CIR, with the first Annual Accounting Period commencing on the date of registration with the DFSA and ending twelve months later, and Annual Accounting Periods thereafter covering the period between each subsequent Financial Year end.

The Fund shall provide an interim report in accordance with Rule 9.4.4 of the CIR, to all Participating Shareholders within two months of the end of each Interim Accounting Period in accordance with Rule 9.4.2 of the CIR, being 6 months after the registration of the Fund with the DFSA and 6 months after the anniversary of each Annual Accounting Period.

The Fund Manager shall also provide net asset value statements to all Participating Shareholders on a weekly basis within three Business Days of the end of the relevant week.

Copies of the most recent annual and interim reports may be inspected and obtained at the registered office of the Fund Manager.

**Shari'a Review**

Shari'a reviews of the Fund will be undertaken by the Shari'a Supervisory Board in accordance with AAOIFI GSIFI No 2.

The Shari'a Supervisory Board shall prepare an interim and an annual report relating to the Fund operations which complies with AAOIFI GSIFI No 1.

The Fund Manager shall deliver a copy of the interim report prepared by the Shari'a Advisor to Shareholders in accordance with CIR 9.4.4 and shall include the annual report of the Shari'a Advisor in the annual report required under CIR Rule 9.4.5.

**Shareholder  
Meetings**

The Fund Manager shall convene at least one general meeting of the Shareholders in every 12 month period from the date of the Fund's registration with the DFSA. Shareholders shall be given not less than 14 days advance notice in writing of each such meeting.

**Liability and Indemnification**

The Articles contain provisions for the indemnification of each of the Fund's directors and officers to the fullest extent permitted by the laws of the DIFC against any loss, liability, damages, actions, proceedings or claims incurred or sustained in connection with it being or having been a Director or an officer of the Fund except where such loss, liability, damages, actions, proceedings, or claims arises as a result of their own fraud, Gross Negligence or wilful misconduct. Furthermore, the Articles provide that subject to any provision of the laws of the DIFC to the contrary, the Directors and officers shall not be liable for any loss, liability, damages, actions, proceedings or claims to or of the Fund at any time unless caused by their own fraud, Gross Negligence or wilful misconduct.

Pursuant to the Fund Management Agreement, none of the Fund Manager or its directors, officers, employees, affiliates, advisors or agents shall be liable to the Fund or any Shareholder for any action taken or not taken by it or for any action taken or not taken by any other person with respect to the Fund or in connection with any of the services under the Fund Management Agreement, provided that, any Indemnified Party seeking to rely on such provision was neither Grossly Negligent nor engaged in fraud or wilful misconduct in respect of such action taken or not taken, as determined by a final non-appealable judgement by a court of competent jurisdiction.

Pursuant to the Fund Management Agreement, to the extent permitted by applicable law, the Fund will indemnify, upon demand, each Indemnified Party, against any and all expenses (including legal fees), claims, costs, damages, losses (including, without limitation, from and against any judgment, settlement, legal fees and other costs or expenses incurred in connection with the defence of any action or threatened action or proceeding), or liabilities which an Indemnified Party sustains or incurs in respect of the Fund or in connection with its activities for and/or on behalf of the Fund, except for losses or damages incurred by an Indemnified Party that are primarily attributable to such person's wilful misconduct, fraud or Gross Negligence, as determined by a final non-appealable judgement by a court of competent jurisdiction.

**Fund Term**

The Fund shall commence its operations on the date on which the Fund is registered with the DFSA. The term of the Fund shall be indefinite.

**Winding-Up of Fund**

The Fund shall be wound up in the following circumstances:

- (a) court order to wind up the Fund;
- (b) a Special Resolution directing the Fund Manager to wind

up the Fund; or

- (c) otherwise in accordance with the Companies Law, the CIL and/or the CIR.

**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 Fund Manager and/or their respective 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 Prospectus before making an investment in the Fund.

**Administrator**

Apex Fund Services (Dubai) Limited

**Custodian**

Linear Investments Limited

**Auditor**

Grant Thornton

**Promotor**

Noor Bank PJSC

**Legal Counsel**

Dechert LLP

**Shari’a Advisor**

Amanie Advisors Ltd

**Shari’a Supervisory Board of Shari’a Advisor**

Dr Mohamed Ali Elgari  
Dr Muhammad Amin Ali Qattan  
Dr Mohd Daud Bakar  
Dr Osama Al Dereai

## **5. ARTICLES AND SHARES**

### **5.1 Articles**

All 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 Shareholders is limited to the amount, if any, unpaid on the Shares.

### **5.2 Share Capital**

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

- (a) 4,999,900 Participating Shares being non-voting (except in respect of any matters specifically reserved for the approval of the Shareholders under the CIL, CIR and/or the Articles), participating, non-redeemable shares of nominal value US\$0.01 each divided into classes as the Directors may determine. The Participating Shares being issued pursuant to this Prospectus do not have the right to receive notice of, attend, speak or vote at general meetings of the Fund except in respect of any matters specifically reserved for the approval of the Shareholders under the CIL, CIR and/or the Articles. Participating Shares are not redeemable at the option of the holder and are subject to compulsory redemption and forfeiture 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, subject to and in accordance with this Prospectus and the Articles. In a liquidation, after the payment of the capital paid on the Management Shares, 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 Share of the Shares held; and
- (b) 100 Management Shares being voting, non-participating, shares of nominal value US\$0.01 each all of which have been issued and are held by the Fund 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, authorised but unissued Shares may be issued at the discretion of the Directors and there are no pre-emption rights with respect to the issue of additional Shares.

The Fund may by special resolution of the holders of the Management Shares increase or reduce its authorised share capital.

### **5.3 Amendments**

Subject to the below, the Articles may be amended by a Special Resolution of the Management Shareholders.

The Fund Manager, the Directors or the Auditor may be replaced and changes to the Articles or this Prospectus in respect of investment, financing powers may be made, if an appropriate Special Resolution has been passed by the Shareholders at a



meeting convened by the Shareholders solely for that purpose pursuant to Article 35(1) of the CIL and the DFSA has approved any such proposed change pursuant to Article 35(6) of the CIL.

The Fund Manager must, by way of Special Resolution, obtain the prior approval of the Shareholders for any proposed change to the Fund that is a fundamental change (as defined in A 3.1.1(2) of the CIR).

Any other materially significant change, such as changes to the Articles or this Prospectus which may adversely affect the Shareholders may be made if an appropriate Ordinary Resolution has been passed by a simple majority of the Shareholders at a meeting convened for that purpose pursuant to Article 35(2) of the CIL.

