

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

Mashreq Capital Shariah Compliant Funds (OEIC) Limited (the “Fund”) is an umbrella Shariah compliant fund, which may offer investors a choice between several Classes of Shares in a number of Sub-Funds. The Fund is organised as an umbrella company with limited liability registered as an open-ended investment company in the DIFC. As of the date of this Prospectus, the Fund has one Sub-Fund, the Mashreq Al-Islami Income Fund, which currently has four Classes of Shares. The Fund intends to establish further Sub-Funds in the future and may also establish further Classes of Shares in relation to each of its Sub-Fund at any time which may also be denominated in different currencies.

Mashreq Capital Shariah Compliant Funds (OEIC) Limited (“FUND”)

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

PROSPECTUS

Date: 15 December 2014



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

The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this 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 document you should consult an authorised financial adviser.

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IMPORTANT INFORMATION

Reliance on Prospectus

The Shares are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Fund Manager. This Prospectus is valid as of the date shown on the front page hereof. However, neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof. In accordance with the DFSA Rules, this Prospectus will expire on 14 December 2015 at which date the Fund Manager intends to replace this with an updated version. No Shares in the Fund will be issued on the basis of this Prospectus after such expiry date.

The information contained in this Prospectus will be supplemented by the financial statements and further information contained in the latest annual and semi-annual reports of the Fund and/or the Sub-Funds, copies of which may be obtained free of charge from the Registered Office of the Fund which is located at the offices of the Fund Manager.

Restrictions on Distribution, Promotion and Subscription

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus may come are required by the Fund to inform themselves of, and to observe, any such restrictions.

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

It is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to all legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Investment Considerations

Investment in the Fund carries substantial risk. There can be no assurance that the Fund's investment objective in each of its Sub-Funds will be achieved and investment results may vary substantially over time. Investment in any of the Fund's Sub-Funds is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (see further under "Investment Considerations" below).

DEFINITIONS OF CAPITALISED TERMS USED IN THIS PROSPECTUS

Capitalised terms not otherwise defined in this Prospectus shall have the meanings ascribed to them in the Law or the CIR Rules.

Annex	An Annex to this Prospectus containing information with respect to a particular Sub-Fund.
Articles of Association	The articles of association of the Fund (as amended or replaced from time to time) and which constitute the constitution of the Fund as required under the Law and the CIR Rules.
Board	The board of Directors of the Fund.
Business Day	A day on which banks are open for general banking business in the DIFC and, in relation to a particular Sub-Fund, such other place or places as may be specified in the relevant Annex.
CIR Rules	The Collective Investment Rules (CIR) of the DFSA.
Class	A separate class of Shares in a Sub-Fund, which includes any sub-class of a Class of Shares.
Custodian	Branches of Deutsche Bank AG, worldwide, as Eligible Custodian, and includes any successor or replacement Eligible Custodian.
Custodian Agreement	The agreement dated 9 June 2008 between the Fund Manager and the Custodian relating to the custody/safekeeping of the assets of each Sub-Fund (as amended or replaced from time to time).
Dealing Day	Each Business Day
Delegation Agreement	The agreement dated 9 June 2008 between the Fund Manager and the Fund Administrator, Registrar and Transfer Agent relating, amongst other things, to the administration of each Sub-Fund (as supplemented, amended or replaced from time to time).
Deutsche Bank	In the case of the Fund Administrator, Registrar and Transfer Agent, Deutsche Bank AG, Dubai (DIFC) Branch and in the case of the Custodian, branches of Deutsche Bank AG, worldwide.
DFSA	The Dubai Financial Services Authority and includes any successor or replacement agency or authority.
DIFC	The Dubai International Financial Centre.
Dilution Levy	Any dilution levy charged in accordance with the provisions set out under "Dilution Levy" below.
Directors	The directors of the Fund (one of which will always be the Fund Manager) and includes any successor or replacement directors.
Eligible Custodian	An Eligible Custodian as prescribed in the CIR Rules.
Fees	The subscription, distribution, management, performance, administration, registration and transfer agency, custodian and/or other fees payable in respect of each Sub-Fund as set out in this Prospectus and the relevant Annex.
Financial Year	The financial year of the Fund will end on 31 December of each year.
Fund	Mashreq Capital Shariah Compliant Funds (OEIC) Limited.
Fund Administrator	Deutsche Bank and includes any successor or replacement fund administrator.
Fund Manager	Mashreq and includes any successor or replacement Fund Manager of the Fund.
High Water Mark	The high water mark is a minimum amount of Net Asset Value per Share under which no dividend will be distributed in respect of Shares if provided for in and as further detailed in the relevant Annex for a specific Sub-Fund.
Initial Closing Date	The last day of the Initial Offer Period.
Initial Offer Period	The period determined by the Fund Manager during which Shares are offered for subscription at a fixed price as specified in the relevant Annex.
Initial Issue Date	The first Business Day following the Initial Closing Date.
Investment Manager	Mashreq and includes any successor or replacement investment manager of the Fund.
Investment Objective and Policies	The investment objective and policies of each Sub-Fund set out in the relevant Annex.
Investment Oversight Committee	The panel or board appointed to oversee and supervise the Fund Manager as required under the Law and the CIR Rules.
Issue Date	The Business Day following the Initial Closing Date and thereafter the Business Day following each Subscription Date.
Law	The Collective Investment Law No. 2 of 2010.
Management Agreement	The agreement dated 1 June 2008 between the Fund Manager and the Investment Manager, relating to the management of each Sub-Fund (as amended or replaced from time to time).
Mashreq	Mashreq Capital (DIFC) Limited.
Mashreq Al-Islami Income Fund	The Sub-Fund represented by the Class "B" Shares, Class "C" Shares, Class "D" Shares and Class "BS" Shares of the Fund being one of the first Sub-Funds of the Fund offered to investors on the terms set out in this Prospectus and the relevant Annex.
Minimum Initial Fund Size	The minimum initial fund size for each Sub-Fund set out in the relevant Annex.
Net Asset Value per Class	The net asset value of a Sub-Fund per Class, being, on any date, the Net Asset Value per Share of such Sub-Fund multiplied by the number of Shares outstanding in the relevant Class on that date.

Net Asset Value per Share	The net asset value of a Sub-Fund and Class per Share, being, on any date, the Net Asset Value of such Sub-Fund and Class divided by the number of Shares outstanding for that Sub-Fund and Class on that date.
Net Asset Value	The net asset value of a Sub-Fund determined in accordance with the provisions set out under "Net Asset Value" below.
Ordinary Resolution	A resolution of a duly constituted general meeting of a Class or Classes of the Fund's Shareholders passed by a simple majority of the votes cast on behalf of the Shares entitled to vote through or on behalf of the relevant Class or Classes of Shareholders present in person or by proxy and voting at the meeting. It includes any unanimous written resolution of the holders of Shares entitled to vote, expressed to be an ordinary resolution.
Prospectus	This prospectus setting out the terms of the Fund together with each Annex.
Record Date	Record date means the date determined by the Directors on which a Shareholder must own Shares in order to be entitled to a dividend.
Redemption Date	The redemption date for Shares in a particular Sub-Fund as specified in the relevant Annex.
Redemption Price	The Net Asset Value per Share minus any Dilution Levy specified in the relevant Annex.
Redemption Request	A request by a Shareholder to redeem some or all of its Shares in a Sub-Fund.
Registered Office	Al Fattan Currency House, Tower 2, Office number 203, DIFC, PO Box 1250, Dubai, UAE
Registrar and Transfer Agent	Deutsche Bank and includes any successor or replacement registrar and transfer agent.
Rules	The rules of the DIFC and of the DFSA.
Shareholder	A holder of a Share.
Shareholder Register	The register of Shareholders maintained by the Registrar and Transfer Agent in relation to each Sub-Fund at its registered office in the DIFC.
Share	A registered share in the Fund.
Shariah	Islamic Shariah laws and principles.
Shariah Supervisory Board	The Shariah supervisory board appointed in relation to each Sub-Fund as required under the Law and the CIR Rules and as specified in the relevant Annex.
Special Resolution	A resolution in respect of which notice of intention to propose the resolution has been given, and that has been passed by the positive vote of a Class or Classes of Shareholders holding at least 75% of the Shares entitled to vote on the resolution.
Sub-Fund	A separate sub-fund of the Fund established and maintained in respect of a Class of Shares of the Fund to which the assets and liabilities and income and expenditure attributed or allocated to such Sub-Fund will be applied or charged.
Sub-Fund Property	The assets of the relevant Sub-Fund.
Subscriber	A potential investor in a Sub-Fund who has submitted a subscription agreement but to whom Shares have not been issued.
Subscription Account	A non-interest bearing account with the Custodian to which the investment amounts of Subscribers will be deposited pending the relevant Issue Date.
Subscription Date	The subscription date for Shares in a particular Sub-Fund as specified in the relevant Annex.
Subscription Price	The Net Asset Value per Share plus any subscription fee specified in the relevant Annex.
USD and United States Dollars	The currency of the United States of America.
Valuation Date	The valuation date for Shares in a particular Sub-Fund as specified in the relevant Annex.

FUND STRUCTURE

The Fund

The Fund is a DFSA Public Domestic Fund (as defined in the Rules) and was registered with the DFSA on 24 July 2008. The Fund effectively commenced operations as of 1st May 2009.

