



**Emirates Islamic Money Market Fund Limited**  
*(the “Sub-Fund”)*  
*a subsidiary*  
*of*  
**EMIRATES FUNDS LIMITED**  
*(the “Fund”)*

*The Fund is an open-ended investment company incorporated in Jersey, Channel Islands*

**SUPPLEMENT**  
**April 2022**

**This supplement relates to the following Share Classes of the Fund:**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Share Class  
(USD)“A Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Share Class  
(EUR)“A EUR Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Share Class  
(GBP)“A GBP Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Share Class  
(SGD)“A SGD Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Institutional  
Share Class (USD)“I Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Dirham Share  
Class (AED)“E Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Institutional  
Share Class (EUR)“I EUR Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Institutional  
Share Class (GBP)“I GBP Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Dirham  
Institutional Share Class (AED)“EI Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Riyal Share Class  
(SAR) “S Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited Riyal Institutional Share Class (SAR) “SI Share Class”**

**Emirates Funds Limited Emirates Islamic Money Market Fund Limited DEWS Share Class (USD) “DEWS Share Class”**

**United Arab Emirates**

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The Shares to which the Supplement or supporting offering documentation relate may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares.

If you do not understand the contents of this document you should consult an authorised financial adviser. Capitalised terms, insofar as they relate to the United Arab Emirates’ marketing restrictions, shall have the meaning ascribed to them in the DFSA Rules. Capitalised terms, insofar as they relate to the Supplement or the Fund, shall have the meaning ascribed herein.

**Kingdom of Saudi Arabia**

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**United Kingdom**

The Company is a collective investment scheme, as defined in the Financial Services and Markets Act 2000 (the “FSMA”). The Company will not be authorised or otherwise approved by the UK Financial Services Authority and, as an unregulated scheme, it cannot be marketed to the general

public in the UK. Pursuant to the FSMA, the only categories of person in the UK to whom this Memorandum may be distributed and who may participate in the Company are "investment professionals", as defined in Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, who have professional experience of participating in unregulated schemes, and to whom unregulated collective investment schemes can be marketed without contravening section 238(1) of the FSMA. Persons who do not have professional experience in participating in unregulated schemes should not rely on this Memorandum. Furthermore, the transmission of this Memorandum to any other person in the UK is unauthorised and may contravene the FSMA.

The Company and each of the Sub-Funds will be managed by the Manager, which is not authorised under the FSMA. The Company, the Manager, the Custodian are not authorised persons under the FSMA and the Company is not a recognised scheme under the FSMA. Shareholders are not protected by any statutory compensation scheme.

This document is for information purposes only. For UK purposes the Fund is an unregulated collective investment scheme (UCIS) and the promotion of a UCIS either within or from the UK is severely restricted by statute. Consequently this document is only made available to Professional Customers, Eligible Counterparties and Overseas Persons as defined by the Financial Services Authority (FSA) and to persons falling within the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions Order) 2001 and any other exemptions within the rules of the FSA.

## **Singapore**

The offer or invitation of the Participating Shares of the Sub-Fund of the Fund which is the subject of this Supplement, do not relate to collective investment schemes which are authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under section 287 of the SFA. The Sub-Fund is not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and Participating Shares are not allowed to be offered to the retail public. Each of this Supplement and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Supplement has not been registered as a prospectus with the MAS. Accordingly, this Supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Participating Shares may not be circulated or distributed, nor may Participating Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1) of the SFA, or any person pursuant to Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Participating Shares are subscribed or purchased under Section 305 by a relevant person

which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Participating Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

The offer of the Participating Shares is regulated by the Jersey Financial Services Commission (the “**JFSC**”) pursuant to the Collective Investment Funds (Jersey) Law 1988.

The Fund has appointed Emirates NBD Fund Managers (Jersey) Limited (the “**Manager**”) to be responsible for the overall management of the Fund’s affairs and the affairs of the Sub-Fund. The Manager is regulated by the JFSC.

State Street Custodial Services (Jersey) Limited is the Custodian and is regulated by the JFSC.

The contact details of the JFSC are as follows:

Address: PO Box 267, 14-18 Castle Street, St Helier, Jersey, JE4 8TP, Channel Islands

Telephone No.: +44 (0) 1534 822000

Facsimile No.: + 44 (0) 1534 822047

Information on the past performance of the Sub-Fund may be obtained from the Manager or the Discretionary Investment Manager.

The Discretionary Investment Manager may, at its discretion, enter into side letters with separate fee terms with specific investors on a case by case basis, however any fees to be paid under such terms would be paid out of the fees due to the Discretionary Investment Manager and would not affect any amounts charged by the Sub-Fund to the relevant investor, as stated under this Prospectus.

This Supplement contains specific information in relation to the A, A EUR, A GBP, A SGD, E, I, I EUR, I GBP, S, EI, SI and DEWS Share Classes of the Sub-Fund. The Supplement forms part of and must be read in the context of and together with the Prospectus of Emirates Funds Limited dated April 2022 (the “Prospectus”). Terms not otherwise defined in this Supplement shall have the meanings given to them in the Prospectus.

Prospective investors should be aware that investment in the Fund carries a degree of risk. Investment in the Fund is only suitable for investors who understand the risks involved in investing in the Fund and can withstand any loss therefrom. Prospective investors are referred to section 19 hereof and section 12.1 of the Prospectus for a summary of certain risks involved.

Investors should note that the price of Participating Shares may go down as well as up and that investors may not receive, on redemption of their shares, the amounts that they invested. If you are in any doubt about the contents of this Supplement or the Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. This supplement should also be read in conjunction with the latest fact sheet for the Sub-Fund, which provides the most up-to-date performance data.

**For the avoidance of doubt, this Supplement replaces the previous supplement relating to the Sub-Fund dated November 2020**

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## 1. DEFINITIONS

<b>Business Day</b>	means any weekday on which banks in Jersey, Channel Islands and Ireland are open for normal business. In addition and where relevant for the Sub-Fund, any days in the UAE which are declared as public holidays shall not be considered as Business Days. Such days and the list of impacted Sub-Funds including whether the Sub-Fund is one such impacted Sub-Fund will be communicated to investors in due course.
<b>Fund</b>	means Emirates Funds Limited.
<b>Mudarabah</b>	means a Shari'a compliant form of business contract in which one party brings capital and the other personal effort.
<b>Murabaha</b>	means a Shari'a compliant contract of sale between the bank and its client for the sale of goods at a price plus an agreed profit margin for the bank.
<b>Net Asset Value or NAV</b>	means the NAV of the Fund, a Sub Fund or of the Participating Shares (or any class thereof) within a Sub Fund as the context may require.
<b>Redemption Day</b>	means such Business Days as are specified in this Supplement relating to each Share Classes or such other Business Day or Business Days as may be agreed between the Directors from time to time.
<b>Reverse Murabaha</b>	means a Shari'a compliant contract in which an asset is bought at spot and sold on a deferred payment basis to facilitate liquidity.
<b>Subscription Day</b>	means such Business Days as are specified in this Supplement relating to each Share Classes or such other Business Day or Business Days as may be agreed between the Directors from time to time.
<b>Share Classes</b>	means each class of Participating Shares in the Fund relating to the Sub-Fund. Details of the individual share classes will be set out in this Supplement.
<b>SPV</b>	means a special purpose vehicle established for the purpose of holding specific assets of the Sub-Fund and 'SPVs' shall be construed accordingly.
<b>Sub -Fund</b>	means the Emirates Islamic Money Market Fund Limited.

