

Mashreq Capital DIFC Limited, the Operator of the Fund (the "Operator"), is responsible for the information contained in this document. To the best of the knowledge and belief of the Operator (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 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 one Class 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: 1st May, 2011

mashreq al islami  المشرق الإسلامي

mashreq capital  المشرق كابيتال

This Prospectus relates to a Public Fund in accordance with the Collective Investment Law 2006 and Rules of the Dubai Financial Services Authority ("DFSA").

This Prospectus is intended for distribution only to Professional Clients as specified in those Rules and must not, therefore, be delivered to, or relied on by a Retail Client.

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.

Table of Contents

1. Important Information	2
2. Definitions of Capitalised Terms used in this Prospectus	3
3. Fund Structure	4
4. Fund Management	5
5. Fees and Charges	8
6. Subscription for Shares	9
7. Redemption of Shares	11
8. General	12
9. Investment Considerations	16
10. Fund Directory	19

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 Operator. 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 30th April 2012 at which date the Operator intends to replace this with an updated version. No Shares in the Fund will be issued on this 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 Operator.

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.
Mashreq Al-Islami Income Fund	The Sub-Fund represented by the "B" 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.
Business Day	A day on which banks are open for general banking business in the DIFC and Singapore 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.
Custodian	Branches of Deutsche Bank AG, worldwide and includes any successor or replacement custodian.
Custodian Agreement	The agreement dated 9 June 2008 between the Operator and the Custodian relating to the custody/safekeeping of the assets of each Sub-Fund (as amended or replaced from time to time).
Delegation Agreement	The agreement dated 9 June 2008 between the Operator 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.
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 comprise the Operator) and includes any successor or replacement directors.
DFSA	The Dubai Financial Services Authority and includes any successor or replacement agency or authority.
Fees	The subscription, 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.
Initial Closing Date	The last day of the Initial Offer Period.
Initial Offer Period	The period determined by the Operator 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 operator 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 Operator 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. 1 of 2006.
Management Agreement	The agreement dated 1 June 2008 between the Operator 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.
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 of such Sub-Fund divided by the number of Shares outstanding in the relevant Class for that Sub-Fund on that date.
Net Asset Value per Share	The net asset value of a Sub-Fund per Share, being, on any date, the Net Asset Value of such Sub-Fund divided by the number of Shares outstanding for that Sub-Fund on that date, or where any Sub-Fund has more than one Class, the Net Asset Value per Class divided by the number of Shares outstanding in the relevant Class for that Sub-Fund 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.
Operator	Mashreq and includes any successor or replacement operator of the Fund.

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.
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	Mashreq Bank, Omar Bin Al Khattab Street, Deira, 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 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 a Sub-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.
Week	The period running from Sunday to Saturday.

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 at the date shown on the front page hereof.

The Fund is constituted as an open-ended investment company established in the DIFC on 24 July 2008 under the DIFC Companies Law 2006. 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. 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 "B" Shares of the Fund. The Operator (as "A" Shareholder) has the ability to increase the authorised share capital of the Fund in order to establish further Sub-Funds and to establish further Classes in relation to each of its Sub-Fund. Such further Sub-Funds or Classes may be denominated in currencies other than the United States Dollar.

The initial authorised share capital of the Fund is One Million and One Hundred Dollars (USD 1,000,100) and is divided into:

- a. one "A" Share with a par value of One Hundred Dollars (USD 100); and
- b. 100,000,000 "B" Shares with a nominal par value of One Cent (USD 0.01) per share.

The "A" Share in the Fund comprises the non-participating non-redeemable founder share in the Fund. This has a par value of USD 100. This had a price of USD 100 and is fully paid up. This is held by the Operator. As of the date of this Prospectus, the "A" Share represents all the issued capital in the Fund.

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 Operator.

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 Operator 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 will vary with each Sub-Fund; however the decision to declare a dividend in relation to any Sub-Fund will be made solely by the Operator.

If a dividend is declared by the Fund in relation to any Sub-Fund, it will be paid to each eligible Shareholder normally 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.

In the event that a dividend is declared and remains unclaimed after a period of twelve years 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 Operator, 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

Operator & Investment Manager

Mashreq has been appointed as the Operator of the Fund and has, 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 Operator, Mashreq is also one of the directors of the Fund (see further under "Directors" below).

Mashreq (which is a wholly owned subsidiary of MashreqBank) is a limited liability company incorporated in the DIFC and is licensed by the DFSA to undertake, amongst other things:

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

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

Mr. Abdul Kadir Hussain, the Chief Executive Officer of Mashreq has over twelve 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 Operator 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 Operator
- 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 the following activities, whether performed by itself or the Fund Administrator, are performed in the DIFC (unless this requirement has been waived by the DFSA):
 - i. Asset pricing and Fund valuation
 - ii. Issuing and redeeming the Fund's Shares
 - iii. Record keeping and maintaining the Shareholder Register
- a. 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
- b. 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 Operator is responsible to the Shareholders for the safety of the Sub-Fund Property. The Operator is also responsible for managing the Fund and monitoring its performance on a daily basis.