The Fund is constituted as an open-ended investment company established in the DIFC on 24 July 2008 under the DIFC Companies Law 2006 (which has now been replaced by the DIFC Companies Law No. 2 of 2009) The Articles of Association of the Fund are governed by the laws of the DIFC. The Fund is organised as an umbrella fund and each Sub-Fund created by the Fund comprises or will comprise a separate Sub-Fund in the Fund. The Fund is not constituted as a Protected Cell Company in accordance with the provisions of the Regulations made under the DIFC Companies Law. Therefore, in case the Fund is unable to meet liabilities attributable to any particular Sub-Fund out of the assets attributable to that particular Sub-Fund, the remaining liabilities may have to be met out of the assets attributable to other Sub-Funds (the Sub-Funds are not ring-fenced). Each Sub-Fund will, in turn, be sub-divided into one or more separate Classes. As of the date of this Prospectus, the Fund has one Sub-Fund operating, the Mashreq Al-Islami Income Fund, currently comprising the Class "B" Shares, Class "C" Shares, Class "D" Shares and Class "BS" Shares of the Fund. The Fund Manager has the ability within the authorised share capital of the Fund to establish further Sub-Funds and establish further Classes in relation to each of its Sub-Fund. Such further Sub-Funds or Classes may also be denominated in currencies other than the United States Dollar.

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

- one Class "A" Share with a par value of One hundred Dollars (USD 100);
- 100,000,000 Class "B" Shares with a nominal par value of One Cent (USD 0.01) per Share;
- 100,000,000 Class "C" Shares with a nominal par value of one cent (USD 0.01) per Share;

- d) 100,000,000 Class "D" Shares with a nominal par value of one cent (USD 0.01) per Share; the Class "D" Share Class has been subdivided into a sub-class "D Income" and a sub-class "D Accumulation"; and
- e) 100,000,000 Class "BS" Shares with a nominal par value of one cent (USD 0.01) per Share.

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

The Class "BS" Shares may only be issued to and held by Bank Sohar SAOG and those persons as the Fund Manager in its absolute discretion may decide.

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

The Fund is also an Islamic Fund (as defined in the CIR Rules) and consequently the Fund's entire business operations will be conducted in accordance with Shariah.

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

There are no limits on the number of investors who may invest in the Fund.

Investment Objective and Policies

The investment objective and policies of each Sub-Fund will be set out in the relevant Annex.

Duration of the Fund

The duration of the Fund and each Sub-Fund shall be unlimited and shall continue until terminated in accordance with the provisions of this Prospectus, the Articles of Association and, in relation to a Sub-Fund, the relevant Annex.

Subscriptions

Investors may subscribe for Shares during the relevant Initial Offer Period at the fixed price plus the applicable subscription fee specified in the relevant Annex, and thereafter on each Subscription Date at the relevant Subscription Price upon such number of days' notice or by such time and/or day as specified in the relevant Annex.

Minimum Subscription and holding

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

Redemptions

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

Dividend Policy

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

If a dividend is declared by the Fund in relation to any Sub-Fund or Class, it will generally be paid to each eligible Shareholder by electronic transfer (net of the electronic transfer fee) to the account instructed by that Shareholder or, if no account details are held, by cheque mailed to the address shown for that Shareholder in the Shareholders Register, except if provided otherwise in the relevant Annex.

In the event that a dividend is declared and remains unclaimed after a period of twelve months from the date of declaration, such dividend will be automatically forfeited and will be donated to a registered charity approved by the Shariah Supervisory Board.

All income which in the opinion of the Fund Manager, with the Shariah Supervisory Board concurring, is not permissible under Shariah, shall be removed from the relevant Sub-Fund and donated to a registered charity approved by the Shariah Supervisory Board.

Taxation

On the basis of current law and practice, the Fund will not be subject to any income or capital gains tax in the DIFC or the United Arab Emirates. Prospective applicants for Shares should consult their own advisers as to the effect on their own particular tax circumstances of an investment in the Fund.

Limited Liability

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

FUND MANAGEMENT

Fund Manager & Investment Manager

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

- a. The Articles of Association
- b. The Prospectus
- c. The Law and the CIR Rules

As Fund Manager, Mashreq is also one of the Directors (see further under "Directors" below).

Mashreq (which is a wholly owned subsidiary of MashreqBank incorporated in Dubai, UAE) is a limited liability company incorporated in the DIFC on 07 February 2006 and is licensed by the DFSA to undertake the following financial services:

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

At the date of this Prospectus, the issued share capital of the Fund Manager is USD 2.5 Million, all of which is paid up.

Mr Abdul Kadir Hussain, the Chief Executive Officer of Mashreq has over Twenty years experience investing and researching investment opportunities in emerging markets. He was formerly a managing director at Credit Suisse and had the responsibility of running a proprietary credit trading book which invested in both developed and emerging markets. He was the number 1 or 2 ranked credit analyst for high yield in Asia from 2001-2003, by Finance Asia magazine and The Asset Magazine.

Further, Mashreq has on its board members of MashreqBank senior management team who actively sit on the boards of various funds that the group operates under the Makaseb umbrella, and hence have extensive experience in monitoring fund management activities.

Details of the Registered Office and directors of Mashreq are available to the public at its office in the DIFC.

The Fund Manager must, amongst other things:

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

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

The Fund Manager is responsible, in compliance with all relevant laws, for all operations concerning the Fund and each Sub-Fund and shall be permitted from time to time to delegate certain activities, or outsource certain functions, in accordance with the CIR Rules; provided that it shall not be permitted to delegate the responsibility for conducting such activities and carrying out such functions.

The Fund will ratify all actions taken by the Fund Manager in accordance with the terms of the Articles of Association and this Prospectus and shall indemnify the Fund Manager, its officers and employees (each an "indemnified party") to the fullest extent permitted by the laws of the DIFC against any liability, actions, proceedings, claims, demands, costs or expenses reasonably incurred or sustained by it in connection with any debt, claim, action, demand, suit, proceeding, judgment, decree, liability or obligation of any kind in which it becomes involved as a party or otherwise, by virtue of its being or having been the Fund Manager, an officer or employee of the Fund except where such debt, claim, action, demand, suit, proceeding, judgment, decree, liability or obligation arises as a result of any fraud, negligence or wilful default on the part of the relevant indemnified party. Subject to any provision of the laws of the DIFC to the contrary, no indemnified party shall be liable for any damage, loss, costs or expenses to or of the Fund at any time unless caused by the indemnified party's fraud, negligence or wilful default.

Subject always to the provisions of the Law and the Rules, the Fund Manager may be removed or may resign pursuant to the provisions of the Articles of Association.

DIRECTORS AND INVESTMENT OVERSIGHT COMMITTEE

The Fund has appointed one executive Director and two independent non-executive Directors. The executive Director of the Fund is the Fund Manager (see further under "Fund Manager" above).

The independent non-executive Directors of the Fund are:

Denis Sabourin

Mr Sabourin has over 22 years experience in the marketing of financial products to premier global securities firms and investors. He is currently Managing Director of Lion Capital, Dubai. He joined Mashreq Capital (DIFC) Ltd as an Independent Director in April 2008 and he brings superior leadership and management skills oriented towards customer satisfaction in the field of asset management. Mr Sabourin holds a B.Sc & Msc in Economics from the University of Montreal, Canada and an MBA from INSEAD business school in France.

Shehzad Waheed

Mr Waheed has over 18 years experience in management, corporate finance and corporate accounting. He is currently the Chief Financial Officer of the Dubai Mercantile Exchange. Mr Waheed has worked throughout the GCC and will bring a level of financial expertise to the Mashreq Capital Shariah Compliant Funds (OEIC) Limited. Mr Waheed is a CFA charter holder and holds a B.A Hons degree in Economics from the University of California, Los Angeles.

In accordance with the CIR regulations of DFSA, an 'Investment Oversight Committee' comprising of three individuals has been appointed by the Fund Manager who shall supervise the activities of the Fund Manager in accordance with the Law and the CIR Rules. This committee comprises of the following persons who are authorized by the DFSA.

Sharon Ditchburn

Ms Ditchburn is a Certified Practicing Accountant, Chartered Secretary, and holds legal qualifications from Australia, as well as an MBA specializing in Corporate Governance, Entrepreneurship and Strategy. Sharon has wide ranging experience at Senior Management and Director level on a variety of public and private companies in Australia and the UAE. Overall, her experience ranges across advisory and management of compliance and corporate governance programs, mergers and acquisitions to investor relations programs.

Arzu Atakli Williams

Arzu Atakli Williams is a qualified Lawyer with several years of experience specializing in Company Law, Banking & Finance. She joined Capital Advantage Consultants in 2010 and since then she has had substantial experience and training in AML/CFT. Her experience and knowledge includes Compliance & AML support to the DFSA regulated Category 3 and 4 Firms. Mrs Williams also has extensive experience in leading large multinational firms in complying with regulatory requirements as well as business risks and controls and assisting clients with regulatory requirements and managing/drafting all corporate documents and relevant agreements as well as preparing due diligence."

Lotte Nielsen

Mrs Lotte has more than 20 years of experience in the fields of financial services, legal services, compliance, AML, corporate governance, company secretarial, tax auditing and internal control. She is a dedicated professional with a proven track record in compliance, corporate governance, money laundering, anti-bribery, corruption and fraud systems, controls and practices. She has built technical capacity within compliance, risk and governance and undertaken support, guidance, implementation and training in the Middle East mainly to financial services firms, but also to non-financial industries.

The Investment Oversight Committee must:

- a. monitor whether the Fund Manager:
 - i. is managing the Fund in accordance with the Articles of Association and the most recent Prospectus, including in particular, any investment and borrowing limitations, requirements relating to the valuation of Fund Property and any other requirements or restrictions imposed on the Fund under the Law or the CIR Rules; and
 - ii. is complying with any terms and conditions on the Fund Manager's DFSA licence, particularly with respect to the management of the Fund.
- b. assess whether the Fund Manager's systems and controls, particularly those relating to risk management and compliance, operate as intended and remain adequate;
- c. report to the Fund Manager on its findings, including any actual or potential breaches or inadequacies in relation to the matters specified in (a) and (b), as soon as such breaches or inadequacies are identified or suspected; and
- d. report to the DFSA if:
 - i. the Fund Manager has failed, or is reasonably likely to fail, to take appropriate action to rectify or remedy a matter reported to it within 30 days of that matter being so reported; and
 - ii. the Investment Oversight Committee believes on reasonable grounds that the matter has had, or is likely to have, a materially adverse impact on the interests of the Shareholders.