<b>Sukuk</b>	means an asset backed, Shari'a compliant investment instrument.
<b>Valuation Point</b>	means 10am Jersey time on any Business Day using prices at 11.59pm Jersey time on the day preceding the Valuation Day.
<b>Wakala</b>	means a Shari'a compliant contract of agency in which one person appoints someone else to perform a certain task on his behalf.

Unless the context otherwise requires and except as defined herein, words and expressions in this Supplement shall have the same meaning as in the Articles of Association of the Fund. The Articles of Association of the Fund are available from the Discretionary Investment Manager on request and should be read in conjunction with the Fund's Prospectus and this Supplement.

## 2. SUB-FUND DIRECTORY

### **Sub-Fund**

Emirates Islamic Money Market Fund Limited  
Lime Grove House,  
Green Street,  
St Helier,  
Jersey,  
JE1 2ST

### **Custodian**

State Street Custodial Services (Jersey) Limited  
Lime Grove House,  
Green Street,  
St Helier,  
Jersey,  
JE1 2ST

### **Registered Office**

State Street Fund Services (Jersey) Limited  
Lime Grove House,  
Green Street,  
St Helier,  
Jersey,  
JE1 2ST

### **Discretionary Investment Manager**

Emirates NBD Asset Management Limited  
8th Floor East Wing  
DIFC – The Gate Building  
PO Box 506578  
Dubai  
United Arab Emirates

### **Board of Directors**

Mark Creasey  
Gary Clark  
Ajit Menon  
Steve Corrin  
Lovesh Gheraiya

### **Auditor**

Deloitte LLP  
Gaspé House  
66-72 Esplanade  
JE2 1QT  
United Kingdom

### **Manager**

Emirates NBD Fund Managers  
(Jersey) Limited  
Lime Grove House,  
Green Street,  
St Helier,  
Jersey,  
JE1 2ST

### **Legal Adviser as to Jersey Law**

Voisin Advocates, Solicitors & Notaries Public  
37 Esplanade  
St Helier  
Jersey  
JE1 1AW

### **Administrator, Secretary and Registrar**

State Street Fund Services (Jersey) Limited  
Lime Grove House,  
Green Street,  
St Helier,  
Jersey,  
JE1 2ST

### **Shari'a Board**

Internal Shari'a Supervision Committee  
Emirates NBD Bank  
Dr. Mohammad Ali El Gari  
Dr. Mohamed Abdul Rahim Sultan Al-Olama  
Dr. Salim Al Ali  
Dr. Muhammad Qaseem  
Dr. Amin Fateh

### 3. INTRODUCTION

Emirates Islamic Money Market Fund Limited is a sub-fund of Emirates Funds Limited. Emirates Funds Limited (the “Fund”) is an open ended investment company registered with limited liability in Jersey on 9<sup>th</sup> June 2005. The Fund is governed by the Collective Investment Funds (Jersey) Law, 1988, as amended and the subordinate legislation made there under. The Fund was originally authorised by the Jersey Financial Services Commission as an expert fund in accordance with Jersey’s expert fund guidelines and has subsequently been approved as an Unclassified Fund by the Jersey Financial Services Commission under the Collective Investment Funds (Jersey) Law, 1988. The Fund has received a certificate under the Collective Investment Funds (Jersey) Law 1988 (the “CIF Law”) to carry out its functions under the CIF Law. The Jersey Financial Services Commission is protected by law against liability arising from its functions under the CIF Law. The Manager, Administrator and Custodian are registered by the Jersey Financial Services Commission pursuant to Article 9 of the Financial Services (Jersey) Law 1998 to carry out their respective functions. The Jersey Financial Services Commission is protected by law against liability arising from its functions under the Financial Services (Jersey) Law 1998.

The following Share Classes feed solely into the Emirates Islamic Money Market Fund Limited (the “Sub-Fund”) which is a wholly owned subsidiary of the Fund:

- Emirates Funds Limited Emirates Islamic Money Market Fund Limited USD Retail Share Class (the “A Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited EUR Retail Share Class (the “A EUR Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited GBP Retail Share Class (the “A GBP Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited SGD Retail Share Class (the “A SGD Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited USD Institutional Share Class (the “I Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited EUR Institutional Share Class (the “I EUR Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited GBP Institutional Share Class (the “I GBP Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited AED Dirham Retail Share Class (the “E Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited AED Dirham Institutional Share Class (the “EI Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited SAR Riyal Retail Share Class (the “S Share Class”);
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited SAR Riyal Institutional Share Class (the “SI Share Class”)
- Emirates Funds Limited Emirates Islamic Money Market Fund Limited USD DEWS Share Class (the “DEWS Share Class)

Additionally, other Share Classes of Emirates Funds Limited may invest in the Sub-Fund provided always that no Sub-Fund may invest in another Sub-Fund which already has an investment in it and no circular investments may be made. Details of such investments are available from the Manager upon request.

The Sub-Fund (i.e. Emirates Islamic Money Market Fund Limited) was incorporated in Jersey on 29<sup>th</sup> December 2009 with company number 104708 and has its registered office at Lime Grove House, Green Street, St Helier, Jersey, JE1 2ST.

Shares in the Sub-Fund can only be owned by the Fund. The records of the Fund will reflect the number of shares in the Sub-Fund which are attributable to each Share Class proportionate to the subscription monies (after taking into account any separate costs and expenses attributable to each Share Classes). For the avoidance of doubt, each of the other share classes and Sub-Funds of Emirates Funds Limited may invest in the Sub-Fund.

The DEWS Share Class will be exclusively used for shareholders subscribing through the DIFC Employee Workplace Savings Plan, a funded and professionally managed defined contribution plan offered by the Dubai International Financial Centre to its employees.

#### **4. ISLAMIC FINANCE**

Islamic finance involves the application of Shari'a law and principles within the context of modern finance and the financial system. Islamic finance has been developed as areas of the conventional system do not conform with the beliefs and teachings of the religion of Islam.

Islamic finance is based on principles revealed in the holy Quran and explained in the traditions of the Prophet Muhammad S.A.W. Among the key principles of Islamic Finance, the following are relevant to any discussion of investments funds:

- Prohibition of interest (Riba) or usury.
- Avoidance of contractual uncertainty (Gharar) and ambiguity (Jahala).
- Payment of Zakah, which is a religious obligation on Muslims to pay a prescribed percentage of their wealth to specific categories in their society, when their wealth exceeds a certain limit. The objective is to assist in the distribution of wealth between the affluent and the poor.
- Purification of income, where any portion of income derived from non-Shari'a compliant activities is donated to charity.