The Operator 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 Operator in accordance with the terms of the Articles of Association and this Prospectus and shall indemnify the Operator, 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 Operator, 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 Operator may be removed or may resign pursuant to the provisions of the Articles of Association.

Directors

The Fund has appointed one executive director and two independent non-executive directors.

The executive director of the Fund is the Operator (see further under "Operator" above).

The independent non-executive directors of the Fund are :

Denis Sabourin

Mr. Sabourin has over 21 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 17 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.

The independent non-executive directors of the Fund sole role will be to be appointed to a supervisory panel or board ("Investment Oversight Committee") comprised solely of the independent non-executive directors of the Fund which will supervise the activities of the Operator as executive director of the Fund in accordance with the Law and the CIR Rules.

The Investment Oversight Committee 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 CIR Rules that impose obligations on an Investment Oversight Committee
- b. Ensure (on a continuing basis) proper management of the Fund by the Operator 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 Operator in accordance with CIR rules covering investment & borrowing; and (ii) the Operator is taking steps to ensure compliance with CIR Rules covering investment and borrowing with reference to the interest of Shareholders in the Fund
- d. Ensure that the Fund is managed without infringement of any provision of the Fund's Articles of Association or this Prospectus
- e. Report to the Operator on the appropriateness and effectiveness of the systems and controls agreed for the oversight function, at least quarterly, in a Board Meeting, unless circumstances require more frequent meetings
- f. Prepare a Report for Fund's Shareholders each year, to be included in the Annual Report. The 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 units and the application of the Fund's income have been carried out in accordance with 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 in accordance with the terms of the Articles of Association and this Prospectus and shall indemnify the independent non-executive directors (each an "indemnified party") to the fullest extent permitted by the laws of the DIFC against any liability, actions, proceedings, claims, demands, costs or expenses 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 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 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 Operator 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:

- a. The Fund Administrator, Registrar and Transfer Agent shall not incur liability by refusing in good faith to perform any duty or obligation in the 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.
- b. The Fund Administrator, Registrar and Transfer Agent shall not, in the absence of fraud, negligence, willful default or bad faith on the part of the Fund Administrator, Registrar and Transfer Agent or its servants be liable to the Operator 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 Operator 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.
- c. The Operator 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.
- d. The Fund Administrator, Registrar and Transfer Agent agrees to indemnify the Operator and to hold the Operator 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 Operator 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.
- e. In calculating any performance fee or any accrual in relation thereto, the Fund Administrator, Registrar and Transfer Agent shall not be liable

for any loss suffered by the Operator 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 Operator in respect of any such calculation.

- f. The Fund Administrator, Registrar and Transfer Agent shall not be liable for any loss suffered by the Operator whether caused by delays or otherwise resulting from incorrect information or illegible or unclear communications other than due to the Fund Administrator, Registrar and Transfer Agent's own fault.
- g. The Fund Administrator, Registrar and Transfer Agent shall not be responsible for the loss or damage to any documents or other property or for any failure to fulfill 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 Operator 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 Operator 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 Operator 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 Operator (or of any person on whose behalf the Operator is acting) under the tax laws of the jurisdiction in which the Custodian is located, notwithstanding that the Operator 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 Operator on matters of Shariah. 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 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 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 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 Operator 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, such review to be completed in accordance with the requirements of AAOIFI GSIFI No. 2, and issuing a semi-annual certificate declaring the Fund/the relevant Sub-Fund in compliance with Shariah and any other disclosures required by AAOIFI FAS 14.

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.

Auditor

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

FEES AND CHARGES

Management Fee

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

Performance Fee

In addition to its management fee, the Operator 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

Each non-executive director 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.

All of the above charges are subject to review from time to time. However, the Operator shall be required to give Shareholders at least 90 days' notice of any proposed increase or other change to its Management Fee or its Performance Fee in relation to a 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 auditors (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, currently estimated at USD 150,000 will be 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 Operator, be amortised on a straight-line basis over 5 years from the date on which the Fund commenced business. The Operator 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.

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 Operator 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 Operator 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 Operator 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 Operator 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 Operator 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 Operator may discontinue the issue of new Shares in any Sub-Fund at any time in its discretion.

Minimum Subsequent Subscription Amount

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

Prior Notice Requirements

The Operator 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 Operator. 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 Valuation Date immediately preceding the relevant Subscription Date, increased by any applicable subscription fee.