The Investment Oversight Committee must furthermore, amongst other things:

- a. Carry out such duties and functions in relation to the Fund as are necessary to ensure compliance with the Law and the CIR Rules that impose obligations on an Investment Oversight Committee.
- b. Ensure (on a continuing basis) proper management of the Fund by the Fund Manager in accordance with CIR Rules relating to single pricing and dealing, income, investment, borrowing and reporting.
- c. Ensure (on a continuing basis) that (i) the fund property is being used or invested by the Fund Manager in accordance with CIR rules covering investment & borrowing; and (ii) the Fund Manager is taking steps to ensure compliance with CIR Rules covering investment and borrowing with reference to the interest of Shareholders in the Fund.
- d. Report to the Fund Manager on the appropriateness and effectiveness of the systems and controls agreed for the oversight function, at least quarterly, in a meeting of the Board, unless circumstances require more frequent meetings.
- e. Prepare a report for the Shareholders each year, to be included in the annual report. Such report must contain:
 - i. A description of Investment Oversight Committee's oversight duties.
 - ii. A statement as to whether or not the issue, sale, redemption, cancellation, calculation of the price of Shares and the application of the Fund's income have been carried out in accordance with the CIR Rules and this Prospectus.
 - iii. A statement as to whether or not the investment and borrowing powers and other restrictions applicable to the Fund have been exceeded.

The Fund will ratify all actions taken by the independent non-executive directors and/or Investment Oversight Committee members in accordance with the terms of the Articles of Association and this Prospectus and shall indemnify the independent non-executive directors and/or Investment Oversight Committee members (each an "indemnified party") to the fullest extent permitted by the laws of the DIFC against any liability, actions, proceedings, claims, demands, costs or expenses reasonably incurred or sustained by it in connection with any debt, claim, action, demand, suit, proceeding, judgment, decree, liability or obligation of any kind in which it becomes involved as a party or otherwise, by virtue of its being or having been an independent non-executive director of the Fund and/or Investment Oversight Committee members except where such debt, claim, action, demand, suit, proceeding, judgment, decree, liability or obligation arises as a result of any fraud, negligence or wilful default on the part of the relevant indemnified party. Subject to any provision of the of the laws of the DIFC to the contrary, no indemnified party shall be liable for any damage, loss, costs or expenses to or of the Fund at any time unless caused by the indemnified party's fraud, negligence or wilful default.

Subject always to the provisions of the Law and the Rules, the independent non-executive directors and/or Investment Oversight Committee members may be removed or may resign pursuant to the provisions of the Articles of Association.

FUND ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

Deutsche Bank has, with the approval of the DFSA, been appointed as the Fund Administrator of the Fund pursuant to the Delegation Agreement. The Fund Administrator is responsible for the general administration of the Fund, which includes amongst other things, arranging calculation of asset valuations and fees, and administration of uninvested cash. The Fund Administrator has undertaken to comply with all applicable CIR Rules whilst carrying out its duties.

The Fund Administrator is entitled to be indemnified against all actions, proceedings, claims, demands, costs, expenses whatsoever (other than those resulting from the fraud, negligence, wilful default or bad faith of the Fund Administrator) which may be made against or incurred by the Fund Administrator arising out of, or in performing, its obligations or duties.

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

Deutsche Bank has also been appointed as the Registrar and Transfer Agent of the Fund pursuant to the Delegation Agreement.

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

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

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

- i. The Fund Administrator, Registrar and Transfer Agent shall not incur liability by refusing in good faith to perform any duty or obligation in the Delegation Agreement which in its reasonable judgment is improper or unauthorised and in performing its duties and obligations pursuant to the Delegation Agreement it shall not be required at any time to do or procure the doing of anything contrary to or in breach of or which constitutes any offense against any applicable law or regulation then in force.
- ii. The Fund Administrator, Registrar and Transfer Agent shall not, in the absence of fraud, negligence, wilful default or bad faith on the part of the Fund Administrator, Registrar and Transfer Agent or its servants be liable to the Fund Manager or to the Fund for any act or omission in the course of or in connection with the services rendered by it under the Delegation Agreement or for any loss or damage which the Fund Manager or the Fund may sustain or suffer as the result or in the course of the discharge by Fund Administrator, Registrar and Transfer Agent or its servants of its duties under or pursuant to the Delegation Agreement.
- iii. The Fund Manager agrees to indemnify the Fund Administrator, Registrar and Transfer Agent from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, misconduct, negligence or wilful default on the part of the Fund Administrator, Registrar and Transfer Agent or its servants) which may be imposed on, incurred by or asserted against the Fund Administrator, Registrar and Transfer Agent in performing its obligations or duties under the Delegation Agreement.
- iv. The Fund Administrator, Registrar and Transfer Agent agrees to indemnify the Fund Manager and to hold the Fund Manager harmless against all charges, costs, damages, losses, claims, liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses, fees and disbursements of any kind or nature whatsoever (together with any value added tax or similar tax imposed from time to time), which the Fund Manager may suffer or incur howsoever in connection with or arising from the Fund Administrator, Registrar and Transfer Agent's or its servants' negligence, wilful misconduct, fraud or wilful default in performing its obligations, duties, services under the Delegation Agreement.
- v. In calculating any performance fee or any accrual in relation thereto, the Fund Administrator, Registrar and Transfer Agent shall not be liable for any loss suffered by the Fund Manager or any Shareholder by reason of the method of calculation agreed to by the Fund Administrator, Registrar and Transfer Agent or by reason of the Fund Administrator, Registrar and Transfer Agent acting upon any written instructions of the Fund Manager in respect of any such calculation.
- vi. The Fund Administrator, Registrar and Transfer Agent shall not be liable for any loss suffered by the Fund Manager whether caused by delays or otherwise resulting from incorrect information or illegible or unclear communications other than due to the Fund Administrator, Registrar and Transfer Agent's own fault.
- vii. The Fund Administrator, Registrar and Transfer Agent shall not be responsible for the loss or damage to any documents or other property or for any failure to fulfil its duties under the Delegation Agreement if such loss, damage or failure shall be caused by directly or indirectly due to war, terrorism, enemy action, the act of government or other competent authority, of any investment exchange or dealing house, riots, civil disturbance, rebellion, pestilence, storm, tempest, accident, fire, strike, explosion, lock-out or the breakdown, failure or malfunction of any telecommunication or computer service or any occurrence or event beyond the control of the Fund Administrator, Registrar and Transfer Agent.

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

Custodian

Deutsche Bank has been appointed as the Custodian of the Fund's assets, which will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the Custodian Agreement.

In performing its duties, the Custodian may, at the expense of the Fund, appoint such agents, sub-custodians and delegates as it thinks fit to perform in whole or in part any of its duties and discretions (included in such appointment are powers of sub-delegation), provided always that the Custodian will remain responsible for the proper performance of its duties. The Custodian will not however be responsible for any loss suffered by the Fund by reason only of the liquidation, bankruptcy or insolvency of any such agent, sub-custodian or delegate.

The Custodian will not be responsible for any cash, securities and/or other assets comprising the assets of the Fund which are not deposited with or held to the Custodian's order. In particular, the Custodian will not be responsible for any cash, securities and/or other assets placed with co-custodians, brokers or any other party outside the Custodian's global custodian network. The Custodian will not participate in transactions and activities.

Notwithstanding the appointment of the Custodian and the fact that the Custodian will hold the legal title to the Fund's assets, the Fund Manager shall remain responsible for the Fund's assets.

The Custodian Agreement entered into with the Custodian, to the extent permitted by the laws of the DIFC, provides, amongst other things, for the following:

- a. The Fund Manager agrees to indemnify the Custodian and hold the Custodian harmless against all charges, costs, damages, losses, claims, liabilities, expenses, fees and disbursements (together with any value added tax or similar tax imposed from time to time), which the Custodian may suffer or incur howsoever in connection with or arising from the Custodian Agreement except where there has been negligence or wilful misconduct on the part of the Custodian.
- b. The Fund Manager further agrees to indemnify the Custodian and to hold the Custodian harmless against any claims for income tax (including penalties) paid or payable by the Custodian as agent of the Fund Manager (or of any person on whose behalf the Fund Manager is acting) under the tax laws of the jurisdiction in which the Custodian is located, notwithstanding that the Fund Manager has disputed such claims.

The appointment of the Custodian may generally be terminated by not less than 60 days' notice in writing. The Custodian Agreement may also be terminated in other circumstances.

Shariah Supervisory Board

A Shariah Supervisory Board will be appointed to each Sub-Fund to advise the Fund Manager on matters of Shariah pursuant to the DFSA Islamic Finance Rules. The same Shariah Supervisory Board may be appointed to different Sub-Funds. The role of the Shariah Supervisory Board will be to provide ongoing and continuous supervision and adjudication in all Shariah matters for each Sub-Fund, including but not limited to:

- i. The provision of assistance with respect to the development of the legal and operational structure of the Fund generally and the relevant Sub-Fund in particular, including its investment objective, criteria and strategy, such that they comply with the principles of Shariah.
- ii. Reviewing and satisfying themselves that the legal and operational structure of the Fund generally and the relevant Sub-Fund in particular, including the provisions of this Prospectus and the Articles of Association and its investment objective, criteria and strategy, comply with the principles of the Shariah and issuing an initial certificate (fatwa, based on the underlying Islamic principles) on the launch of the Fund/the relevant Sub-Fund declaring the Fund/the relevant Sub-Fund to be in compliance with Shariah.
- iii. Providing ongoing support to the Fund/the relevant Sub-Fund in respect of questions or queries the investors and their representatives may raise in respect of the ongoing Shariah compliance of the Fund/the relevant Sub-Fund.
- iv. Providing ongoing assistance to the Fund/the relevant Sub-Fund in remaining compliant with Shariah and active assistance in correcting and/or mitigating any errors (if any) when made.
- v. A quarterly meeting between the Fund Manager and the Shariah Supervisory Board, an audit of the Fund/the relevant Sub-Fund to ensure its operational activities and all investments transactions, including its investment objective, criteria and strategy, are or were made in accordance with the principles of Shariah.