Islamic principles further prohibit activities that are harmful and may cause disputes in society. Amongst the prohibitions that have been singled out are alcohol, pork and pork related products, games of chance, entertainment businesses, pornography and obscenities in any form, weapons, tobacco and tobacco related products. Shari'a law states that the entire value chain of activities related to these prohibited activities are equally prohibited. This includes production, storage, transportation, marketing and advertising of such products and services.

Supported by a Muslim population of 1.8 billion people, Islamic finance is arguably the fastest growing segment within the financial sector. Its growth is estimated to be between 10% and 20% per annum. Following exponential growth in traditional financial centres such as London, New York and Singapore, the sum of Islamic assets is estimated to have reached USD900 billion in 2007<sup>1</sup>. While its growth can in the main be attributed to the Muslim population, Islamic finance products are also gaining support from non-Muslims who believe in its inherent principles or those who are looking at alternatives to ethical investment products.

#### **4.1. Islamic Money Market**

The Islamic money market began following the introduction of Islamic banking in the 1970's and has evolved as the need for inter-bank transactions has increased. The Islamic money market is a sub-category of the Islamic capital market which effectively acts as an agent between surplus and deficit units within the economy.

Unlike the conventional money market, the Islamic money market cannot make use of interest based instruments as the payment and receipt of interest is not permissible according to Shari'a law. Instead the Islamic money market uses trade finance arrangements, agency agreements, partnerships, finance contracts and other activities that are compliant with Shari'a law. The most common amongst these are Murabaha, Mudarabah and Wakala contracts.

Today, the Islamic money market is a crucial component in the overall Islamic financial market. The Islamic money market not only facilitates liquidity for those requiring finance, it also provides stable investment vehicles with excess liquidity.

#### **4.2. Islamic Sukuk Market**

Sukuk were extensively used by Muslims in the middle ages as papers representing financial obligations originating from trade and other commercial activities. However, the present structure of Sukuk is different from that originally used and is akin to the conventional concept of debt securitization, a process in which ownership of the underlying assets is transferred to a large number of investors through certificates of ownership representing the investor's proportionate share value of the relevant asset.

Developments in the Sukuk sector have resulted in more sophisticated and specialised structures. Sukuks have been structured using different underlying contracts, the most popular of which has been an ijarah contract. Ijarah based Sukuks involved process in which ownership of the underlying assets is transferred to a large number of investors through certificates of ownership representing the investor's proportionate share value of the relevant asset.

Sukuk returns must be linked to the returns and cash flows generated by the asset purchased which

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<sup>1</sup> Source: Ernst & Young

is usually held in trust or through a special purpose vehicle. This deviates from conventional bonds in which the returns generated are generally solely interest based as the payment and receipt of interest is prohibited under Shari's law. As such, financing must only be raised for identifiable assets.

The use of Sukuk has become increasingly popular in the last few years, both as a means of raising government finance through sovereign issues, and as a way for companies to obtain funding through the offer of corporate Sukuk. In 2001, there were only four Sukuk issued out of Malaysia and Bahrain. By 2007 there were over 100 Sukuk issued across ten countries.

The first issues date back to 2000 and the growth and evolution of the Sukuk market, particularly in the Gulf region, is among the most significant developments in Islamic finance over recent years. Sukuk issuance more than doubled in 2007 to exceed \$60 billion and although 2008 saw a slowdown in issuance due to the global financial crisis, S&P reported Sukuk issuance reached \$51.2 billion in 2010. The Middle East and North Africa ("MENA") region has been a strong supporter of the Sukuk market and has contributed 33% of global Sukuk issues. A good example of this was the launch of the \$2.5 billion Sukuk programme by Dubai government which was very well subscribed. The universe also includes issues from Deutsche Bank AG and the recent issued GE Capital Sukuk.

Although the development of the Sukuk market is still in its nascent stages, there are a number of issues available to investors. Investors should however note that the Sukuk market is a relatively new market and may at times display illiquidity, involve higher trading costs and have other limitations as stated in the section 19, entitled 'Risk Warnings'.

## **5. REFERENCE CURRENCY**

The A and I Share Classes are designated by reference to US Dollars.

The E and EI Share Classes are designated by reference to the UAE Dirham.

The S and SI Share Classes are designated by reference to the Saudi Riyals.

The A EUR and I EUR Share classes are designated by reference to the Euro.

The A GBP and I GBP Share classes are designated by reference to the British Pound.

The A SGD Share class is designated by reference to the Singapore Dollar.

The DEWS Share Class is designated by reference to US Dollars

Shari's compliant contracts may be used to hedge currency risk within the EUR, A GBP, A SGD, I EUR and I GBP Share Classes, provided that this does not create net negative exposure. However, investors should note that a perfect hedge will not normally be applied. Any contracts used for this purpose will be done solely after the express approval of the Shari's Board. For further information

on the risks related to this please refer to section 19 of this Supplement headed “Risk Warnings”.

Any other Share Classes created by the Directors shall be designated by reference to such currency as the Directors may consider appropriate at the time of creation of such Class of Share.

## **6. INVESTMENT OBJECTIVES**

Save for monies which are retained by the Fund for the purpose of funding redemptions (as to which see section 7.1 of this Supplement headed ‘*Funding Redemptions*’) and meeting the costs and expenses of each Share Class, all monies attributable to each Share Class will be invested in the Sub-Fund.

The investment purpose of the Sub-Fund is to provide professional, institutional and high net worth investors with a professionally managed means of participating in Shari’s compliant liquid assets. The primary investment objective of the Sub-Fund is to achieve a higher profit return than traditional Shari’s compliant bank deposits of similar liquidity, predominantly from a diversified portfolio of Shari’s compliant money market instruments including the use of collectives investing in such instruments. The Sub-Fund will seek over time to acquire a diversified portfolio, including but not limited to, instruments such as (or schemes investing in) Islamic deposits, Murabaha, Wakala, Sukuk and international trade contracts approved by the Shari’s Board.

The Sub-Fund may also invest in direct assets from time to time usually via offshore special purpose companies (“SPVs”). A single SPV may be used to hold a number of direct assets.

The Sub-Fund may directly hold Shari’s compliant deposits, Murabaha and Wakala instruments. Due to the perceived low risk of these types of assets, these can be held directly by the Sub-Fund or through sub-custody arrangements where required.

Other direct assets may be held directly by the Sub-Fund at the Manager’s discretion but these will normally only be assets that are deemed to pose limited risk of default. The Sub-Fund shall be prohibited from investing in illiquid assets including, but not limited to, commodities and real estate, and will solely invest in liquid financial assets.

Certain permissible assets of the Sub-Fund may be held via a sub-custody arrangement where access by the Sub-Fund to a particular market or asset merits such an approach.

Investment decisions under the supervision of the Directors of the Fund will be made on behalf of the Fund by the Manager, advised by the Discretionary Investment Manager, and will reflect the medium to long term objective to maximise total return.