If the Fund Manager considers on reasonable grounds that a change, including a change to the Articles or this Prospectus, is not one that falls within Article 35(1) or (2) of the CIL (or A 3.1.1(2) of the CIR) and will not adversely affect the Shareholders' rights, such change may be made by the Fund Manager without recourse to the Shareholders other than to notify them after the change has been effected.

The Fund Manager must give prior written notice to the Shareholders in respect of any proposed change to the operation of the Fund where the change constitutes a significant change (as defined in A 3.1.2(2) of the CIR).

The Fund Manager must inform the Shareholders in an appropriate manner and timescale of any notifiable changes (as defined in A 3.1.3(2) of the CIR) that are reasonably likely to affect, or have affected, the operation of the Fund.

#### **5.4 Variation of Rights**

The rights attached to the Participating Shares may only be materially adversely varied or abrogated with the consent in writing of the holders of at least seventy five per cent (75%) of the nominal value of the Shares of that class or by Special Resolution passed at a separate meeting of the holders of Shares of that class approving the variation or abrogation.

The rights attaching to the Participating Shares shall be deemed not to be varied or abrogated 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 Participating Shares or any modification of the fees payable to any service provider to the Fund.

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 holding or representing by proxy at least one third of the issued Shares of the relevant Class.

## 5.5 Winding-Up

The Fund may be wound up, at any time, by:

- (a) court order;
- (b) a Special Resolution directing the Fund Manager to wind up the Fund; or
- (c) otherwise in accordance with the Law, the CIL and/or the CIR.

Upon such determination being made, the Fund Manager will:

- (a) advise the Shareholders in writing that such determination has been made and will set out the Fund Manager's plans for the liquidation of the assets of the Fund and distribution of the Fund assets to the Shareholders;
- (b) publish a notice of the winding up or termination in one English and one Arabic language national newspaper and if the Fund has a website, on the Fund's website;
- (c) cease to issue, sell, cancel or redeem Shares or to invest or borrow for the Fund and proceed to wind up the Fund in accordance with the CIL and the CIR; and
- (d) as soon as practicable after the Fund falls to be wound up, realise the Fund Property.

Upon a winding-up of the Fund and after paying therefrom or retaining adequate provision for all liabilities properly so payable and for the costs of the winding up, the Fund Manager shall distribute the proceeds from the liquidation of the Fund Property to the Shareholders in the following priority:

- (a) first, to the holders of Management Shares, an amount equal to the capital paid up on such Management Shares; and
- (b) second, the balance shall be paid to the holders of Participating Shares in proportion to the Net Asset Value of Participating Shares held, subject to a deduction from those Participating Shares in respect of which there are monies due, of all monies due to the Fund for unpaid calls, or otherwise.
- (c) Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Fund Manager after the expiration of twelve months from the date on which they became payable shall be paid by the Fund Manager into court, subject to the Fund Manager having a right to retain any expenses incurred by it relating to that payment.

Upon completion of the winding up, the Fund Manager shall notify the DFSA in writing of that fact and at the same time the Fund Manager must require the DFSA to revoke the relevant registration.

**THE STATEMENTS CONTAINED IN THIS PROSPECTUS CONCERNING THE ARTICLES, THE 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 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 Fund Manager and/or its 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.

### **6.1 Certain Risk Factors**

#### **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 past performance of any professionals engaged by the Fund or the Fund Manager cannot be construed as an indication of the future results of an investment in the Fund.

#### **Non-Voting Interests**

Investors will have no right to vote (except in respect of any matters specifically reserved for the approval of the Shareholders under the CIL, CIR and/or the Articles) 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 Fund Manager.

#### **Distributions in Kind**

Although under normal circumstances, the Fund intends to make distributions in cash, it is possible that under certain circumstances (including the termination of the Fund or where investments are or become illiquid) distributions may be made in kind and could consist of securities or other investments for which there is no readily available public market.

#### **Illiquid Assets**

The Fund may invest in illiquid assets and there can be no assurance that the Fund will be able to realize positive returns on such investments in a timely manner, if at all. The investments, which are not traded on any organized exchange and for which no liquid market exists, may not be able to be sold or otherwise disposed of or, if sold, may not be able to be disposed of at a price perceived by the Fund to represent fair value or in the timeframe desired by the Fund or may result in distributions in

kind to the Participating Shareholders. If the Fund attempts to sell or otherwise dispose of any such investment, such transaction may require additional time and other selling expenses than the sale of marketable securities and may be subject to contractual or other selling restrictions that further adversely affect sales price. Accordingly, the Fund may never realize any return on such investments.

### **Risks linked to investment in Shari'a compliant derivative products**

The derivative products include a number of risks and constraints. The risks of these products heavily depend on the positions taken by the Fund. In some cases the loss is limited to the amount invested, while in other cases it may be considerable.

The use of Shari'a-compliant derivatives using the Shari'a structures of W'ad such as the equivalent conventional contracts of futures contracts, options contracts, warrants, futures OTC, swaps and swaptions involves greater risks. The ability to successfully use such instruments depends on the ability of managers to accurately anticipate changes in stock prices, interest rates (as a benchmark), exchange rates or other economic factors as well as in the accessibility of liquid markets. If managers' forecasts are wrong, or if the derivatives do not work as expected, this may result in greater losses than if these derivatives were not used.

In some cases, the use of the above instruments can have a financing effect. This financing adds additional risks because the losses may be disproportionate to the amount invested in these instruments. These instruments are highly volatile and their market values may be subject to significant fluctuations.

### **Financing**

The Fund does not intend to use leverage except in respect of Shari'a compliant derivatives and for hedging purposes as set out in this Prospectus. Such leverage shall not exceed 20% of the Fund's Net Asset Value. To the extent that the Fund does obtain Shari'a-compliant financing, the Fund may finance its capital because the Fund Manager believes that the use of financing may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge its securities in order to obtain financing for additional funds for investment purposes. The Fund may also finance its investment in Shari'a compliant derivative instruments. The amount of financing which the Fund may have outstanding at any time may be substantial in relation to its capital.

While financing 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 financed. The cumulative effect of the use of financing by the Fund in a market that moves adversely to the Fund investments could result in a substantial loss to the Fund which would be greater than if the Fund was not financed.

### **Limited Diversification**

If the Fund's investment portfolio is concentrated in a small number of investments, the portfolio may be subject to a greater level of volatility. Also, the use of a single

Fund Manager applying generally similar trading programs could mean lack of diversification and, consequentially, higher risk.

### **Reliance on Fund 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 Fund 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 Fund Manager and the services and skills of its officers and employees. The loss of the Fund Manager's services (or that of one of its key personnel) could materially and negatively impact the value of the Fund as it may lead to the loss of the use of any proprietary investment methodology developed by the Fund Manager.

### **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.

### **Counterparty Default**

The Fund 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. 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.