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

Registered Auditor

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

FEES AND CHARGES

Management Fee

The Fund Manager will receive from the Fund a management fee in respect of each Sub-Fund as specified in the relevant Annex.

Distribution Fee

The Fund Manager may receive from the Fund a distribution fee in respect of each Sub-Fund as specified in the relevant Annex.

Performance Fee

In addition to its management fee and distribution fee, the Fund Manager may also be entitled to receive a performance fee from the Fund in respect of each Sub-Fund as specified in the relevant Annex.

Administration Fee

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

Custodian Fee

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

Oversight Fee

The Investment Oversight Committee will receive from the Fund fees for providing oversight services in respect of each Sub-Fund as specified in the relevant Annex.

Shariah Supervisory Board Fee

Each person on the Shariah Supervisory Board will receive from the Fund fees for providing supervisory services in respect of each Sub-Fund as specified in the relevant Annex.

Zakah

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

Other Fees and Expenses

The Fund will also pay the cost and expenses (i) of all transactions carried out by it or on its behalf and (ii) of the administration of the Fund, including (a) the charges and expenses of legal advisers and the Registered Auditor, (b) brokers' commissions (if any) and any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes and corporate fees payable to governments or agencies, (d) financing charges, (e) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (f) the cost of insurance (if any), (g) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (h) marketing and promotional expenses, (i) all other organisational and operating expenses, and all costs, charges and expenses properly incurred by the Fund Administrator, Custodian or Registrar in the performance of their respective duties and all reasonable out-of-pocket expenses incurred by the Fund Administrator, Custodian, Registrar or non-executive directors wholly and exclusively in the performance of its/their respective duties.

The total cost and expenses of establishing the Fund, estimated at USD 150,000 were paid by the Fund out of proceeds of the initial issue of Shares. These cost and expenses will be allocated to the Sub-Funds in accordance with allocation rules set forth under "Net Asset Value" below. These costs and expenses may, at the discretion of the Fund Manager, be amortised on a straight-line basis over 5 years from the date on which the Fund commenced business. The Fund Manager may, in its absolute discretion, shorten the period over which such costs and expenses are amortised.

If further Sub-Funds are created in the future, these Sub-Funds will bear, in principle, their own formation expenses.

The Directors of the Fund will receive no remuneration or reimbursement of expenses in respect of their role. All of the above charges are subject to review from time to time. However, the Fund Manager shall be required to give Shareholders at least 90 days' notice of any proposed increase or other change to its Management Fee, its Performance Fee or change to redemption costs and expenses set out below in relation to a Sub-Fund.

Redemption Costs and Expenses

If the Fund incurs any costs, expenses or losses in respect of any redemption of Shares, including any profit paid or payable or any loss, premium, penalty or expense that may be incurred in liquidating or employing securities, deposits or borrowings to fund the redemption amount, these may be recovered from the redemption amount payable to the redeeming Shareholder.

Dilution Levy

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

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

SUBSCRIPTION FOR SHARES

Initial Offer Period

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

Initial Issue Price

During any Initial Offer Period, the issue price per Share is the price specified in the relevant Annex plus any additional subscription fee.

Minimum Initial Subscription and holding Amounts

The Fund Manager will set and waive, in its discretion, a minimum subscription amount and a minimum ongoing holding amount for each Sub-Fund, to be specified in the relevant Annex.

Subsequent Subscriptions

If the Fund Manager determines that it is in the interest of Shareholders of the Sub-Fund to accept subscriptions after the Initial Offer Period, applications for subscription may be made on or prior to any day that is a Subscription Date for the Sub-Fund concerned (or on such other days as the Fund Manager may from time to time determine), subject to any prior notice requirements specified in the relevant Annex. Subscriptions may only be made for a fixed amount and not for a specified number of Shares. The Fund Manager may discontinue the issue of new Shares in any Sub-Fund at any time in its discretion.

Minimum Subsequent Subscription Amount

The Fund Manager will set and waive in its discretion a minimum subsequent subscription amount, to be specified in the relevant Annex.

Prior Notice Requirements

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

Subscription Fee

During and after any Initial Offer Period, a subscription fee equal to a percentage of the aggregate subscription amount may be charged or waived in whole or in part at the discretion of the Fund Manager. Subscription fees are generally paid to the financial intermediary through which the subscription application was made and are detailed in the relevant Annex.

Subscription Price per Share

After the Initial Offer Period, the subscription price in relation to a Sub-Fund is the Net Asset Value per Share determined as at the relevant Subscription Date, increased by any applicable subscription fee.

Payment of Subscription Price

The Fund Manager, the Fund Administrator or its agent must receive the full Subscription Price of the Shares subscribed in immediately available funds in the reference currency of the Class (or sub-class) concerned not later than the date or time and/or day specified in the relevant Annex. No interest will be paid on payments received prior to the closing date of any Initial Offer Period or prior to any Subscription Date or Valuation Date. No third party payment will be accepted.

Eligible Shareholders

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

The subscription agreement requires each prospective applicant for Shares to represent and warrant to the Fund that, amongst other things, he is able to acquire and hold Shares without violating applicable laws.

The Shares will also not be offered, issued or transferred to any person in circumstances which, in the opinion of the Fund Manager, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable US Securities Laws.

Shares may generally not be issued or transferred to any US Person (as defined in the US Securities Laws), except that the Fund Manager may authorise the issue or transfer of Shares to or for the account of a US Person provided that:

- a. Such issue or transfer does not result in a violation of the US Securities Act of 1933 (as amended) or the securities laws of any of the States of the United States;
- b. Such issue or transfer will not require the Fund to register under the US Securities Act of 1940 (as amended);
- c. Such issue or transfer will not cause any assets of the Fund to be "plan assets" for the purposes of US Employee Retirement Income Security Act of 1974 (as amended); and
- d. Such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Shareholders.

Each applicant for and transferee of Shares who is a US Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue, or the registration of any transfer, of Shares.

The Fund will require from each Shareholder acting on behalf of other investors confirmation that any assignment of rights to Shares will be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignments will be made in compliance with the minimum holding requirement.

Anti-Money Laundering

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

The Fund Manager reserves the right to request such information as is necessary to verify the identity of a Subscriber or investor and the underlying beneficial owner of the Shares.

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

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

Each Subscriber and Shareholder shall, upon request, supply such information or make sure representation to the Fund and the Fund Manager in connection with such anti-money laundering measures or procedures adopted by the Fund and the Fund Manager from time to time.

Acceptance of Subscriptions

The Fund Manager reserves the right to accept or refuse any subscription agreement for Shares in whole or in part.

Suspension of Subscriptions

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

Irrevocability of Subscriptions

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

Confirmation of Subscription

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

REDEMPTION OF SHARES

Redemption Rights

Subject to the restrictions provided in this Prospectus and the relevant Annex, the Fund Manager may redeem Shares in accordance with the terms of the relevant Annex or any Shareholder may apply for the redemption of some or all of his Shares or of a fixed amount. Shares will be redeemed at the Redemption Price i.e. the Net Asset Value per Share determined as at the Redemption Date less any Dilution Levy. If the value of a Shareholder's holding on the relevant Redemption Date is less than the fixed amount which the Shareholder has applied to redeem, the Shareholder will be deemed to have requested the redemption of all of his Shares.

Prior Notice Requirements

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

Minimum holding Period

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

Minimum holding Amount

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

Redemption Price per Share

Shares may not be redeemed during any Initial Offer Period. After any Initial Offer Period, the Redemption Price per Share of each Sub-Fund is the Net Asset Value per Share of such Sub-Fund determined as at the Redemption Date, reduced by any applicable Dilution Levy.

Payment of Redemption Proceeds

Redemption proceeds, net of any applicable Dilution Levy, are paid in the base currency of the relevant Sub-Fund. Unless otherwise provided in the relevant Annex, the net redemption proceeds will be paid as soon as reasonably practicable and normally within five Business Days after the relevant Net Asset Value per Share as at the relevant Redemption Date has been calculated and is available and the original Redemption Request has been received by the Fund Manager. Redemption proceeds will only be paid in favour of the relevant Shareholder and will be paid by electronic transfer (net of the electronic transfer fee) to the account instructed by that Shareholder or, if no account details are held, by cheque mailed to the address shown for that Shareholder in the Shareholders Register.

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

Compulsory Redemption of Shares

If the Fund Manager becomes aware that a Shareholder of record is holding Shares for the account of a person who does not meet the Shareholder eligibility requirements specified in "Subscription For Shares" above and in the relevant Annex, or is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Fund or a majority of its Shareholders, or otherwise be detrimental to the interests of the Fund or a majority of its Shareholders, the Fund Manager may compulsorily redeem such Shares in accordance with the provisions of the Articles of Association at the prevailing Redemption Price of the relevant Sub-Fund. Shareholders are required to notify the Fund and the Registrar immediately if they cease to meet the Shareholder eligibility requirements specified in "Subscription For Shares" above or in the relevant Annex, or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Fund or a majority of its Shareholders or be detrimental to the interests of the Fund or a majority of its Shareholders.

Large Redemptions

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

Suspension of Redemptions

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

Irrevocability of Redemption Requests

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

Exchanges between Sub-Funds

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

Exchanges between Classes

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

Meetings of the Directors

The Directors will hold at least two meetings every twelve months commencing from the date of registration of the Fund with the DFSA. At each of the two mandatory meetings the periodic reports specified under "Reports to Shareholders" below will be presented.