It is not intended that the Manager will make any distributions for any of the Share Classes, and will automatically re-invest any distributions received on the underlying holdings of the Sub-Fund for the relevant Share Class. All profit will be reinvested in order to maximise total return for all Share Classes.

The Sub-Fund does not currently intend to seek finance, other than for funding redemptions as

noted later in this Supplement. Subject to the Shari's Board's approval, Reverse Murabaha contracts may be used to match certain assets with liabilities and for efficient portfolio management. These contracts may be used to help meet the requirements of the Sub-Fund.

All investments of the Sub-Fund will take place according to Shari'a guidelines, as defined by the Shari'a Board of the Sub-Fund. The Shari'a Board will also periodically review that all implemented investment decisions of the Manager remain within Shari'a guidelines.

### **6.1. Investment Restrictions and Guidelines**

The following is a summary of the investment restrictions and guidelines applicable to the Sub-Fund:

The investment policy of the Sub-Fund may require that, at certain times, it is appropriate for the Sub-Fund not to be fully invested but to hold direct cash equivalent investments which shall at all times be made in accordance with the principles of the Islamic Shari's.

Up to 100% of the assets of the Sub-Fund may be Shari's compliant deposits which shall be principally, but not limited to, GCC and MENA markets.

However, under normal circumstances, cash equivalent investments will only be held when the Manager reasonably regards it as necessary in order to enable redemptions of Shares to be made, for the efficient management of the Sub-Fund, or where the profit rate is higher from these deposits than capital otherwise employed and in accordance with the Sub-Fund's investment objectives or for a purpose ancillary to the Sub-Fund's investment objectives.

For the purposes of this Supplement, the Sub-Fund may invest in recognised collectives. A recognised collective is a fund or collective investment scheme which is admitted to official listing in a GCC member state or International listing and which has a publicly available published price and is traded on or under the rules of an approved market or regulatory environment and which complies with the principles of the Islamic Shari'a. The Sub-Fund shall not invest more than 10% of its assets in unlisted securities.

Furthermore, it is recognised the limitation on providers of Islamic deposit based products and, as such, the Sub-Fund will have no limit on counterparties offering directly held fixed deposits, Murabaha, Wakala, Sukuk or any other Shari'a compliant instrument. However, the Manager will keep assets of the Sub-Fund under constant review and will – where possible – typically seek to place investments with counterparties that are rated. The counterparty limit for directly held Sukuk is 5%. The Sub-Fund shall not have more than 20% exposure to a single counterparty offering cash or near-cash investments & bank deposits;

Not more than 10% of the assets of the Sub-Fund may be invested in Sukuk instruments when held directly. The Sub-Fund may not invest in any Sukuk asset with a time to maturity of greater than 12 months. The maximum exposure to any single Sukuk issue is 5%. Sukuk assets may be priced on a straight line basis. Please refer to section 19 for an outline of the risks that this might entail.

However, investors should be aware that this may lead to an amortised value trading at a premium or discount to readily realisable value. This may cause volatility in the Net Asset Value (“NAV”) of the Sub-Fund from time to time.

Not more than 10% of the Sub-Funds assets in aggregate may be invested in UCITS or other UCIs.

The maximum weighted average duration of the underlying instruments of the Sub-Fund will be no greater than 12 months.

For the avoidance of doubt, all the above investment restrictions shall apply at the time of the purchase of the relevant assets. The Sub-Fund shall not be required to dispose of any assets which breach the above investment restrictions as a result merely of their appreciation or depreciation during the time in which they are held.

Up to 30% of the Sub-Fund may be invested in government and other public securities of the same issue.

No short selling, whether or not it is considered compliant with Shari’a law, will be permissible.

The Sub-Fund shall be prohibited from investing in illiquid assets including, but not limited to, commodities and real estate, and will solely invest in liquid financial assets.

It shall not invest more than 10% of its net assets in transferable securities or money market instruments of a single corporate issuer (excluding cash deposits). The total value of all transferable securities and money market instruments of issuers in which it invests more than 5% of the Sub Fund’s assets cannot exceed 40% of the Sub Fund’s assets;

It may invest on a cumulative basis up to 20% of its net assets in transferable securities and money market instruments issued by the same group of companies;

## **7. FINANCING**

The Sub-Fund does not currently have the intention to seek finance, other than for purposes of meeting redemptions as stipulated below or in section 6 of this Supplement entitled “Investment Objectives”. The Sub-Fund does not intend to raise financing for the purposes of speculation or in order to increase returns.

### **7.1. Funding Redemptions**

The Manager has determined that in order to meet redemption requests the Sub-Fund will where practicable retain in daily traded cash or other daily traded liquid assets such amount as the Manager may from time to time consider appropriate, typically 10% of the NAV of the Sub-Fund.

Investors should be aware, however, that there is no guarantee that such cash may be retained. In

the event that the Sub-Fund does not have sufficient cash to fund redemptions it is not normally intended that other assets held by the Sub-Fund will be sold to meet redemptions unless the Manager considers in its absolute discretion that it would be appropriate to do so. Where the Sub-Fund does not have sufficient cash to fund redemptions, the Manager may seek finance on behalf of the Sub-Fund to enable it to make such redemptions without the necessity to sell assets of the Sub-Fund. The Manager may seek finance, on a temporary basis, in a manner in keeping with the Islamic Shari'a to fund such redemptions. The Manager shall limit such financing to 10% of the NAV of the Sub-Fund. Such 10% of the NAV of the Sub-Fund shall be calculated at the time of the financing to meet any temporary shortages of liquid assets created by the redemption requests of shareholders for the redemption of their Shares and with respect to any timing differences in connection with the purchase and settlement of the assets of the Sub-Fund. Any financing technique used for such financings shall not be taken into account for computing the Fund's level of financing for redemption. The Sub-Fund may not grant loans or act as a guarantor for third parties.

## 8. SHARI'A COMPLIANCE

To ensure compliance with Islamic Shari'a principles, the Sub-Funds shall invest within the guidelines and restrictions as agreed and approved by the Internal Shari'a Supervision Committee of Emirates NBD Bank as from time to time constituted (the "**Shari'a Board**"). Emirates NBD AM is regulated by the Dubai Financial Services Authority and has a category two licence and a licence to operate as an Islamic window. The following individuals currently constitute the Shari'a Board but its constitution may change from time to time:

### **Dr. Mohammad Ali El Gari**

Dr. El Gari is a Ph.D. Economics from the University of California and 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. Elgari is the recipient of the Islamic Development Bank Prize in Islamic Banking and Finance and holds the KLIFF Islamic Finance Award for Most Outstanding Contribution to Islamic Finance (Individual).

He is a member on the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, among them Journal of the Jurisprudence Academy (of the IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economic (IAIE, London), and the advisory board of Harvard Series in Islamic Law, Harvard Law School.