### **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 (as a benchmark), 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 Fund Manager and no assurances can be given that the Fund or the Fund Manager will anticipate these developments.

## **Currency Risks**

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

## **Credit Trends**

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

## **Term of Investment**

The Fund's investment strategy indicates that its portfolio will be concentrated in securities with a view to medium to long-term income generation. Accordingly, an investor should generally consider such investment objectives and strategies and should note, for example, the possible consequences of early redemption.

## **Emerging Markets**

Transactions on emerging markets make the investor take considerable additional risks, as the regulation of these markets does not provide for the same guarantees as far as protection of investors is concerned. The risks linked to the political-economic situation of the issuer's country of origin must be considered too.

In some countries there is a risk of asset expropriation, confiscation tax, political or social instability or diplomatic developments which could affect investments in those countries. Information on certain securities, instruments and investments may

be less accessible to the public and entities may not be subject to requirements concerning auditing of accounts, accounting or recording comparable to those some investors are used to.

While generally increasing in volume, some financial markets have, for the most part, substantially less volume than most developed markets and securities of many companies are less liquid and their prices are more volatile than securities of comparable companies in largest markets. In many of these countries, there are also very different levels of supervision and regulation of markets, financial institutions and issuers, in comparison to developed countries. In addition, requirements and limitations imposed in some countries to investments by foreigners may affect the performance of the Fund. Any change in laws or currency control measures subsequent to an investment can make the repatriation of funds more difficult. Risk of loss due to lack of adequate systems for the transfer, pricing, accounting and custody of securities may also occur. The risk of fraud related to corruption and organised crime is significant.

Systems to settle transactions in emerging markets may be less well organised than in developed countries. There is a risk that the settlement of transactions be delayed and that liquid assets or securities of the Fund are jeopardised because of the failure of such systems. In particular, market practice may require that payment be made before receipt of the securities purchased or that a security be delivered before the price is received. In such cases, default of a broker or bank through which the transaction was to be made will result in a loss for the Fund that invests in emerging countries securities.

The economics of many emerging or frontier market countries can be heavily dependent on international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, managed adjustments on relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

### **Risks of custody**

The assets of the Fund are held by the Custodian and the Fund is exposed to the risk of loss of assets held as a result of insolvency, negligence or fraudulent transaction by the Custodian.

### **Operational risks**

The operations of the Fund (including investment management) are carried out by the service providers mentioned in this Prospectus. In the event of bankruptcy or insolvency of a service provider, investors may experience delays (for example, delays in the processing of subscriptions, conversions and redemption of Participating Shares) or other disruptions.



## **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 Fund Manager and no assurances can be given that the Fund or the Fund Manager will anticipate these developments.

Companies in the MENA region are generally not subject to regulations comparable to those in more developed countries with respect to such matters as transactions with Affiliates, insider trading rules, tender offer regulation, shareholder proxy requirements and the timely disclosure of material information. In certain of the target countries, minority shareholders are afforded limited protection and management or controlling shareholders may be able to take actions against the interests of minority shareholders, which would result in share dilution and may be detrimental for the Fund. Further, in certain countries of the MENA region, local market participants may have access to more information than is available to the Fund. In addition, existing laws and regulations are sometimes inconsistently and unreliably applied and enforced in some of the countries of the MENA region.

## **Tax Risks**

Applicable taxation laws, treaties, rules or regulations or the interpretation thereof may always change, possibly with retrospective effect. Changes in the tax treatment of investments and special purpose vehicles and unanticipated withholding taxes or other taxes may affect anticipated cash flows. The Fund may use a variety of investment structures to obtain exposure to the underlying assets on a case by case basis. Whilst the Fund will seek to enhance the tax efficiency of such investment structures in their jurisdictions of incorporation, the tax laws, however, may change or be subject to differing interpretations. Accordingly, the tax consequences of a particular investment or structure may change after the investment has been made or the structure has been established with the result that the Fund could become subject to taxation (including by way of withholding tax) in respect of its investments and the income, profit and gains derived therefrom in a manner or to an extent that is not currently anticipated. Any such change may have an adverse effect on the net asset value of the Fund and their interests.

## **Tax Reporting and Withholding**

Certain countries have adopted tax laws which require reporting and/or withholding in certain circumstances in connection with an investor's acquisition, holding and/or disposal of an investment in the Fund. Depending on the nature of the requirements, these tax laws impose (or may impose in the future) reporting and/or withholding obligations. To the extent that the Fund determines to incur the costs of compliance with tax or other laws, the Directors may require that investors whose acquisition, holding or disposal triggers the compliance requirements to share *pro rata* the cost to the Fund of doing so with other such investors.

## **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, would reduce net assets and could require investors to return to the Fund distributed capital and earnings. The Directors and the Fund Manager and others are entitled to be indemnified by the Fund in connection with such litigation, subject to certain limitations.

### **Cyber Security**

The Fund and its service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other things, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorised release of confidential information and various other forms of cybersecurity breaches. Cyberattacks affecting the Fund and its service providers may adversely impact the Fund. For instance, cyberattacks may interfere with the processing of investor transactions, impact the ability to calculate the Net Asset Value, cause the release of private investor information or other confidential information, impede trading, subject the Fund and its service providers to regulatory fines and/or financial losses and cause reputational damage. Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for the Fund, and may cause the Fund's investments to lose value. The Fund and its service providers may incur additional costs relating to cybersecurity preparations, and there can be no guarantee that such preparations, though taken in good faith and reasonably designed to safeguard the Fund's, the Fund Manager's and others' informational systems, would be successful at preventing such attacks. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

### **Shari'a-Compliant Risks**

Shari'a-compliant Investments involve additional risks and costs than would otherwise be the case.

There can be no assurance as to the Shari'a compliance of the Fund, the Investments (including the financing thereof) and none of the Fund, the General Partner or the Fund Manager make any representation as to the same. Investors are reminded that, as with any Shari'a views, differences in opinion are not uncommon. Investors should obtain their own independent Shari'a advice as to the Shari'a permissibility of the Fund and the Investments.

There can be no assurance that the Fund Manager will be able to identify or source suitable Shari'a-compliant Investments which may lead to a less diversified portfolio of assets which may affect the performance of the Fund and returns to investors.

The Fund may be required to take certain remedial action in the event that the Shari'a Advisor determines that an Investment is not Shari'a-compliant including but not limited to disposing of the whole or a part of an Investment and/or donating monies generated from non-Shari'a-compliant Investments to a charity.

## **6.2 Conflicts of Interest**

Pursuant to Rule 8.3.1 of the CIR, the Fund Manager must take reasonable steps to ensure that in any dealing in relation to the Fund Property such dealings do not give rise to a conflict of interest. Where a conflict of interest arises, whether in dealings with Related Parties or otherwise, the Fund Manager must disclose to the Participating Shareholders the nature of the conflict and how the conflict will be managed.