Meetings of Shareholders

An annual meeting of Shareholders will be held at least every twelve months commencing from the date of registration of the Fund with the DFSA. The convening of each annual general meeting shall be made in accordance with the Law, the CIR Rules and the Articles of Association, and each Shareholder shall receive a procedures manual in respect of such meeting setting out and covering the position with regard to, amongst other things, voting rights, proxies, minutes and variation of class rights and class meetings. The annual report specified under "Reports to Shareholders" below will be presented at each meeting.

The Fund Manager, on receipt of a valid request in writing from a Shareholder or Shareholders entitled to request such a meeting, shall immediately call an extraordinary general meeting of Shareholders. Such request must be signed by a Shareholder or Shareholders who, at the date of such request, is or are registered as a Shareholder or Shareholders representing not less than 10% of the value of all the Shares in the Fund then in issue. The calling of such extraordinary general meeting shall be made in accordance with the Law, the CIR Rules and the Articles of Association, and each Shareholder shall receive a procedures manual in respect of such meeting setting out and covering the position with regard to, among other things, voting rights, proxies, minutes and variation of class rights and class meetings.

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

Alterations to the Articles of Association

1. Matters requiring a Special Resolution of Shareholders
If any proposal to change the Fund's investment, borrowing or gearing powers is made or if any other fundamental change (as defined in the Law and the CIR Rules) is proposed, a Special Resolution approving any such proposal must be passed by Shareholders at a meeting of Shareholders convened solely for that purpose. The DFSA must also approve any such proposal.
2. Matters requiring an Ordinary Resolution of Shareholders
If any materially significant change (as defined in the Law and the CIR Rules) is proposed, such as a proposal to replace a member of the Shariah Supervisory Board or any other proposal which may adversely affect Shareholders, an Ordinary Resolution approving any such proposal must be passed by Shareholders at a meeting of Shareholders convened solely for that purpose.
3. All other amendment to the Articles of Association must be made in accordance with the Companies Law and the Rules.

Alterations to the Prospectus

1. Matters requiring a Special Resolution of Shareholders
If any proposal to change the Fund's investment, borrowing or gearing powers is made or if any other fundamental change (as defined in the Law and the CIR Rules) is proposed, a Special Resolution approving any such proposal must be passed by Shareholders at a meeting of Shareholders convened solely for that purpose. The DFSA must also approve any such proposal.
2. Matters requiring an Ordinary Resolution of Shareholders
If any materially significant change (as defined in the CIR Rules) is proposed, such as a proposal to replace a member of a Shariah Supervisory Board or any other proposal which may adversely affect Shareholders, an Ordinary Resolution approving any such proposal must be passed by Shareholders at a meeting of Shareholders convened solely for that purpose.
3. Matters merely requiring pre-event notification to Shareholders
If the Fund Manager considers that any proposed change may potentially be significant (as defined in the CIR Rules), the Director will give the Shareholders reasonable notice of the proposed change before the change is effected.
4. Matters merely requiring post-event notification to Shareholders
If the Fund Manager considers on reasonable grounds that any proposed change will not adversely affect Shareholders' rights then any 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.

Alterations to the Fund Generally

1. Matters requiring a Special Resolution of Shareholders
If any proposal to change the Fund Manager or the Registered Auditor is made or if any other fundamental change (as defined in the CIR Rules) is proposed, a Special Resolution approving any such proposal must be passed by Shareholders at a meeting of Shareholders convened solely for that purpose. The DFSA must also approve any such proposal.
2. Matters requiring an Ordinary Resolution of Shareholders
If any materially significant change (as defined in the CIR Rules) is proposed which may adversely affect Shareholders, an Ordinary Resolution approving any such proposal must be passed by Shareholders at a meeting of Shareholders convened solely for that purpose.
3. Matters merely requiring pre-event notification to Shareholders
If the Fund Manager considers that any proposed change may potentially be significant (as defined in the CIR Rules), the Fund Manager will give the Shareholders reasonable notice of the proposed change before the change is effected.
4. Matters merely requiring post-event notification to Shareholders
If the Fund Manager considers on reasonable grounds that any proposed change will not adversely affect Shareholders' rights then any 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.

Dissolution and Amalgamation of Sub-Funds

1. A Sub-Fund may be dissolved by compulsory redemption of Shares of the relevant Sub-Fund, at the discretion of the Fund Manager:
 - i. If the Net Asset Value of the relevant Sub-Fund has decreased below USD 1 million.
 - ii. If the Sub-Fund shall cease to be authorised or otherwise officially approved.

- iii. If any law shall be passed or otherwise enacted which renders it illegal or, in the opinion of the Fund Manager, impractical or inadvisable to continue the relevant Sub-Fund.
 - iv. If required by the DFSA to terminate the Fund or the relevant Sub-Fund.
 - v. If the Fund Manager, at any time, determines that it is in the best interests of the Fund, the Sub-Fund, the relevant Shareholders or the Fund Manager that the Sub-Fund be dissolved.
2. The Redemption Price for the relevant Shares will be the Net Asset Value per Share (taking into account actual realisation prices of the investments and realisation expenses), calculated as of the Valuation Date at which such a decision shall take effect.
 3. The Fund Manager shall serve a written notice to the holders of the relevant Shares prior to the effective date of the compulsory redemption, which will indicate the reasons for, and the procedure of the redemption operations. Unless it is otherwise decided in the interest of, or to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund concerned may continue to request redemption of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the effective date of the compulsory redemption.
 4. Notwithstanding the powers conferred to the Fund Manager by the preceding paragraph, a general meeting of Shareholders of any Sub-Fund may, upon proposal from the Fund Manager, redeem all the Shares of such Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Date at which such decision shall take effect. There shall be no quorum requirements for such a general meeting of Shareholders at which resolutions shall be adopted by simple majority of those present or represented, if such a decision does not result in the liquidation of the Fund.
 5. Any asset which has remained unclaimed shall be dealt with in accordance with the applicable CIR Rules.
 6. All redeemed Shares shall be cancelled.
 7. Under the circumstances provided for under paragraph 1 above, the Fund Manager may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Fund and to re-designate the Shares of the Sub-Fund concerned as Shares of another Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be notified to the Shareholders concerned (and, in addition, the notification will contain information in relation to the new Sub-Fund), one month before the date on which the amalgamation becomes effective in order to enable Shareholders to request redemption of their Shares, free of charge, during such period.
 8. Notwithstanding the powers conferred on the Fund Manager by the preceding paragraph, a contribution of the assets and liabilities attributable to any Sub-Fund to another Sub-Fund of the Fund may be decided upon by a general meeting of the Shareholders of the contributing Sub-Fund for which there shall be no quorum requirements and which shall decide upon such an amalgamation by resolution adopted by simple majority of those present or represented, if the amalgamation does not result in the liquidation of the Fund.
 9. A contribution of the assets and liabilities attributable to any Sub-Fund to a sub-fund of a third party entity shall be decided by a general meeting of Shareholders and shall require a resolution of the Shareholders of the contributing Sub-Fund where no quorum is required and adopted by a simple majority of the Shares represented at such meeting.
 10. All the provisions relating to the dissolution and amalgamation of Sub-Funds shall, with any necessary modifications, apply to the dissolution and amalgamation of any Class or Sub-Class.

Winding-up or Dissolution

The Fund may be wound up at any time:

- a. By the Fund Manager determining that it is in the best interests of the Fund, the Shareholders or the Fund Manager that the Fund be wound up.
- b. By the Shareholders by the passing of a Special Resolution at an extraordinary general meeting directing the Fund Manager to wind up the Fund.
- c. Otherwise in accordance with the Law and/or the CIR Rules.

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

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

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

Restrictions on Sale, Transfer and Assignment

Subject to the restrictions mentioned under "Eligible Shareholders" above, the restrictions set out below and to any additional restrictions specified in the relevant Annex and the Articles of Association, Shares are freely transferable.

United States

The Fund Manager will not consent to a transfer of Shares and the Shares may not be transferred, directly or indirectly, to any person in circumstances which, in the opinion of the Fund Manager, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable United States ("US") securities laws ("**US Securities Laws**"). The Fund Manager will also not consent to a transfer of Shares and the Shares may not be transferred, directly or indirectly, to any US Person (as defined in the US Securities Laws) except in the circumstances specified under "Eligible Shareholders" above. The Fund has and intends to exercise, the right of mandatory redemption of any Shares sold or acquired in contravention of the foregoing prohibitions.

Net Asset Value

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

The Fund will establish a separate pool of assets and liabilities in respect of each Sub-Fund and the assets and liabilities shall be allocated in the following manner:

- a. The net proceeds from the issue of Shares in a Sub-Fund are to be applied in the books of the Fund to that Sub-Fund and the assets and liabilities and income and expenditure attributable thereto are applied to such Sub-Fund subject to the provisions set forth below.
- b. Where any income or asset is derived from another asset, such income or asset is applied in the books of the Fund to the same Sub-Fund as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant Sub-Fund.
- c. Where the Fund incurs a liability which relates to any asset of a particular Sub-Fund or to any action taken in connection with an asset of a particular Sub-Fund, such liability is allocated to the relevant Sub-Fund.
- d. If any asset or liability of the Fund cannot be considered as being attributable to a particular Sub-Fund, such asset or liability will be allocated to all the Sub-Funds pro rata to their respective Net Asset Values, or in such other manner as the Fund Manager, acting in good faith, may decide.
- e. Upon the payment of distributions to the Shareholders of any Sub-Fund, the Net Asset Value of such Sub-Fund shall be reduced by the amount of such distributions.

In respect of each Sub-Fund, the Net Asset Value per Share of the relevant Sub-Fund is determined in the base currency of such Sub-Fund as at each Valuation Date by dividing the net assets attributable to that Sub-Fund by the total number of Shares of that Sub-Fund then outstanding. The Net Asset Value per Share of each Sub-Fund as at a Valuation Date will be calculated and available no later than 20 Business Days after the relevant Valuation Date.