Dr. El Gari is also an advisor to numerous Islamic financial institutions throughout the world and is notably on the Shari'a board of the Dow Jones Islamic index as well as a member of the Islamic Fiqh Academy and the Islamic Accounting & Auditing Organisation for Islamic Financial Institution (AAIOFI).

### **Dr. Mohamed Abdul Rahim Sultan Al-Olama**

Dr. Al-Olama holds various Shari'a Board memberships, including; National Bonds Corp. PJSC, Grand Islamic Scholars Body, Dubai Islamic Bank PJSC, Emirates Islamic Bank PJSC. He also is appointed Chairman of the Shari'a Board at Alizz Islamic Bank SAOG and Dar Al Takaful PJSC in addition to Head of the Fatwa Committee at Zakat Fund (Abu Dhabi). He is also a Professor at United Arab Emirates University.

He received his doctorate degree from Umm Al Qura University.

### **Dr. Salim Al Ali**

Dr. Ali is an Assistant Professor at the Department of Shari'a and Islamic Studies – College of Law at the UAE University. He is a specialist in Islamic financial law and legal and regulatory aspects of developing Islamic financial markets. He has participated in various national and international conferences to address Shari'a, legal and regulatory issues related to the Islamic banks, Islamic capital markets and takaful.

He is a member of the Shari'a Supervision Committee of First Abu Dhabi Bank, Ajman Bank, Abu Dhabi Commercial Bank and Al Hilal Group.

Dr. Ali received his doctorate degree in Islamic Financial law from the University of London.

### **Dr. Muhammad Qaseem**

Dr. Muhammad Qaseem is a well-known Shari'a scholar and Islamic banking expert. He is the Chairman of the Shari'a Board of Deutsche Bank Malaysia and Emaan Islamic Banking of Silk Bank Ltd. He is also a member of the ISSC of Dubai Islamic Bank, ENBD and some other institutions. Dr. Qaseem has also served as Shari'a Board member of Central Bank of Pakistan, DFM, ADCB and many other Islamic banks.

Dr. Qaseem has taught in International Islamic University of Islamabad for more than 2 decades. He has contributed immensely to the growth and regulation of the Islamic banking industry in various capacities. He has also made valuable efforts for dissemination of Islamic banking knowledge through lectures, trainings, seminars, conferences and workshops. He has written numerous articles on Islamic banking issues and developed policies and manuals for Islamic banks.

### **Dr. Amin Fateh**

Dr. Amin Fateh holds a bachelor's and Master's in honorable Hadith, and a PhD in Islamic studies. He has been part of the Islamic Banking industry ever since its early stages in 1988, initially contributing to the Shari'a compliance function of Kuwait Finance House. Across the years he has

work with many of the most prominent Shari'a scholars in the field. For more than a decade he has led Islamic Shari'a advisory Minhaj. He is currently a member of a number of Shari'a Boards and committees in UAE and across the world, including ENBD-Islamic, EIB and the AAOIFI Shari'a Committee in UAE. He lectured in many universities and is a profound bilingual Islamic Finance trainer who has provided many Islamic Finance training courses across the world.

The Shari'a Board is learned in the Shari'a and has both the capability and expertise necessary to evaluate categories of investments for conformity with Shari'a principles. The Sub-Fund shall at all times invest in accordance with the rulings issued from time to time by the Shari'a Board. All rulings and decisions of the Shari'a Board shall be binding.

In particular, the Shari'a Board shall study the Fund's Prospectus and this Supplement and the investment objectives and policies contained therein; give general advice to the Fund and the Manager regarding compliance with Islamic Shari'a and confirm that the investment activities of the Sub-Fund comply with the principles and rules of Islamic Shari'a in all respects.

The Shari'a Board shall review the Sub-Fund's activities on a periodic basis to ensure that the Manager, the Fund and the Sub-Fund continue to conform to the Shari'a's guidelines as set out from time to time. Any minor amounts of income received by way of indirect investment activity shall be declared by the Manager and shall be purified on guidance from the Shari'a Board in a manner in keeping with the Islamic Shari'a.

### **8.1. Shari'a Guidelines for Investment**

The Sub-Fund will only use Shari'a compliant contracts and agreements. It may not use non Shari'a compliant contracts such as options, derivatives, futures and forwards. The Sub-Fund must particularly avoid generating or receiving riba or interest under any circumstances. Any minor amounts of derived riba or interest received by way of indirect investment activity shall be declared by the Manager and shall be purified on guidance from the Shari'a Board in a manner in keeping with the Islamic Shari'a.

The Sub-Fund must particularly avoid holding assets where parties are involved in the following particular non-Shari'a compliant activities:

1. Production, selling, distilling or distribution of alcoholic beverages and products.
2. Production, selling, distribution or slaughter of pork and pork related products.
3. Gambling, casinos, lotteries and related games.
4. Principal activities within the entertainment businesses (i.e. companies whose principal activity is in films, videos, theatres, cinemas etc).
5. Pornography and obscenities in any form.
6. Production of weapons.
7. Production of tobacco and tobacco related products.
8. Conventional (non Islamic) banks, financial institutions and insurance companies.

Investments made by the Sub-Fund will be in line with the widely approved Shari'a products

generally available in the market place.

Investments made by the Sub-Fund will only be from those assets selected from an approved list as pre-agreed with the Shari'a Board and updated from time to time.

The Shari'a Board will periodically review all assets within the Sub-Fund with regards to ongoing Shari'a compliance and advise the Manager and the Fund accordingly.

## 9. VALUATION DAY

The valuation frequency of the Sub-Fund shall be daily on every Business Day.

The Valuation Point to be used will be at 10.00 am on the Valuation Day using prices at 11.59 pm Jersey time on the day preceding the Valuation Day. For any assets valued on exchanges that are closed at 11.59 pm on the day preceding the Valuation Day, or for which published prices have not been updated, the last available published prices will be used. Estimates may be used when, in the absolute discretion of the Manager, it would be prudent to do so.

## 10. SUBSCRIPTION DAY

The Subscription Day for all Share Classes will be the Valuation Day. Notice must be received before 10:00 AM Jersey time on the Subscription Day (the "Subscription Cut-Off"), unless such other notice period is agreed by the Manager from time to time. If shorter notice is given, or the Subscription Cut-Off is missed, the next available Subscription Day will be used. If the Subscription Day is not a Business Day then the next Business Day will be the Subscription Day.

## 11. SUBSCRIPTION POLICY

Unless otherwise determined by the Manager, the minimum subscription requests and minimum subsequent subscriptions for all Share Classes are shown in the table below:

	Minimum initial subscription request	Minimum subsequent subscription request
A Share Class	USD 10,000	USD 5,000
A Eur Share Class	EUR 7,000	EUR 4,000
A GBP Share Class	GBP 6,000	GBP 3,000
A SGD Share Class	SGD 15,000	SGD 5,000
I USD Share Class	USD 1,000,000	USD 250,000
I Eur Share Class	EUR 700,000	EUR 200,000
I GBP Share Class	GBP 600,000	GBP 150,000
E Share Class	AED 20,000	AED 10,000
EI Share Class	AED 3,500,000	AED 1,000,000

S Share Class	SAR 20,000	SAR 10,000
SI Share Class	SAR 3,500,000	SAR 1,000,000
DEWS Share Class	USD 10	USD 10

These limits are subject to the Manager’s discretion at all times.