The Fund Manager must not enter into any Related Party Transaction unless such Related Party Transaction is in accordance with the requirements in Rule 8.3.2 of the CIR.

For the purposes of the CIR, “**Related Parties**” are:

- (a) the Fund Manager;
- (b) the Fund’s governing body;
- (c) the Custodian;
- (d) persons providing oversight of the Fund;
- (e) the Fund’s advisors;
- (f) holders of 5% or more of the Fund’s Shares; or
- (g) any Associate of any person in (a) to (f).

Pursuant to Rule 8.3.2(2), the Fund Manager must ensure that any Related Party Transaction is on terms at least as favourable to the Fund as any comparable arrangement on normal commercial terms negotiated at arm’s length with an independent third party.

Pursuant to Rule 8.3.2(3), before entering into a Related Party Transaction:

- (a) issue to the Participating Shareholders a circular containing the details of the proposed transaction; and
- (b) obtain their approval by Special Resolution in respect of the proposed transaction if the total consideration or value of the transaction is five per cent (5%) or more of the most recent Net Asset Value as disclosed in the latest published audited accounts of the Fund.

Pursuant to Rule 8.3.2(4), the Fund Manager must: (a) if Participating Shareholders’ prior approval is required under Rule 8.3.2(3)(b), issue a notice to Unitholders providing details of the results of the Unitholders’ voting at the general meeting as soon as practicable after the meeting; (b) include, in the Fund’s next published interim or annual report, a brief summary of the Related Party Transaction, and certification that the requirements in these Rules have been met for the transaction; and (c) include, in the annual report of the Fund, the total value of any Related Party Transactions, their nature and the identities of the Related Parties with whom such transactions were made. Where there is no such transaction conducted during the

financial year covered by the annual report, an appropriate negative statement to that effect must be made in the annual report.

#### *General Conflict of Interest*

There may be occasions when the Fund Manager and/or its respective Affiliates may encounter potential or actual conflicts of interest in connection with the Fund. The Fund can give no assurance that conflicts of interest will be resolved in favour of the Shareholders. Whenever an actual conflict of interest exists or arises the Board will endeavour to ensure that it is resolved fairly and may take such actions as may be necessary or appropriate to diminish or avoid the conflict. By acquiring Shares, each Shareholder will be deemed to have acknowledged the existence of such actual and potential conflicts of interest, to have consented thereto, and to have waived any claim in respect of the existence of any such conflict of interest.

#### *Other Activities of Management*

The Fund Manager and its respective shareholders, directors, officers, employees, agents and Affiliates (“**Interested Parties**” and each an “**Interested Party**”) may be involved in other financial, investment or other professional activities which may on occasion cause conflicts of interest with the Fund. Except as expressly provided in this Prospectus and/or the Articles, an Interested Party may engage, and shall not be restricted from engaging in, any activity whatsoever permitted by applicable law including but not limited to (i) establishing, managing and/or advising other investment funds including those having investment objectives similar to those of the Fund; (ii) serving as directors, officers or agents of other investment funds; (iii) alone or in conjunction with others, acting as manager or adviser of any company in which the Fund has a legal or beneficial interest on such terms as it deems appropriate; (iv) buying, holding and dealing in any investments for its own account notwithstanding that similar investments may be held by the Fund; (v) investing in the Fund; (vi) contracting or entering into any financial or other transaction with any investor in the Fund or with any entity any of whose securities are held by or for the account of the Fund; and (vii) receiving commissions and benefits which it may negotiate in relation to any sale or purchase of any investments of the Fund affected by it for the account of the Fund and which may or may not be for the benefit of the Fund.

#### *Diverse Investor Group*

Shares may have conflicting investment, tax or other interests with respect to their investments in the Fund. The conflicting interests of individual Shares may relate to or arise from, among other things, the nature of Investments made by the Fund, the structuring or the acquisition of Investments, the timing of disposition of Investments, and the tax status of each of the Shares. As a consequence, conflicts of interest may arise in connection with decisions made by the Fund Manager, including with respect to the nature or structuring of Investments, which may be more beneficial for one Shareholder than for another Shareholder. In selecting and structuring investments appropriate for the Fund, the Fund Manager will consider the investment and tax objectives of the Shareholders as a whole, and not the investment, tax, or other objectives of any Shareholder individually.

*Legal Counsel*

Dechert LLP acts as counsel to the Fund and the Fund Manager. In connection with the offering of Shares and ongoing advice to the Fund and the Fund Manager, Dechert LLP will not be representing Shareholders. No independent counsel has been retained to represent the Shareholders.

In preparing this Prospectus, Dechert LLP has relied upon information furnished to them by the Fund Manager and did not investigate or verify the accuracy or completeness of the information set forth herein concerning the Fund or the Fund Manager.

**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 PROSPECTUS INCLUDING ALL ATTACHMENTS AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISORS, BEFORE DECIDING TO INVEST IN THE FUND.**

## **7. CERTAIN LEGAL, TAX AND REGULATORY MATTERS**

### **7.1 Certain Regulatory Matters**

#### **7.1.1 Fund**

The Fund is registered with the DFSA as a Public Fund and is a Domestic Fund and an Islamic Fund under the CIR.

The Fund Manager registered the Fund with the DFSA as a Public Fund on 20 March 2019.

The Participating Shareholders are not liable for the debts of the Fund, unless the applicable legislation prescribes otherwise.

#### **7.1.2 Fund Manager**

The Fund Manager is regulated by the DFSA and is licensed to carry out the activity of Managing a Collective Investment Fund (as defined in the DFSA Rules). The Fund Manager has an endorsement on its license to conduct Islamic Financial Business by Operating an Islamic Window. The Fund Manager does not have a Retail Client endorsement.

Pursuant to the CIL, the Fund Manager shall:

- (a) manage the Fund including the Fund Property in accordance with the Articles and its most recent Prospectus;
- (b) perform the functions conferred on it by the Articles and by or under the CIL;
- (c) comply with any conditions or restrictions imposed by the DFSA including those on its Licence or in respect of the Fund; and comply with any requirements or limitations imposed under the CIL or CIR including any limits relating to financial interests it or any of its associates may hold in the Fund.