In respect of each Sub-Fund that has more than one Class of Shares, the Net Asset Value per Class is determined as at each Valuation Date by multiplying the Net Asset Value per Share for that Sub-Fund by the number of Shares outstanding in the relevant Class. The Net Asset Value per Class for each Sub-Fund that has more than one Class of Shares will be calculated and available no later than 20 Business Days after the relevant Valuation Date.

As the Net Asset Value per Share, and where relevant, the Net Asset Value per Class will be determined after the day on which subscription, redemption or exchange requests are made, investors will not know the total number of whole and fractional Shares which they will be issued, nor the net redemption value of their Shares as at the day on which their request for subscription, redemption or exchange is made.

The net assets of each Sub-Fund consist of the value of the total assets attributable to such Sub-Fund less the total liabilities (including any charges that are paid, or are payable, on acquiring or disposing of an asset) attributable to such Sub-Fund, calculated at such time as the Fund Manager shall have set for such purpose. The Fund Administrator, acting independently and based on the information received from the Fund Manager, shall determine the value of the assets of the Fund as follows:

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

The Fund Manager is authorised to apply other valuation principles for the assets of the Fund and/or any Sub-Fund if the valuation principles set forth above appear impossible to apply in the circumstances or inappropriate for the asset concerned. Any Sub-Fund investing in a collective investment fund will determine its Net Asset Value primarily on the basis of the value of its interests in such collective investment fund, as reported or provided by such collective investment fund. The Fund and the Fund Administrator, acting upon the recommendations provided by the Fund Manager, will make all reasonable efforts to correctly assess the value of all portfolio securities based on the information made available to them, and such valuations will be binding upon the Fund and its Shareholders absent manifest error. Neither the Fund, nor the Fund Administrator nor the Fund Manager has any control over the valuation methods and accounting rules adopted by the collective investment funds in which the Sub-Fund may invest and no assurance can be given that such methods and rules will at all times allow the Fund to correctly assess the value of its assets and investments. If the value of a Sub-Fund's assets is adjusted after any Valuation Date (as a consequence, for instance, of any adjustment made by a collective investment fund to the value of its own assets), the Fund Manager will not be required to revise or re-calculate the Net Asset Value on the basis of which subscriptions, redemptions or exchanges of Shares of that Sub-Fund may have been previously accepted. In any Sub-Fund, the Fund Manager may determine to establish reserves, which may be caused by revaluation of assets and make provisions for contingencies. The value of assets denominated in a currency other than the reference currency of a given Sub-Fund shall be determined by taking into account the rate of exchange prevailing at the relevant Valuation Date. The Net Asset Value per Share, and where relevant, the Net Asset Value per Class, of each Sub-Fund and the issue and redemption prices per Share will be available from the Registered Office of the Fund and at the DIFC office of the Fund Administrator as soon as practicable after each Valuation Date in accordance with the requirements of the CIR Rules. The Fund will also publish the Net Asset Value per Share, and where relevant, the Net Asset Value per Class, of each Sub-Fund as soon as practicable after each Valuation Date in accordance with the requirements of the CIR Rules. The Net Asset Value per Share, and where relevant, the Net Asset Value per Class, of each Sub-Fund will in particular be published on the websites of Mashreq Asset Management, Bloomberg, Reuters and Zawya.

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

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

Any such suspension (and the reason therefore) will be notified to the relevant Shareholders and the DFSA as soon as practicable after such suspension has been declared. Suspensions will generally require to cease within 28 days of the effective date of suspension. However, the Fund Manager is entitled to apply to the DFSA for an extension of such suspension. The Fund Manager will notify relevant Shareholders of any extension granted as soon as practicable after the date of granting. The Fund Manager will notify the Shareholders and the DFSA as soon as practicable after such suspension has been lifted.

Reports to Shareholders

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

- a. An annual report within 4 months of the end of the Financial Year.
- b. An interim report in respect of the relevant Sub-Fund within 2 months of the six month anniversary of the date of registration of the Fund with the DFSA and thereafter within 2 months of each six month anniversary of the Financial Year.

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

In addition, reports, notices and information in relation to the Fund may be found at the Fund Manager's website for this Fund being www.mashreqassetmanagement.com

Fund Financial Statements

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

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

Communications to Shareholders

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

Communications to the Fund

Communications to the Fund should be addressed to the Fund Manager.

Material Contracts

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

- a. Delegation Agreement
- b. Custodian Agreement
- c. Shariah Supervisory Agreement
- d. The agreement between the Registered Auditor and the Fund

Any of the above agreements may be amended by the mutual consent of the parties, consent on behalf of the Fund being given by the Fund Manager.

Documents available for Inspection

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

- a. The Articles of Association
- b. The current Prospectus
- c. The material contracts referred to above
- d. The relevant Shareholder Register
- e. The latest annual and interim reports of the Fund

Governing Law

The governing law of the Fund and this Prospectus shall be the laws of the DIFC.

INVESTMENT CONSIDERATIONS

An investment in the Fund involves significant risks which prospective investors should consider before participating in the Fund. There can be no assurance that any rate of return will be realised or that significant capital losses will not occur. The Fund's returns may be unpredictable and, accordingly, its investment programme is not suitable as the sole investment vehicle for an investor. An investor should only invest in the Fund as part of an overall investment strategy, and then only if the investor is able to withstand a total loss of its investment. Prospective investors should carefully consider each and every risk involved herein, and all other information contained in this Prospectus. In considering participation in the Fund, an investor should be aware of certain considerations which include, but are not limited to, the following:

General

The value of an investment in the Fund may fluctuate. There is no guarantee nor can any assurance be given that the targeted returns of the Fund will be met, that any other strategic objectives of the Fund will be achieved, or that investors will receive a return of all or any part of their investment. An investment in the Fund could result in a loss for an investor of part or whole of the investment.

Market Risks

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.

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

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

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

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

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

Political and Legal Factors. The Fund may invest in emerging countries where there is a high potential return on invested capital but also a high degree of either political or economic risk, or both, or where existing regulations may impede repatriation of investment capital or earnings. In such cases, the potential return may be offset, or more than offset, as a result of adverse political or other developments. In that regard, it is generally the case that investments in any emerging country could be affected by factors such as nationalisation, expropriation without just compensation, exchange control, confiscatory taxation, political changes, governmental regulation, social, political, or diplomatic instability (including military or other internal political coups, insurrections and wars), and potential difficulties in enforcing contractual obligations.

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

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

In addition, in some emerging countries, prior governmental approval for foreign investments may be required under certain circumstances. Moreover, the extent of foreign investment in domestic companies may be limited. Foreign ownership limitations also may be imposed by the charters of individual companies in emerging countries to prevent, among other concerns, violation of foreign investment limitations.

Repatriation of investment income, capital, and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. The Fund could be adversely affected by delays in or a refusal to grant and required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging countries on profit or dividends paid on securities purchased by the Fund or gains from the disposition of such securities.

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

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

Other Activities of the Fund Manager. The Fund Manager currently manages and intends to manage other customer accounts in the future. Orders for such accounts similar to those of the Fund may occur contemporaneously. There is no specific limit as to the number of accounts which may be managed by the Fund Manager. The performance of the Fund's investments could be adversely affected by the manner in which particular orders are entered for all such accounts.

Nature of an Investment Fund. The investments in this Fund are not deposits or other obligations of any bank or other financial institution, and are not guaranteed by any bank or other financial institution. Any investment in this Fund is therefore subject to investment risks, including the possible loss of the amount invested.

The Shares cannot be assigned, transferred, pledged, or otherwise encumbered except on the terms and conditions set forth in the Prospectus, and there is and will be no public market for the Shares prior to any listing which is at the sole discretion of the Fund Manager. Subject to certain conditions and restrictions, Shareholders may require the Fund to redeem all or part of their Shares as of each Redemption Date.

Execution Risks and Fund Manager Error. In order to seek positive returns in global markets, the Fund Manager's trading and investment for the Fund involves multiple portfolio managers, multiple instruments, multiple brokers and counter-parties, and multiple strategies. As a result, the execution of the trading and investment strategies employed by the Fund Manager for the Fund may often require rapid execution of trades, high volume of trades, complex trades, difficult to execute trades, use of negotiated terms with counter-parties such as in the use of derivatives and the execution of trades involving less common or novel instruments. In each case, the Fund Manager seeks best execution and has trained execution and operational staff devoted to executing, settling, and clearing such trades. However, in light of the high volumes, complexity, and global diversity involved, some slippage, errors, and miscommunications with brokers and counter-parties are inevitable and may result in losses to the Fund. Such losses may be caused by the Fund's brokers and counter-parties or by the Fund Manager or by a combination of the broker or counter-party and the Fund Manager.

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

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

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

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

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

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

Term of Investment. The Fund's portfolio will be concentrated in securities with a view to medium to long-term capital increases. Accordingly, an investor should consider the investment to be a medium to long-term commitment.

Non-Participation in Management. Investors in the Fund will have no right or power to participate in the management of the Fund or of any of its assets. All aspects of management of investments are entrusted to the Fund Manager. Investors will have no opportunity to control the day-to-day operation of the Fund, including the investment and disposition decisions.

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

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

Shariah Compliance. It is possible that, subsequent to an investment being made by a Sub-Fund, that it is determined that part or all of that investment was not, or due to a change in circumstances, is no longer, Shariah compliant. In the event of such an occurrence the Fund Manager, with the assistance of the Shariah Supervisory Board, will determine what action should be taken to liquidate such investment and/or purify the Sub-Fund. Purification may involve the payment to a charity selected by the Fund Manager (on the advice of the Shariah Supervisory Board) of moneys arising from or which is related to a non-Shariah compliant activity or circumstance.