Cleared monies, in class currency, need to be received prior to the subscription cut-off stated above.

Please see section 16.1 of this Supplement headed ‘Subscription Fee’ for further details.

## 12. REDEMPTION DAY AND PROCEDURE

The Redemption Day for all Share Classes will be the relevant Classes' Valuation Day. Notice must be received before 10:00 am Jersey time, on the Redemption Day (the "cut-off"), unless such other notice period is agreed by the Manager from time to time. If less notice is given, or a cut-off is missed, the next available Redemption Day will be used.

On redemption, for all Share Classes, all monies will normally be paid, in class currency, within two Business Days of the relevant Redemption Day on which the redemption is made.

Redemption payments may be made in cash, in-specie, or partly in cash and partly in kind. In practice, the redemption payment policy will work with the aim of treating shareholders equitably. The Sub-Fund would only operate this procedure in circumstances where it may not be in the remaining shareholders' interests to realise cash for redeeming investors. In these circumstances, if requested by the Shareholder, the Manager may determine (with the consent of the relevant Shareholder) to pay the net proceeds of sale of the relevant scheme property to the Shareholder should this, in the opinion of the Manager, not adversely impact the remaining shareholders and be practical. This would be done after it had been removed from the Sub-Fund through an in-specie redemption at the relevant Redemption Day. This provision will seek to ensure that, where existing shareholders may be disadvantaged, the remaining assets of the Sub-Fund are not disturbed. In practice, the Sub-Fund may choose not to take advantage of this discretion. At all times, the Directors of the Sub-Fund and the Manager will seek to ensure an appropriate course of action that is not detrimental to remaining shareholders in the Sub-Fund. Payment of redemption proceeds will be made in class currency, in accordance with instructions included on the Application Form or any amended instructions received, in original, and accepted by the Administrator and Manager. Any accrued management, performance and/or Redemption Charge will be deducted from the redemption proceeds.

Unless otherwise determined by the Manager, the minimum value redemption requests and Minimum Holding Values are shown in the table below:

	Minimum redemption request	Minimum Holding Value
A Share Class	USD 5,000	USD 10,000
A Eur Share Class	EUR 3,500	EUR 7,000
A GBP Share Class	GBP 3,000	GBP 6,000
A SGD Share Class	SGD 5,000	SGD 15,000
I USD Share Class	USD 500,000	USD 1,000,000
I Eur Share Class	EUR 350,000	EUR 700,000
I GBP Share Class	GBP 300,000	GBP 600,000
E Share Class	AED 10,000	AED 20,000
EI Share Class	AED 1,500,000	AED 3,500,000
S Share Class	SAR 10,000	SAR 20,000
SI Share Class	SAR 1,500,000	SAR 3,500,000
DEWS Share Class	USD 10	USD 10

These limits are subject to the Manager's discretion at all times.

### 13. CONVERSION BETWEEN SHARE CLASSES

Shareholders in the Sub-Fund may on any Redemption Day convert all or, subject to any applicable rules, part of their holding of Participating Shares of any Share Class of the Sub-Fund (the "**Original Share Class**") into Participating Shares of another Share Class of the Sub-Fund (the "**New Share Class**") by giving notice to the Administrator prior to 10.00 am Jersey time on the Redemption Day on which the conversion is to take place (unless the Manager has indicated that a shorter delivery period will be accepted in respect of any Share Class).

Conversion takes place in accordance with the following formula:

$$\text{NSH} = \frac{\text{OSH} \times (\text{RP} - \text{CF}) \times \text{CCR}}{\text{SP}}$$

Where NSH is the number of Participating Shares of the New Share Class  
 OSH is the number of Participating Shares of the Original Share Class in the conversion notice  
 RP is the Redemption Price of Participating Shares of the Original Share Class  
 CCR is the currency conversion rate between the currencies of denomination of the Original Share Class and the New Share Class (if applicable)  
 SP is the Subscription Price of Participating Shares of the New Share Class.  
 CF is the conversion fee (if applicable)

For the avoidance of doubt, there shall be no conversion fee payable on conversion between Share Classes within the same Sub-Fund.

Where such conversion would cause the minimum holding to be breached in respect of a holding in the Original Share Class or New Share Class, conversion of Participating Shares will be subject to the prior consent of the Directors.

Fractions of shares (to 3 decimal places) may be allotted on conversions where monies are less than the Subscription Price of one share of the New Share Class.

Except as specified herein a holder who exchanges Participating Shares in one Share Class for Participating Shares in another Share Class will not be given a right by law to reverse the transaction except as a new transaction. Conversion from one Share Class to another may be regarded as a disposal and acquisition of shares for capital gains tax purposes in certain jurisdictions.

Please see section 16.6 of this Supplement headed 'Conversion Charge' for further details.

## **14. DISTRIBUTION POLICY**

In the case of the every Share Class, it is intended that all sums shall be retained in such Share Class for the benefit of the Shareholders. All income received from underlying investments will therefore be re-invested in the Sub-Fund.

## **15. FUND SERVICE PROVIDERS**

In addition to the fund service providers of the Fund set out in section 4 of the Prospectus, the following fund service providers will be appointed in respect of the Sub-Fund:

### **15.1. Discretionary Investment Manager**

With the approval of the Fund, the Manager has appointed Emirates NBD Asset Management as Discretionary Investment Manager (the "**DIM**") in respect of the Sub-Fund.

The DIM's registered office is PO Box 506578, DIFC, The Gate Building, East Wing, Level 8, Dubai, UAE and it is regulated by the Dubai Financial Services Authority. Its issued and paid up share capital is USD 10,000,000 as at the last accounting date on 31<sup>st</sup> December 2019.

The Discretionary Investment Management Agreement dated 8 January 2018 contains certain indemnities in favour of the Discretionary Investment Manager and is terminable by the Manager on six months' notice or on shorter notice in certain circumstances including material breach.

The DIM may appoint, with the approval of the Manager, other such professional parties and

investment advisors deemed necessary in order to carry out its investment activities. . The DIM will keep all investments of the Sub-Fund under regular review and will provide full investment advice to the DIM and the Manager in relation to the investments of each Share Class and the Sub-Fund.

## **15.2. Corporate Services Provider**

State Street Fund Services (Jersey) Limited or any other Corporate Services Provider that may be appointed by the Manager from time to time, will provide corporate administration services to the Sub-Fund and any SPVs of the Sub-Fund (including the provision of directors and secretary).

## **16. FEES AND EXPENSES**

The following fees and expenses will be payable in relation to the Sub-Fund:

### **16.1. Subscription Fee**

The Manager may at its discretion impose an initial dealing charge not exceeding one per cent (1%) of the value of each individual subscription transaction.