Pursuant to the CIL, in exercising its powers and carrying out its duties, a Fund Manager shall:

- (a) act honestly;
- (b) exercise the degree of care and diligence that a reasonable person would exercise if he were in the Fund Manager's position;
- (c) act in the best interests of the Participating Shareholders and, if there is a conflict between the Participating Shareholders' interests and its own interests, give priority to the Participating Shareholders' interests;

- (d) treat the Participating Shareholders who hold interests of the same class equally and Participating Shareholders who hold interests of different classes fairly;
- (e) not improperly make use of information acquired through being the Fund Manager in order to: (i) gain an advantage for itself or another person; or (ii) cause detriment to the Participating Shareholders in the Fund;
- (f) ensure that Fund Property is: (i) clearly identified as Fund Property; and (ii) held separately from the property of the Fund Manager and the property of any other Fund it manages;
- (g) report to the DFSA any breach of the CIL or relevant provisions of any other law administered by the DFSA, or of any Rules made under those laws, that: (i) relates to the Fund; and (ii) has had, or is likely to have, a materially adverse effect on the interests of Participating Shareholders; as soon as practicable after it becomes aware of the breach;
- (h) comply with any other duty or obligation as may be prescribed by or under the CIL or any other legislation administered by the DFSA;
- (i) carry out or comply with any other duty, not inconsistent with any DIFC Law, that is conferred on the Fund Manager by Articles;
- (j) take reasonable steps to ensure that its officers, employees and agents comply with their obligations listed in the CIL; and
- (k) otherwise carry out its duties in accordance with the CIL and CIR.

The Fund Manager is permitted from time to time to delegate certain activities or outsource certain functions in accordance with the CIR and IFR. However, the Fund Manager continues to retain responsibility for such delegated activities and functions.

## **7.2 Anti-Money Laundering**

‘Authorised Firms’ under the Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module of the DFSA Rulebook are required to maintain adequate policies, procedures, systems and controls in place to prevent the activity of money laundering and terrorist financing.

The Fund itself is not a ‘Relevant Person’ for the purposes of the AML Rules, however the Fund Manager is, since it is an ‘Authorised Firm’. The Fund Manager therefore is required to comply with the requirements of the AML Rules, which (in addition to maintaining adequate policies, procedures, systems and controls in place), include appointing an anti-money laundering officer who has been assessed

by the DFSA as fit and proper, to be responsible for the Fund Manager's compliance with the requirements under the AML Rules.

Under the AML Rules, the DFSA requires prompt reporting of any suspicious transactions and activities in relation to money laundering or terrorist financing to the Financial Intelligence Department of the UAE Central Bank with a notification to the DFSA. Where there is a breach of the AML Rules, the Fund Manager may be subject to investigations by the DFSA and any sanctions it is authorised to impose, as the DFSA deems appropriate.

Federal Law No. 4 of 2002 Regarding Criminalisation of Money Laundering together with other UAE criminal laws, applies in the DIFC and as such, any breach under that legislation would result in the criminal liabilities. However, anti-money laundering regulations of the UAE Central Bank, the UAE Ministry of Economy and the federal securities regulator the Securities and Commodities Authority do not apply in the DIFC and so do not apply to the Fund Manager.

In accordance with AML Rules, the Administrator will require a detailed verification of the identity of each subscriber to the Fund and the source of payment. The Fund Manager and the Administrator reserve the right to request such documents and information as is necessary to verify the identity of a subscriber. In the event of delay or failure by a subscriber to produce any documents or information required for verification purposes, the Administrator will refuse to accept the application and the subscription monies relating thereto.

By subscribing to the Fund, subscribers 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 in the UAE and in other jurisdictions

### **7.3 Certain Tax Considerations**

No taxes currently apply to the holders of the Shares in the DIFC, including dividend tax, capital gains tax, stamp duty or other tax. However, there may be certain registration fees payable to the Dubai Land Department as set out below.

It is the responsibility of all persons interested in purchasing 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 Shares. Prospective investors should therefore seek their own separate tax advice in relation to their holding of Shares and accordingly none of the Fund and the Fund Manager accept any responsibility for the tax consequences of any investment into the Fund by an investor.

#### **FATCA**

The Foreign Account Tax Compliance provisions of the U.S. Internal Revenue Code ("FATCA") generally impose a reporting and 30% withholding tax regime with respect to (i) certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends ("withholdable payments") and (ii) "passthru payments"



(generally, withholdable payments and payments that are attributable to withholdable payments) made by foreign financial institutions (“**FFIs**”). As a general matter, FATCA is designed to require U.S. Persons’ direct and indirect ownership of certain non-U.S. accounts and non-U.S. entities to be reported to the IRS. FATCA withholding generally applies to payments made after July 1, 2014 with withholding on foreign passthru payments made by FFIs not taking effect before 2017.

The U.S. is implementing an intergovernmental approach to FATCA based on bilateral agreements with other countries. Under the intergovernmental approach, an FFI that satisfies the conditions imposed under a bilateral agreement and any applicable implementing legislation generally will report FATCA information to its local governmental authorities rather than the IRS. The local governmental authorities will then report such information to the IRS in compliance with the bilateral exchange of information agreement. Under the intergovernmental approach, however, the FFI generally will not be subject to the regular FATCA reporting and withholding obligations.

Each Shareholder is urged to consult its tax advisors regarding the effect of FATCA in its particular circumstances.

## **CRS**

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard (“**CRS**”) to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The UAE government has committed to implement the CRS. As a result, the Fund will be required to comply with the CRS due diligence and reporting requirements, as adopted by the UAE government. Shareholders may be required to provide additional information to the Fund to enable the Fund to satisfy its obligations under the CRS. Failure to provide requested information may subject such Shareholder to liability for any resulting penalties or other charges and/or compulsory redemption of its Shares.

## 8. DEFINITIONS

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

<b>“Administration Agreement”</b>	has the meaning ascribed to it in Section 2.7 herein.
<b>“Administrative Expenses”</b>	means the costs and expenses of the administration of the Fund, including but not limited to (a) legal, tax, advisory, accounting, auditors’ and valuers’ fees and expenses, (b) brokers’ commissions (if any), (c) fees and expenses of the Administrator, Custodian, Shari’a Advisor and Shari’a Supervisory Board, (d) all taxes and corporate fees payable to governments or agencies, (e) communication expenses with respect to investor services and all expenses of preparing, printing and distributing financial and other reports, proxy forms, offering memoranda and similar documents, (f) the cost of takaful, (g) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, and (h) fees and expenses of the Board and Oversight Committee.
<b>“Administrator”</b>	has the meaning ascribed to it in Section 2.7 herein.
<b>“Affiliate”</b>	means, when used with respect to a specified Person, any other Person which, directly or indirectly, controls, is controlled by or is under common control with such specified Person, where “control” (including “controlling,” “controlled by” and “under common control with”) of such specified Person shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or affairs of such specified Person, whether through the ownership of equity, by contract or otherwise.
<b>“AML Rules”</b>	means the Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module of the DFSA Rulebook.
<b>“Annual Accounting Period”</b>	has the meaning ascribed to it in CIR 9.4.2 (2).
<b>“Anti-Money Laundering Legislation”</b>	means the AML Rules, Federal Law No. 4 of 2002 regarding the Criminalisation of Money Laundering, Federal Law No. 1 of 2004 regarding Combatting Terrorism Offences, Federal Law No. 7 of 2014, and the Penal Code of the United Arab Emirates.
<b>“Audit Principal”</b>	has the meaning ascribed to it in the “Glossary Module” of the DFSA Rulebook.