Cross Sub-Funds Liability. As at the date of this Prospectus, the Fund only has one Sub-Fund operating. However, the Fund may launch further Sub-Funds in the future. Notwithstanding this, the Fund is a single legal entity and all of the assets of the Fund may be available to meet any of its liabilities, regardless of whether these are attributable to a particular Sub-Fund (in other words, the Sub-Funds are not "ring-fenced"). In practice, cross class liability will usually only arise where a particular Sub-Fund becomes insolvent or exhausts its assets and is unable to meet all of its liabilities. In this case, some or all of the assets of the Fund attributable to the other Sub-Funds may be applied to cover the liabilities of the insolvent Sub-Fund.

THE FOREGOING INVESTMENT CONSIDERATIONS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE INVESTORS SHOULD READ ANY SUPPLEMENTAL DOCUMENTATION PROVIDED, IF ANY, IN THEIR ENTIRETY BEFORE DETERMINING WHETHER TO COMMIT TO THE FUND.

Fund Manager & Investment Manager

Mashreq Capital (DIFC) Ltd
Al Fattan Currency House, Tower 2, Office number
203, Level 2, DIFC,
PO Box 1250, Dubai
United Arab Emirates
Tel: 04 207 8823 Fax: 04 4247322

Fund Administrator, Registrar and Transfer Agent

Deutsche Bank AG, Dubai (DIFC) Branch
Dubai International Financial Centre
The Gate, West Wing, Level 3
PO Box 504902
Dubai
United Arab Emirates
Tel: 04 361 1700 Fax: 04 363 7278

Shariah Supervisory Board

As specified in the relevant Annex of each Sub-Fund

Registered Auditor

Deloitte & Touche (M.E.) City Tower 2, Suite
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Sheikh Zayed Road, PO Box 4254
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Tel: 04 331 3211 Fax: 04 331 4178

Directors

Executive (as Fund Manager):

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United Arab Emirates

Non-Executive:

Denis Sabourin
Shehzad Waheed

Custodian

Branches of Deutsche Bank AG worldwide.

Investment Oversight Committee

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Arzu Atakli Williams
Lotte Nielsen

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Mashreq Al-Islami Income Fund

This Annex is valid only if accompanied by the currently valid Prospectus.

Investment objective and policy

Principal Investment Objective

The investment objective of the Mashreq Al-Islami Income Fund is to provide Shareholders with Shariah compliant fixed returns. The Mashreq Al-Islami Income Fund will only invest in Shariah compliant fixed income securities approved by the Shariah Supervisory Board. The Mashreq Al-Islami Income Fund's return objective will be to achieve average annual returns of 5-7% (after fees) over the life of the Mashreq Al-Islami Income Fund.

Investment Policy and risk spreading

The Mashreq Al-Islami Income Fund will invest primarily in Shariah compliant fixed income securities globally. The following investment restrictions will be in place:

1. All investments will either be pre-approved by the Shariah Supervisory Board, or the investment will undergo an approval process of the Shariah Supervisory Board prior to investment. The Shariah Supervisory Board will review all investments of the Mashreq Al-Islami Income Fund on a quarterly basis and should they change their decision on any investment during the review period the Mashreq Al-Islami Income Fund will liquidate the investment within 90 days of the notification by the Shariah Supervisory Board of the change of decision.
2. Up to 30% of the investments of the Mashreq Al-Islami Income Fund may be made outside of the MENA and South Asia regions.
3. Up to 30% of the investments of the Mashreq Al-Islami Income Fund may be privately placed in Shariah compliant fixed income.
4. All other investments will be in publically listed Sukuk or other publically issued securities which have been approved by the Shariah Supervisory Board.
5. There will be no credit rating restriction in respect of any investment of the Mashreq Al-Islami Income Fund. However, Mashreq Capital's analyst team will undertake a comprehensive credit review of each investment prior to purchase as well as regular monitoring of all investments in the Mashreq Al-Islami Income Fund's portfolio following an investment being made.
6. Excess cash in the Mashreq Al-Islami Income Fund may be held on overnight deposit with banks and on terms approved by the Shariah Supervisory Board.

Investment Process

Prior to any investment being made by the Mashreq Al-Islami Income Fund a detailed analysis of the investment will be made by the analyst team of the Fund Manager. Once a decision has been made to invest in a security, the next step will depend upon whether the proposed investment is covered under an agreement between the Shariah Supervisory Board and its liaison official at Mashreq Al-Islami (a related company to Mashreq Capital that will provide some of the Shariah services for the Fund via a signed and documented Service Level Agreement) which allows the official to give automatic approval of the Investment. If it is covered, the investment will be made. If not, then the entire investment proposal will be sent to the Shariah Supervisory Board for their approval. Investments will only be made following the approval of the Shariah Supervisory Board.

At the commencement of the Mashreq Al-Islami Income Fund, the Fund Manager will provide the services of two full time portfolio managers, Mr Abdul Kadir Hussain who is the Chief Executive of Mashreq Capital (DIFC) Ltd. and Ms. Zeina Rizk, with the assistance of three full time analysts. As the Net Asset Value of the Mashreq Al-Islami Income Fund grows, the Fund Manager will look at expanding its research team.

Mr Hussain has over 20 years experience in the emerging market credit investment universe, both on the research side and on the investing side. As a Managing Director at Credit Suisse, Mr Hussain was responsible for trading a proprietary book which invested in global credit markets and had risk limits well in excess of what is anticipated for this Mashreq Al-Islami Income Fund. Prior to running this book, Mr Hussain was Global head of Non-US Credit Research for CS, and has been ranked as the No. 1 or No. 2 credit research analyst in Asia during his time as head of Asian Research in the early 2000s. Mr Hussain will be assisted by a team of four analysts. Mr Hussain will have direct control over investment decision making, however any changes to policy, limit etc., will have to be approved by the Investment Oversight Committee (see details below) and will be communicated in a timely manner to all participants.

The generation and analysis of risk reports will be undertaken by the analyst team with the assistance of the Mashreq middle/back office. The output will be discussed before the start of each trading day by the Mashreq Al-Islami Income Fund management team.

Shariah Supervisory Board Members:

Sheikh Abdalla Bin Suliman Al-Manei - Chairman

Sheikh Abdalla is a Saudi national. He is a member of the Saudi Forum of Senior Shariah Scholars, which advises the government of the Kingdom of Saudi Arabia and Saudi public on all issues relating to religion. Sheikh Abdalla is a senior judge in Saudi courts and he chairs the court in the western region. He is also a prominent member of the International Fiqh Academy and member of the Saudi higher Council Awqaf and serves on the Shariah boards of a number of financial institutions.

Sheikh Dr. Mohamed Al-Gari – Executive Member

Dr. Al-Gari is an active member of the International Fiqh Academy. He sits in the Shariah Boards of more than twenty five financial institutions in the GCC, Europe and the United States. In addition to his Shariah education, Dr. Mohammed Al-Gari graduated from University of California with a Ph.D in Economics. He is a professor of Islamic Economics at King Abdulaziz University in Jeddah and the Director of its Islamic Economics Research centre.

Sheikh Nizam Yaqouby – Executive Member

Sheikh Nizam is a prominent Shariah scholar from Bahrain and he sits in the Shariah Boards of more than twenty financial institutions in the GCC, Europe, Asia and America. Sheikh Nizam is a regular speaker in Islamic Finance conferences on various issues relating to Islamic Finance. In addition to his Shariah qualifications, Sheikh Nizam Yaqouby holds a Masters in Economics and Comparative Religion from McGill University in Canada.

Base Currency

The base currency of the Mashreq Al-Islami Income Fund is the United States Dollar. Shares in the Mashreq Al-Islami Income Fund will be issued and redeemed in United States Dollars. However, the Mashreq Al-Islami Income Fund's assets may be invested in securities and other investments that are denominated in currencies other than United States Dollars. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the United States Dollar should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the United States Dollar and such other currency.

Business Day

In relation to the Mashreq Al-Islami Income Fund, includes a day on which banks are open for general banking business in the applicable jurisdiction of where the Custodian is located.

Leverage/Borrowing

The Mashreq Al-Islami Income Fund may use Shariah compliant forms of leverage to meet redemptions, to bridge-finance new investments or for Fx margin purposes but such leverage shall be subject to a maximum of 20% of the Net Asset Value of the Mashreq Al-Islami Income Fund. The Mashreq Al-Islami Income Fund may establish a credit facility for such purpose and will be able to borrow, repay and re-borrow amounts under such leverage facility. Such leverage facility may be utilised to enable the Mashreq Al-Islami Income Fund to cover the margin requirements for a currency hedge.

Derivatives

The Mashreq Al-Islami Income Fund will not utilise derivatives, except for the express purposes of hedging profit rates. All such derivatives will require separate Shariah Board approval.

Stock Lending

The Mashreq Al-Islami Income Fund will not engage in stock lending.

Investment horizon

The Mashreq Al-Islami Income Fund is not an appropriate vehicle for short-term investment, as its investment objectives are set on a medium to long-term basis.

Fees

Subscription Fee

A subscription fee of up to 2% in respect of Class "B" Shares and up to 5% in respect of Class "C" Shares and Class "D" Shares of the amount subscribed for will be paid to the Fund Manager from each subscription to the Mashreq Al-Islami Income Fund. The Fund Manager may waive a portion of such fee or decide to transfer part or all of such fee to the relevant distributor, in its discretion.

Management Fee

The Fund Manager will receive a management fee from the Mashreq Al-Islami Income Fund, payable out of assets attributable to the Mashreq Al-Islami Income Fund of:

- (a) 0.5% per annum of the Net Asset Value per Class in respect of the Class "B" Shares;
- (b) 0.7% per annum of the Net Asset Value per Class in respect of the Class "BS" Shares; and
- (c) 1.0% per annum of the Net Asset Value per Class of the Class "C" Shares and the Class "D" Shares.

(calculated before payment of accrued Fees) to be calculated and accrued as at each Valuation Date and payable quarterly on the first day of each calendar quarter commencing on the Initial Closing Date.