### **16.2. Management Fee**

The Manager shall be entitled to receive a management fee of 0.50% per annum of the net asset value of the A, A EUR, A GBP, A SGD, E, and S Share Classes, 0.25% per annum of the net asset value of the I, I EUR, I GBP, EI and SI Share Classes, and 1.43% per annum of the net asset value of the DEWS Share Class. The Management Fee shall accrue at the Valuation Point on each Valuation Day and shall be payable monthly in arrears from the assets of each Share Class within fifteen days of the relevant month's end. In addition to the Management Fee, the Fund shall reimburse to the Manager all reasonable expenses, costs, charges and fees incurred or to be incurred by the Manager including all reasonable expenses, costs, charges and fees in the relevant categories incurred or to be incurred by any person to whom the Manager shall have delegated any of its powers and duties in accordance with the Management Agreement and who is entitled to be reimbursed in respect of such expenses, costs, charges and fees by the Manager. The Manager shall be responsible for paying the fees of the DIM who shall in turn be responsible for paying any of its delegates, advisers or sub appointed parties. The Shari'a Board Fees shall be billed on a time spent basis in accordance with appropriate rates for such services.

### **16.3. Administration Fees**

The Administrator, or such other Administrator as may be appointed by the Manager from time to time, will be paid an administration fee in respect of all Share Classes at the rate of:

(i) 0.04% per annum of the first USD100,000,000 of the aggregate NAV of those Share Classes investing in this Sub-Fund;

(ii) 0.03% per annum of the second USD100,000,000 of the aggregate NAV of those Share Classes investing in this Sub-Fund;

(iii) 0.02% per annum of the third USD 100,000,000 of the aggregate NAV of those Share Classes investing in this Sub-Fund; and

(iv) 0.015% per annum in excess of USD 300,000,000

The Administration Fees shall accrue at the Valuation Point on each Valuation Day and shall be payable monthly in arrears from the assets of the Sub-Fund within fifteen days of the relevant month's end.

#### **16.4. Corporate Services**

State Street Fund Services(Jersey) Limited, or any other Corporate Services Provider that may be appointed by the Manager from time to time, will also be paid a fee in respect of corporate services which it provides to the Sub-Fund at the relevant market rate and as agreed with the Manager from time to time. Disbursements relating to exempt company fees, audit fees, filing fees and other extraordinary costs will be additional costs. The above fees and costs will be payable by the Sub-Fund or associated SPV.

#### **16.5. Custodian Fees**

The Custodian, or other such custodian who may at the discretion of the Directors be appointed to the Sub-Fund, will be paid custody fees at market rates, or as agreed between the Fund, the Manager and Custodian from time to time.

The custodial fees are divided into two categories for each market of investment, namely safekeeping fees and transaction fees. The safekeeping fee is an annual fee, billable monthly, based on the value of the month end assets. Safekeeping fees are based on a “per country” basis and include the safekeeping fees charged by any sub custodians. The transaction fee is essentially a trade settlement fee and also includes any sub custodian expenses.

Custodial fees for developed markets such as the UK or US are 0.01%, rising towards 0.25% for some emerging markets, whilst some frontier markets such as those in the MENA region can be charged at 0.35%. The upper limit for safekeeping fees charged on a “per country” basis is

0.65%. Transaction fees typically fall in the range of \$10 to \$80 per trade, dependent on security type and market. These fees are detailed in full in the schedules to the Custodian Agreement dated 13<sup>th</sup> March 2012 between State Street Custodial Services (Jersey) Limited and the Fund and are available to shareholders on request.

The Custodian Fees shall accrue at the Valuation Point on each Valuation Day and shall be payable monthly in arrears from the assets of the Sub-Fund within fifteen days of the relevant month's end.

#### **16.6. Conversion Charge**

A conversion charge may be applied to all conversions save for conversions within Share Classes of the same Sub-Fund. The conversion charge will not exceed 5% of the Subscription Amount of the new class into which Participating Shares of the original class are converted. Conversions between Share Classes will be effected in accordance with the conversion rules set out in the Prospectus and the Articles of the Fund.

#### **16.7. Other Fees**

The Fund will be responsible for all normal operating expenses including (but not limited to) audit fees, registration and certificate fees, legal fees, charges incurred on the acquisition and realisation of investments, costs of publication and distribution of prospectuses, annual and semi-annual reports, the publication of share prices and the costs and expenses of the Manager. Where possible such fees and charges will be allocated to the relevant Share Class to which they relate. Hence the Sub-Fund will bear these normal operating expenses in relation to its activities where they relate to the investments of the Sub-Fund.

### **17. OWNERSHIP OF THE ASSETS**

Some assets, especially within MENA markets, may not be readily accessible to the Sub-Fund due to registration difficulties, and/or general differences in financial market opening times of the underlying fund managers or markets to that of the Administrator and Custodian.

As such, in order to ensure that the Sub-Fund may access such assets on a timely basis and evidence sufficient title of its assets, with the Manager's approval, some assets will be purchased by the DIM, or any appropriately appointed Investment Advisors, in their own name for the benefit of the Sub-Fund. The DIM or any appointed Investment Advisor will issue a simultaneous confirmation of purchase to the Sub-Fund. Where SPVs are utilised, the confirmation of purchase will be issued to the SPV which shall be a dedicated subsidiary of the Sub-Fund.

The DIM, or any appointed Investment Advisor, may thus be acting as nominee / custodian of certain assets of the Sub-Fund from time to time. The Sub-Fund will therefore receive rights to the income and capital gains of the assets by reference to such assets rather than direct legal title.

## **18. TAXATION ISSUES**

It is the intention of the Directors to conduct the affairs of the Sub-Fund and SPV so that management and control are exercised in Jersey and that neither the Sub-Fund nor SPV are resident for tax purposes in any other jurisdiction. Investors should seek independent advice regarding personal taxation attributable to investments in the Sub-Fund relevant to their circumstances. Personal taxation matters fall outside the scope of this Supplement and outside the responsibilities of the Fund and Manager.

### **18.1. Jersey taxation in relation to the Sub-Fund and SPVs**

With effect from 1 January 2009 pursuant to the Income Tax (Amendment No.28) (Jersey) Law 2007, and the Income Tax (Amendment No.29) (Jersey) Law 2008, companies incorporated in Jersey are subject to a standard rate of corporate income tax of 0% with specified financial services companies subject to a special rate of corporate income tax of 10%. The Sub-Fund and each SPV will be subject to a rate of corporate income tax of 0% as their business does not fall within the definition of a financial services company under the above laws. However, if the Sub-Fund or any SPV's business should in the future change to become a financial services company as therein defined then it may be at risk of becoming subject to the special rate of corporate income tax of 10%. As companies subject to corporate income tax at 0%, the Sub-Fund and SPVs will not be liable to pay any corporate income tax in Jersey under the current Jersey law. It should be noted that the Sub-Fund will particularly avoid generating or receiving *riba* or interest under any circumstances.

### **18.2. Taxation in the United Arab Emirates**

The Directors believe that there will be no taxation in the UAE at the Fund or Sub-Fund level.