<b>“Auditor”</b>	has the meaning ascribed to it in Section 2.9 herein.
<b>“Board”</b>	means the board of directors of the Fund, from time to time.
<b>“Business Day”</b>	means any day (except Friday and Saturday) on which banks in the UAE are open for business.
<b>“CIL”</b>	means the Collective Investment Law, DIFC Law No. 2 of 2010, as amended.
<b>“CIR”</b>	means the Collective Investment Rules module of the DFSA Rulebook.
<b>“Class A Share(s)”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Class B Share(s)”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Custodian”</b>	has the meaning ascribed to it in Section 2.8 herein.
<b>“Deferred Sales Fee”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Deferred Services Fee”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“DFSA Rulebook”</b>	means, collectively, the rules issued from time to time by the board of directors of the DFSA pursuant to Article 23 of the Regulatory Law, DIFC Law No. 1 of 2004 (as amended).
<b>“Directors”</b>	means the directors of the Fund.
<b>“Domestic Fund”</b>	has the meaning given in the CIL.
<b>“Eligible Investor”</b>	means such persons as determined by the Board to be eligible to hold Shares, provided that, each such person shall not be a Restricted Person.
<b>“Financial Year”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“First Year”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Fund”</b>	has the meaning ascribed to it in Section 1.1 herein.
<b>“Fund Expenses”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Fund Manager”</b>	has the meaning ascribed to it in Section 1.1 herein.
<b>“Fund Management Agreement”</b>	has the meaning ascribed to it in Section 2.2 herein.
<b>“Fund Property”</b>	means the Fund’s property as defined in the Glossary Module of the DFSA Rulebook.

<b>“Grossly Negligent” or “Gross Negligence”</b>	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.
<b>“IFBL”</b>	means the Law Regulating Islamic Financial Business DIFC Law No. 13 of 2004 including any statutory modification or re-enactment thereof for the time being in force.
<b>“IFR”</b>	means the DFSA Islamic Finance Rules of the DFSA Rulebook including any amendment or restatement thereof for the time being in force.
<b>“Indemnified Party”</b>	has the meaning ascribed to it in Section 2.1 herein.
<b>“Initial Offering Period”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Interested Party”</b> and <b>“Interested Parties”</b>	have the meanings ascribed to them in Section 7.2 herein.
<b>“Interim Accounting Period”</b>	has the meaning ascribed to it in CIR 9.4.2 (4).
<b>“Investment”</b>	has the meaning ascribed to it in Section 1.1 herein.
<b>“Islamic Fund”</b>	has the meaning given in the CIL.
<b>“Management Fee”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Management Shares”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Management Team”</b>	means the team described in Section 2.3 herein.
<b>“Maturity Date”</b>	has the meaning ascribed to it in Section 3 herein.
<b>“Minimum Holding”</b>	means US\$37,500 per investor in respect of Class A Shares and US\$50,000 per investor in respect of Class B Shares, or such other amounts as the Fund Manager may from time to time determine.
<b>“Net Asset Value”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Organizational Expenses”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Oversight Committee”</b>	has the meaning ascribed to it in Section 2.5 herein.
<b>“Participating Shares”</b>	has the meaning ascribed to it in Section 4 herein.

<b>“Participating Shareholder(s)”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Person”</b>	means a natural person, corporation, company, partnership, trust, unincorporated organization, association, or any other entity which has legal personality.
<b>“Professional Client”</b>	has the meaning given in the Conduct of Business Module of the DFSA Rulebook.
<b>“Promotor”</b>	has the meaning ascribed to it in Section 2.10 herein.
<b>“Public Fund”</b>	has the meaning given in the CIL.
<b>“Redemption Day”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Redemption Price”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Related Party Transaction”</b>	has the meaning ascribed to it in the “Glossary Module” of the DFSA Rulebook.
<b>“Restricted Person”</b>	<p>means any person holding Shares (or any person who, if they were to hold Shares, would hold Shares):</p> <p>(a) in breach of the law or requirements of any country of governmental authority; or</p> <p>(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 Board, might result in the Fund incurring any liability to taxation or suffering any other pecuniary, legal or administrative disadvantage which the Fund might not otherwise have incurred or suffered.</p>
<b>“Second Year”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Shareholder”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Shares”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Subscription Agreement”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Subscription Day”</b>	has the meaning ascribed to it in Section 4 herein.
<b>“Subscription Price”</b>	has the meaning ascribed to it in Section 4 herein.

- “Subscription Settlement Day”** means, in respect of any Subscription Day, the second Business Day immediately following such Subscription Day and/or such other day or days as the Fund Manager may from time to time determine either generally or in any particular case.
- “Transactional Expenses”** means the fees and expenses, direct or indirect, in connection with transactions made or proposed to be made by or on behalf of the Fund, including but not limited to (a) legal, tax, Shari’a, advisory, accounting, auditors’ and valuers’ fees, (b) bank fees and investment bankers’ fees, (c) external consultants’ fees, (d) other professional fees and expenses, (e) all introduction and similar fees, and (f) all other costs and expenses in connection with sourcing, acquiring, holding, monitoring, financing and disposing of Investments. Transactional Expenses shall include any and all fees incurred in connection with any transactions that are not consummated.
- “UAE”** means the United Arab Emirates.
- “U.S.”** means the United States of America.
- “US\$”** means the lawful currency of the U.S.
- “Valuation Day”** has the meaning ascribed to it in Section 4 herein.
- “VAT”** means value added tax.

## **APPENDIX A OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS**

The provisions set forth in this Appendix were not prepared by Dechert LLP and is not responsible for the contents of such provisions.

### **NOTICE FOR PROSPECTIVE INVESTORS OF THE KINGDOM OF BAHRAIN**

All applications for investment should be received, and any allotments should be made, in each case from outside the Kingdom of Bahrain. This Prospectus has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Fund represents and warrants that it has not made and will not make any invitation to the public in the Kingdom of Bahrain and that this Prospectus will not be issued, passed to, or made available to the public generally. The Central Bank of Bahrain has not reviewed, nor has it approved, this Prospectus or the marketing of the Shares in the Kingdom of Bahrain. Accordingly, the Shares may not be offered or sold in the Kingdom of Bahrain to residents thereof except as permitted by Bahrain law. The Central Bank of Bahrain is not responsible for the performance of the Fund.