Distribution Fee

The Fund Manager will receive a distribution fee from the Mashreq Al-Islami Income Fund to cover distribution expenses, payable out of assets attributable to the Class "C" Shares and the Class "D" Shares, of 0.5% per annum of the Net Asset Value per Class in respect of the Class "C" Shares and the Class "D" Shares.

Set-Up Payment

The Fund Administrator, Registrar and Custodian are entitled to a one-time set-up payment from the assets of the Mashreq Al-Islami Income Fund of USD 10,000 to be shared between them as they agree.

Administration Fee

The Fund Administrator, Registrar and Transfer Agent will receive from the assets attributable to the Mashreq Al-Islami Income Fund an administration fee of not more than 0.125% of the Net Asset Value of the Mashreq Al-Islami Income Fund per annum subject to a minimum fee of not more than USD 25,000 per annum which is to be calculated and accrued as at each Valuation Date.

Custodian Fee

The Custodian will receive from the assets attributable to the Mashreq Al-Islami Income Fund a fee for providing custody services in respect of the Mashreq Al-Islami Income Fund of 0.05% of the Net Asset Value of the Mashreq Al-Islami Income Fund per annum, subject to a minimum fee of USD 3,000 per month which is to be based on month-end valuation of portfolios. The Custodian is also entitled to receive from the assets of the Mashreq Al-Islami Income Fund transaction fees and cash services fees agreed with the Fund Manager as well as reimbursement of out-of-pocket and third party expenses where these occur.

Oversight Fee

The Investment Oversight Committee will receive from the Fund an oversight fee of USD 25,000 per annum paid quarterly in advance. Such oversight fee will be pro rated for any part year and will be reviewed on an annual basis.

Shariah Supervisory Board Fee

Each person on the Shariah Supervisory Board will receive from the Fund a supervisory fee of USD 10,000 per annum paid annually in arrears. Such supervisory fee will be pro rated for any part year and will be reviewed on an annual basis.

Zakah

Payment of Zakah is the responsibility of the Shareholders in the Mashreq Al-Islami Income Fund and will not be paid directly out of the assets of the Mashreq Al-Islami Income Fund. Further information concerning Zakah is available in the annual financial statements of the Fund and of the Mashreq Al-Islami Income Fund.

Performance Fee

No performance fee will be payable.

Subscription

Minimum Initial Fund Size

The minimum initial Fund size for the Mashreq Al-Islami Income Fund will be USD 20 million.

Issue of Shares

The Fund will issue Class "B" Shares for the Mashreq Al-Islami Income Fund to existing and new investors effective as of each Issue Date in accordance with the provisions set out below. Up to 100,000,000 Class "B" Shares are initially available for issue.

The Fund will issue Class "C" Shares for the Mashreq Al-Islami Income Fund to existing and new investors effective as of each Issue Date in accordance with the provisions set out below. Up to 100,000,000 Class "C" Shares are initially available for issue.

The Fund will issue Class "D" Shares for the Mashreq Al-Islami Income Fund to existing and new investors effective as of each Issue Date in accordance with the provisions set out below. The Class "D" Share Class has been subdivided into a sub-class "D Income" and a sub-class "D Accumulation". Up to 100,000,000 Class "D" Shares are initially available for issue.

The Fund will issue Class "BS" Shares for the Mashreq Al-Islami Income Fund to Bank Sohar SAOG effective as of each Issue Date in accordance with the provisions set out below. Up to 100,000,000 Class "BS" Shares are initially available for issue.

Initial Offer Period

The Initial Offer Period for the Mashreq Al-Islami Income Fund was from 1st May 2009 to 7th August 2009.

Minimum Subscription / Additional Subscriptions

The minimum initial subscription and holding amount in the Mashreq Al-Islami Income Fund for each investor is USD 10,000 in respect of Class "B" Shares, USD 1,000,000 in respect of Class "C" Shares, USD 3,000 in respect of Class "D" Shares and USD 13,000 in respect of Class "BS" Shares. Additional subscriptions may be made in increments of USD 1,000 in respect of Class "B" Shares, USD 100,000 in respect of Class "C" Shares, USD 500 in respect of Class "D" Shares and USD 1,000 in respect of Class "BS" Shares. The Fund Manager may decrease the minimum initial subscription, holding amount or additional subscription thresholds in relation to the Mashreq Al-Islami Income Fund in its absolute discretion.

Subscriptions are used to purchase the largest number of Shares of the relevant Class or Sub-Class in the Mashreq Al-Islami Income Fund possible after deduction of charges (see below). Fractional Shares are issued up to four decimal places.

Mashreq Al-Islami Income Fund Shares were initially available to qualifying investors at a price of USD 10 per Share (plus the subscription fee) during the Initial Offer Period.

Mashreq Al-Islami Income Fund Shares are offered on a continuous basis on each Subscription Date at the applicable Subscription Price, i.e. the Net Asset Value per Share applicable on the Subscription Date plus the applicable subscription fee.

Subscription Date

The Subscription Date for the Mashreq Al-Islami Income Fund will be each Dealing Day.

Subscription Procedure

Applicants who wish to subscribe for Shares in the Mashreq Al-Islami Income Fund must send the subscription agreement to the Fund Manager. For the purpose of the prior notice requirements set out below, all applications for subscriptions shall be deemed to be received at the time they are received by the Fund Manager.

Prior Notice for Subscriptions

No application for subscription will be accepted unless the subscription agreement and payment of the full Subscription Price in immediately available funds (as detailed below) are received at least two Business Days prior to the desired Subscription Date. Applications for subscriptions received after such deadline will be dealt with on the next Subscription Date after the desired Subscription Date. The Fund Manager may in its discretion waive this requirement.

Payment of Subscription Price

The full Subscription Price (including any applicable subscription fee) must be received in immediately available funds by the Custodian or its agent at least two business days prior to the desired Subscription Date. Applications for subscriptions for which funds are received after such deadline will be dealt with on the next Subscription Date after the desired Subscription Date. The Fund Manager may in its discretion waive this requirement.

Valuation

Valuation Date

The Valuation Date for the Mashreq Al-Islami Income Fund will be each Business Day by 5 pm UAE time.

Redemption Date

The Redemption Date for the Mashreq Al-Islami Income Fund will be each Dealing Day.

Redemptions

Each Shareholder may apply for the redemption of all or part of his Shares or of a fixed United States Dollar amount as of each Redemption Date at the applicable Redemption Price i.e. Net Asset Value per Share applicable on the Redemption Date less any Dilution Levy. If the value of a Shareholder's holding on the relevant Redemption Date is less than the fixed USD amount which the Shareholder has applied to redeem or if, following the requested redemption a Shareholder will hold Shares in the Mashreq Al-Islami Income Fund worth less than the minimum holding, the Shareholder will be deemed to have requested the redemption of all his Shares.

Prior Notice Requirement for Redemptions

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

Payment of Redemption Proceeds

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

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

Transaction Charges Redemption Costs and Expenses.

If the Mashreq Al-Islami Income Fund incurs any costs, expenses or losses in respect of any redemption of Shares, including any profit paid or payable or any loss, premium, penalty or expense that may be incurred in liquidating or employing securities, deposits or financing to fund the redemption amount, these may be recovered from the redemption amount payable to the redeeming Shareholder.

Dividends

The Class "D" Shares are sub-divided into two sub-classes "D Income" and "D Accumulation" (the choice of sub-class is made at the selection of the relevant Shareholder upon subscription). At launch of the sub-class "D Accumulation", the Net Asset Value per Share of the sub-class "D Accumulation" will be equal to the Switch-Out Net Asset Value per Share of the sub-class "D Income". After launch the Shares of the sub-class "D Accumulation" will develop a distinct own Net Asset Value per Share. Each quarter the Fund intends to make a distribution in respect of the sub-class "D Income" Shares equal to the increase in Net Asset Value of the Fund attributable to sub-class "D Income" Shares during the preceding quarter, by distributing the increase in Net Asset Value of the Fund attributable to sub-class "D Income" Shares, the Fund is also distributing the unrealised gain/loss as on the quarter end. Although the Fund's intention is to preserve the Share price value at the preceding quarter end, the actual realisable value of the sub-class "D Income" could be less than that NAV per share. No dividend will be distributed to the Shareholders which would have as a result to reduce the Net Asset Value per Share in the sub-class "D Income" below the High Water Mark of a minimum of USD 10 per Share (the initial offer price per Share in the Mashreq Al-Islami Income Fund). All Shareholders recorded in the register of the Registrar and Transfer Agent at the end of the Record Date (including the Record Date transactions) of each quarter shall be eligible for such dividend. Such distribution will be announced no later than 20 Business Days after the relevant Valuation Date for determining the Net Asset Value per sub-class "D Income" Share for the preceding quarter. Distributions will be paid out either via bank transfer or via the issuance of additional Shares to the relevant sub-class "D Income" shareholders. Shareholders have the option to opt for the method of payment of their choice by way of the submission of their subscription agreement. The selection upon subscription to subscribe for sub-class "D Income" Shares may be changed by the relevant Shareholder by giving notice to the Fund Manager no less than 30 days before the relevant Valuation Date for determining the Net Asset Value per Class for the sub-class "D Income" Shares for the preceding quarter. The Fund Manager may waive or reduce such prior notice period to be given by a Shareholder at its own discretion.

The Board does not currently intend to declare cash dividends or other distributions in respect of the Class "B" Shares, Class "C" Shares or Class "BS" Shares but reserves the right to do so at any time in its discretion or if such dividends are necessary in light of prevailing market conditions. The declaration of any dividends will be made in accordance with the Law, the CIR Rules and the Articles of Association.

Any dividend unclaimed after a period of twelve months from the date of declaration of such dividend will be automatically forfeited and will be donated to a registered charity approved by the Shariah Supervisory Board.