## **19. RISK WARNINGS**

In addition to the risk warnings set out in section 12.1 of the Prospectus, investors are also directed towards the following inherent risks relating to an investment in any of the Share Classes and ultimately in the assets to be acquired via the Sub-Fund.

Although the Sub-Fund will seek to preserve capital, profit rates derived from certain holdings might not be achieved and capital invested in the Sub-Fund is not guaranteed.

- (i) The Sub-Fund focuses on investing in assets predominantly, but not exclusively, in emerging money markets. Certain markets may be deemed immature and emerging and thus could display higher volatility characteristics than wider international markets, as well as

display reduced liquidity characteristics and disclosure requirements. The investments of the Sub-Fund focus on assets with appropriate characteristics that aim to deliver rising levels of profit generation. The Sub-Fund cannot guarantee that these goals will be achieved and investors may receive back an amount which is less than that originally invested. Past performance is no guarantee of future returns. The movement of assets can be influenced by many factors including, but not limited to credit risk, market sentiment, exchange rates and the general economic and political environment.

- (ii) Counterparties with whom the Sub-Fund might enter into transactions might be below investment grade or unrated by recognised rating agencies. Typically the Sub-Fund will endeavour to ensure that the credit rating of each institution will be at least investment grade. However, there may be exposure to some assets, particularly within collective investment schemes held by the Sub-Fund, where assets are backed by institutions with sub-investment grade credit ratings. These may represent an increased risk to capital through defaults or the inability of an institution with whom the Sub-Fund has entered into an agreement to meet its obligations. In these events, capital employed by the Sub-Fund may be at significant risk of total loss.
- (iii) Murabaha, Wakala and other Shari'a compliant assets held directly or indirectly by the Sub-Fund may be priced on a straight-line basis. Therefore, in the event of a substantial redemption (either by the Sub-Fund or other investors in underlying funds held by the Sub-Fund), the value of these securities might fall and there may be a mark to market loss in the value of these assets.
- (iv) Assets held directly or indirectly by the Sub-Fund may not be readily realisable and no market may formally exist. The Sub-Fund intends to focus on assets with high liquidity characteristics, and predominantly of short to medium duration. Certain highly liquid collective investment schemes may also impose their own investment restrictions from time to time and, in these circumstances, assets of the Sub-Fund might not be able to realized to meet redemptions. Not all securities may be marked to market at all times and in the event of realisation losses may cause the NAV of the Sub-Fund to fall sharply. The Sub-Fund may on occasion therefore have to limit, or suspend altogether, redemptions where it is deemed that such redemptions would be to the detriment of remaining investors in the Sub-Fund.
- (v) The Sub-Fund may hold assets denominated in a currency other than the currency of the current share classes of USD, AED, EUR, GBP, SGD or SAR. At Sub-Fund launch the majority of the intended assets of the Sub-Fund were denominated either in USD, AED, SAR or in currencies pegged to USD. Should these pegs be reviewed the Sub-Fund may become exposed to currency risk at a future date. Underlying collective investment schemes may also hold certain assets denominated in non USD, non AED, non SAR, non EUR, non GBP, non SGD or non USD pegged currencies. Whilst speculative currency investment is not a major focus of the Sub-Fund, at times the Sub-Fund may hold an element of assets denominated in other currencies. Where this is the case the movement of general foreign exchange rates could have an adverse effect on overall fund performance.
- (vi) Early redemption from the Sub-Fund by the investor could result in the investor receiving

an amount less than that originally invested.

- (vii) Underlying funds might have notice periods different from those of the Sub-Fund and this might cause a suspension of redemption of assets held by the Sub-Fund.
- (viii) Cash resources immediately available to meet redemption applications will be limited and may ultimately necessitate a sale of securities, including fixed deposits or securities where profit has been amortised. Investors should be aware that the Directors may determine that securities within any categories should be sold and that this could cause a significant fall in the value of assets held by the Sub-Fund.
- (ix) There can be no assurance that the exit strategies of the Sub-Fund and ultimately each Share Class may be available or practical.
- (x) An investment of the type offered by each Share Class may not be suitable for all recipients of the Prospectus or this Supplement. An investment in each Share Class and ultimately in the assets held via the Sub-Fund is designed as a medium term investment and consequently may not be suitable as a short term investment. Prospective investors should seek advice from their investment adviser before making an investment in any Share Class.
- (xi) Charges and expenses in connection with the Fund, the Share Classes and the Sub-Fund are not made uniformly throughout the life of the Fund and it is possible that an investor may not receive back the full amount of their investment.
- (xii) In the event that the shareholders of any Share Class pass a Special Resolution for the winding up of that Share Class, such winding up may necessitate a sale of assets held by the Sub-Fund. Such sale may have an adverse impact on the remaining Share Classes investing in the Sub-Fund.
- (xiii) In the event that assets held by the Sub-Fund are sold to fund redemptions, such sale may have an adverse impact on the investors who have not redeemed shares as the selection of available assets to be sold will be subject to the restrictions set out above under 'Funding Redemptions' and may affect the balance, spread and overall value of assets and profit remaining within the Sub-Fund.
- (xiv) The Fund may be required to pledge the shares in the Sub-Fund as security for the obligations of the Fund in respect of any financing arrangements. Any enforcement of such security will have an adverse effect on all Share Classes and in particular may have a disproportionate impact on those Share Classes to which the obligations giving rise to enforcement do not relate.
- (xv) Purchasing units of the Fund is materially different to making a deposit at a bank. The Manager has no obligation to redeem units at the purchase price and investors could receive an amount less than that originally invested.
- (xvi) Trading on the Sub-Fund may be suspended in extreme market conditions, such as

abnormally low levels of liquidity in the underlying market. Investors are directed to the Articles of Association of the Fund and Sub-Fund for further details.

- (xvii) While the Supplement provides guidelines on the timeframe for processing of transactions, delays due to factors such as differences in the working calendar across jurisdictions may result in delays on these transactions.
- (xviii) Investors should review the Sub-Fund's pricing mechanism in relation to the cut-offs for subscriptions and redemptions prior to transacting on the Sub-Fund.
- (xix) Share classes denominated in currencies other than USD, AED or SAR may use hedging techniques to mitigate the currency risk. The hedging technique used may not result in a perfect hedge. As a result, sharp movements in the foreign exchange rates may result in adverse effects on the performance of the Share Class.
- (xx) The situation may arise that cash generated by the Sub-Fund may be reinvested at a lower profit rate. Additionally, periods when the risk free rate is reduced may lead to lower profit rates payable.
- (xxi) Due to high levels of inflation, the Sub-Fund or assets within the Sub-Fund may lose value in real terms. The risk of inflation tends to be higher within emerging markets when compared to more developed markets.
- (xxii) Should any asset not be directly accessible by the Sub-Fund, Directors of the Sub-Fund may permit a related party to the DIM to hold on its behalf. As such, additional counterparty risks may apply from time to time.