### **NOTICE FOR PROSPECTIVE INVESTORS OF THE KINGDOM OF SAUDI ARABIA**

This Prospectus 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 (“CMA”). The CMA does not make any representation as to its accuracy or completeness. It disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the Shares. If you do not understand the contents of this Prospectus you should consult an authorized financial advisor.

### **NOTICE FOR PROSPECTIVE INVESTORS OF THE STATE OF KUWAIT**

The Shares have not been licensed as a private offering in Kuwait by the Capital Markets Authority in accordance with Law No. 7 of 2010 concerning Establishing Capital Markets Authority and Organizing Securities Activities and its Executive Bylaws. No Shares will be marketed or offered in or from the State of Kuwait to investors.

### **NOTICE FOR PROSPECTIVE INVESTORS OF THE SULTANATE OF OMAN**

The information contained in this Prospectus 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 article 6 of the Executive Regulations to the Capital Market Law (issued via ministerial decision no 4/2001). Additionally, this Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE STATE OF 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 interests 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 registered in the State of Qatar, and this offering has not been approved or licensed by the Qatar Central Bank or any other relevant licensing authorities in the State of Qatar and does not constitute a public offer of securities in the State of Qatar under Qatari law.

## **NOTICE FOR PROSPECTIVE INVESTORS OF THE UAE**

The UAE Securities and Commodities Authority (“**Authority**”) is not responsible for the accuracy, completeness or sufficiency of the information contained in this Prospectus and shall not be liable for any loss or damage sustained by any person as a result of reliance on this Prospectus or the performance of the obligations and duties of any party concerned with the Fund.

No marketing, distribution, advertising or publication (or other form of promotion) in respect of the Fund or the Participating Shares has been or will be made in or from the United Arab Emirates, other than in compliance with the laws of the United Arab Emirates (including, without limitation, Chairman of the SCA Board of Directors Decision No. (3 / R.M) of 2017 Concerning the Organization of Promotion and Introduction (“**Financial Promotion Regulations**”)).

This Prospectus relates to an offering (as defined in the Financial Promotion Regulations) of a Foreign Fund (as defined in the SCA Board of Directors’ Chairman’s Decision No. (9/R.M) of 2016 Concerning the Regulations as to Mutual Funds (“**Mutual Fund Regulations**”)).

It is intended that the Fund be registered for promotion in the United Arab Emirates with the Securities & Commodities Authority of the United Arab Emirates, in accordance with the Mutual Fund Regulations, by Azimut (DIFC) Limited as the legal representative of the Fund for such purposes. The Participating Shares are being made available to qualified investors and non-qualified investors (as defined in the Financial Promotion Regulations).



**APPENDIX B**  
**SHARI'A INVESTMENT GUIDELINES**

**TARGET 2023 SUKUK FUND (OEIC) PLC**  
**SHARIAH INVESTMENT GUIDELINES**

The below are the Shariah Investment Guidelines as approved by the Amanie Shariah Supervisory Board (“SSB”). Any potential departures from these guidelines due to certain unique conditions or unusual situations will require the SSB’s prior approval before implementation.

For the purpose of this document, reference to the Target 2023 Sukuk Fund (OEIC) Plc shall hereinafter be referred to as the “**Fund**”.

**PART 1: TYPE OF SECURITIES**

The eligible financial instruments which the Fund can purchase are only the following Sharia-compliant ones:

- **Sukuk**

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

1. Sukuk Ijarah
2. Sukuk Musharakah
3. Sukuk Mudarabah
4. Sukuk Istithmar
5. Sukuk Wakalah

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

The above list is not meant to be exhaustive. As the Sukuk market is always evolving, the Company would be allowed to invest in newly introduced Sukuk structures if they are deemed as Sharia-compliant by the Sharia Supervisory Board.

- **Sharia certificate of deposit/investment**

This will include all dealings and transactions using Murabaha based commodity trading and other Sharia-compliant liquidity instruments to obtain a fixed income return through a special arrangement.

1. Commodity Murabahah
2. Tawarruq

3. Mudarabah investment account
4. Wakalah investment account
5. Sharia-compliant Government Investment Issues (Mudarabah and Musharakah certificates)

- **Sharia-compliant asset backed securities**

Sharia-compliant asset-backed securities would include any form of Sharia-compliant securitisation based on a true sale concept where the cash flow related to the underlying assets is based on the transactions that use the following Sharia contracts:

1. Ijarah
2. Musharakah

- **Sharia-compliant mortgage-backed securities**

Sharia-compliant mortgage-backed securities would include any form of Sharia-compliant securitisation of which the underlying mortgage pools are based on the following Sharia contracts:

1. Ijarah Muntahiya bi Tamleek (Lease with ownership transfer)
3. Musharakah Mutanaqisah (Diminishing partnership)

### **Restriction**

Any Sharia-compliant fixed-income or liquidity instruments that are not mentioned in this guideline will have to be submitted to the Sharia Supervisory Board for approval prior to investment.

## **PART 2: FINANCIAL ACTIVITIES OTHER THAN DIRECT INVESTMENTS**

### **1. CASH MANAGEMENT**

- (a) *The Fund shall keep its cash in Islamic Money Market instruments, Islamic accounts or wherever not applicable, a non-interest bearing account. However, the Fund shall at all times, use its best effort to search for and utilize a Shariah compliant product in all instances.*
- (b) *Any interest income derived from any overnight placements (prior to deployment of the money for the investment) that becomes part of the Fund's assets shall be disposed to the SSB approved charities for purification purposes.*
- (c) *The Fund shall not avail an overdraft facility against payment of fees/interest that is calculated taking into consideration the amount withdrawn and utilisation period. The Fund may utilise an overdraft facility under an Islamic instrument/other available instrument which does not contravene the requirements of Shariah and as approved by the SSB.*
- (d) *Un-invested cash assets of the Fund may be invested in Shariah compliant short-term investment products with one or more Islamic financial institutions or Islamic window operations as approved by the SSB.*

### **2. USE OF HEDGING TECHNIQUES**

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

### **3. USE OF DERIVATIVES PRODUCTS**

The Fund may not subscribe to conventional derivatives product either for hedging or investment purposes. Such conventional derivatives product include; options, forwards, futures, swaps, securities lending, etc. However, the Fund may utilize Shariah-compliant equivalent products of the abovementioned which offers the same economic objective but which are based on a different product structure which adhere to the Shariah principles such as utilizing the following product structures:

- (a) Forwards: Bai' Al Salam /Wa'd (undertaking)
- (b) Futures: Wa'd
- (c) Options: Wa'd
- (d) Swaps: Islamic profit rate swaps based on the contract of commodity Murabaha

(e) Securities Lending: Double sale contract with Wa'd

Wa'd-based transactions as substitutes for futures, forwards, options involve the obligation, based on a wa'd (undertaking) to make, or to take, delivery of the underlying asset of the contract at a future date. The Wa'd is given by one party ("Promisor") for the benefit of the counterparty ("Promisee") and on the determined future date, the Promisee has the right either to exercise the Wa'd of the Promisor or relinquish its rights established by virtue of the Wa'd. However, this right to either exercise/not exercise the Wa'd is of the Promisee and not the Promisor. The Promisor must at all times abide to its Wa'd as given.

Islamic derivatives product can be subscribed to from financial institutions (either a full-fledged Islamic bank or an Islamic Window of a conventional bank) which have already developed and offered such product as part of its product offerings and which has already a product fatwa in place, certifying the product as Shariah compliant by its Shariah Board.

**APPENDIX C**  
**SHARI'A OPERATIONAL GUIDELINES**

**TARGET 2023 SUKUK FUND (OEIC) PLC**  
**SHARIAH OPERATIONAL GUIDELINES**

**A. Overview of Parties and Responsibilities**

**1. AZIMUT (DIFC) LIMITED**

Azimut (DIFC) Limited (“**Azimut**”) is the Fund Manager for the Target 2023 Sukuk Fund (OEIC) Plc (the “**Fund**”). Azimut is responsible for selecting investments that meet the investment guidelines and policies of a Shariah fund, including the review of any proposed companies for compliance with the Shariah Investment Guidelines as set out in the Prospectus and its relevant Appendix (the “**Prospectus**”).

**2. THE SSB**

The Shariah Supervisory Board (“**SSB**”) is responsible for issuing the initial fatwa approving the Fund as being Shariah compliant and suitable for Shariah compliant investors and for carrying out ongoing reviews thereafter to ensure the continuing compliance of the Fund with the principles of Shariah. The SSB will also advise the Fund Manager on other areas that are identified by them as having ramifications for the Fund from a Shariah perspective.

**B. Objective**

1. The purpose of this Shariah Operational Guidelines (the “Document”) is to detail the services and standards agreed between the Parties to ensure Fund adheres to the Shariah Investment Guidelines as stated in the Prospectus of the Fund and complies with Shariah principles in its ongoing investment and operational activities.
2. Each Party shall provide each other with reasonable advance notice whenever amendments to this Document are required. Where issues are identified that involve a change to the Document, the Party shall circulate the proposed content change to all Parties. All new versions of the Document must be agreed in writing and signed by each of the Parties. It is the responsibility of each Party to review the Document and ensure that it remains current. Until such time as amendments are required, the existing Document shall remain in effect.
3. The Prospectus of the Fund takes precedence over all aspects of this Document. Terms not otherwise defined herein shall bear the same meaning ascribed to them in the Prospectus.

**C. Selection of Securities**

**1. Universe of Shari'ah-compliant Securities**

Azimut shall ensure that the Fund complies with Shariah investment principles as determined by the SSB by investing in securities provided that there is a Fatwa issued

confirming the Shariah compliant status of the Sukuk from any of the Sukuk stakeholders.

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

a) Sukuk at the Secondary Market:

The Fund shall provide Amanie with the name of the security, its Valoren and its ISIN for the SSB's review and approval and that Amanie, after conducting its internal assessment shall provide its formal approval via email or if not possible due to any inevitable circumstances, at least by verbal confirmation (via a call initiated by the Fund to any of Amanie's consultants) to such proposed investment within a reasonable period of time as mutually agreed between the parties. In the case the approval was given by way of verbal confirmation, a formal approval via email should then be provided by Amanie to ratify the verbal approval given.

b) Sukuk at the primary market:

The Fund shall provide Amanie with the information regarding the Sukuk which shall be in the form of the information memorandum or prospectus or fatwa as issued by any parties to the Sukuk and Amanie, after conducting its internal assessment shall provide its formal approval via email or if not possible due to any inevitable circumstances, at least by verbal confirmation (via a call initiated by the Fund to any of Amanie's consultants) to such proposed investment within a reasonable period of time as mutually agreed between the parties. In the case the approval was given by way of verbal confirmation, a formal approval via email should then be provided by Amanie to ratify the verbal approval given.

The SSB (via Amanie) will notify the Fund accordingly whether there is any objection to such purchase/investment via email confirmation.

**D. Annual Reviews for the Purpose of Annual Shariah Compliance Certificate**

1. At the end of December of each calendar year, and by no later than 15 business days after the end of the period, Azimut shall prepare a compliance report (the "**Compliance Report**") which will be sent to the SSB via Amanie Advisors by email transmission.
2. The SSB shall issue an Annual Shariah Compliance Certificate (the "**Compliance Certificate**") to Azimut by email transmission within 15 business days after its receipt of the Compliance Report. The Compliance Certificate shall indicate whether the Fund is in compliance with Shariah principles and the Shariah Investment Guidelines or whether any aspects are considered to be not compliant within the Fund's annual calendar year. Any compliance issue that may be notified to Azimut by the SSB must be rectified in a timely manner and no later than 90 days following the notice. Please refer to **Schedule A** for more information on the procedures related to the Annual Review.

**Part A**  
**SCHEDULE A**

**1. MONTHLY REVIEW**

Azimut shall send the Monthly Report by email transmission to the following persons at the SSB within 15 business days after the end of each calendar month

<b>NAME</b>	<b>ROLE</b>	<b>EMAIL ADDRESS</b>
Aiman Aizuddin	Associate Director	aiman@amanieadvisors.com
Idris Mojaddidi	Senior Associate	idris@amanieadvisors.com

The SSB shall send its notifications on the Monthly Report by email transmission to the following persons at Azimut within 10 days of its receipt of the Monthly Report

<b>NAME</b>	<b>ROLE</b>	<b>EMAIL ADDRESS</b>
-------------	-------------	----------------------

**2. ANNUAL REVIEW**

Azimut shall send the Compliance Report by email transmission to the following persons at the SSB within 15 business days after the end of the month of December of each calendar year

<b>NAME</b>	<b>ROLE</b>	<b>EMAIL ADDRESS</b>
Aiman Aizuddin	Associate Director	aiman@amanieadvisors.com
Idris Mojaddidi	Senior Associate	idris@amanieadvisors.com

The SSB shall send the Compliance Letter by email transmission to the following persons at Azimut within 15 days of its receipt of the Compliance Report

<b>NAME</b>	<b>ROLE</b>	<b>EMAIL ADDRESS</b>
-------------	-------------	----------------------