Payment of Subscription Price

The Operator, 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 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 which may apply to a particular Sub-Fund and, if so, will be specified in the relevant Annex. The following eligibility requirements apply to all Sub-Funds.

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 Operator, 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").

Shares may generally not be issued or transferred to any US Person (as defined in the US Securities Laws), except that the Operator 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)
- 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.

Subject to the restrictions mentioned above and to any additional restrictions specified in the relevant Annex, Shares are freely transferable.

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

The Fund, the Operator, 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 Operator in connection with such anti-money laundering measures or procedures adopted by the Fund and the Operator from time to time.

Acceptance of Subscriptions

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

Suspension of Subscriptions

The Operator 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, 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 Valuation Date immediately preceding 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 Operator 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 Operator 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 Operator 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 Operator 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 Valuation Date immediately preceding 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 seven Business Days after the Net Asset Value as at the relevant Redemption Date has been calculated and is available and the original Redemption Request has been received by the Operator. 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, the Operator reserves the right to remit redemption proceeds in kind at its discretion.

Compulsory Redemption of Shares

If the Operator 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 Operator 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 Operator 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 Operator 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 of their Shares, may give written notice to the Fund that they wish to withdraw their 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.

GENERAL

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. Each of the two mandatory meetings will be held in the DIFC and the periodic reports specified under "Reports to Shareholders" below will be presented at those meetings.

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, rights to demand a poll, 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 Operator, 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, rights to demand a poll, 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. Matters merely requiring pre-event notification to Shareholders
If the Operator considers that any proposed change may potentially be significant (as defined in the CIR Rules), the Operator 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 Operator considers on reasonable grounds that any proposed change will not adversely affect Shareholders' rights then any such change may be made by the Operator (as "A" Shareholder) without recourse to the Shareholders other than to notify them after the change has been effected.

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 Operator 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 Operator considers on reasonable grounds that any proposed change will not adversely affect Shareholders' rights then any such change may be made by the Operator (as "A" Shareholder) 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 Operator or the Auditor is made or if any other fundamental change (as defined in the CIR Rules) is proposed, a Special Resolution approving 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 Operator considers that any proposed change may potentially be significant (as defined in the CIR Rules), the Operator 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 Operator considers on reasonable grounds that any proposed change will not adversely affect Shareholders' rights then any such change may be made by the Operator (as "A" Shareholder) 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 Operator:
 - 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 Operator, impractical or inadvisable to continue the relevant Sub-Fund
 - iv. If required by the DFSA to terminate the Fund
 - v. If the Operator, at any time, determines that it is in the best interests of the Fund, the Sub-Fund, the relevant Shareholders or the Operator 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 Operator 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 Operator by the preceding paragraph, a general meeting of Shareholders of any Sub-Fund may, upon proposal from the Operator, 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 Operator 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 Operator 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 another Sub-Fund 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.

Winding-up or Dissolution

The Fund may be wound up at any time:

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

Upon such determination being made the Operator will advise the Shareholders in writing that such determination has been made and will set out the Operator'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
- 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 Investors" above and to any additional restrictions specified in the relevant Annex, Shares are freely transferable.

United States

The Operator 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 Operator, 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 Operator 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.

United Arab Emirates

In relation to the United Arab Emirates ("UAE") excluding the Dubai International Financial Centre ("DIFC"), the Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and Market or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market, the Dubai International Financial Exchange or any other UAE exchange. The Shares have not been approved or licensed by the UAE Central Bank, the Emirates Securities and Commodities Authority or any other relevant licensing authorities in the UAE, and the offering of these does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. This document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. Neither the Shares nor any interests in the Shares may be offered, sold, promoted or advertised directly or indirectly to the public in the UAE.

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 Operator, 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.

As the Net Asset Value per Share will be determined after the day on which subscription, redemption or conversion 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 conversion 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 Operator shall have set for such purpose. The Fund Administrator, acting independently and based on the information received from the Operator, 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 Operator 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 Operator, not representative of the fair market value, the value thereof shall be determined prudently and in good faith by the Operator 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 Operator).

- 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 Operator.

The Operator 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 Operator, 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 Operator 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 Operator will not be required to revise or re-calculate the Net Asset Value on the basis of which subscriptions, redemptions or conversions of Shares of that Sub-Fund may have been previously accepted. In any Sub-Fund, the Operator 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 of each Sub-Fund and the issue and redemption prices thereof 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 of each Sub-Fund as soon as practicable after each Valuation Date in accordance with the requirements of the CIR Rules.

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 Operator 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 Operator 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 Operator 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 Operator is entitled to apply to the DFSA for an extension of such suspension. The Operator will notify relevant Shareholders of any extension granted as soon as practicable after the date of granting. The Operator 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 Operator 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 Operator's website for this Fund being www.mashreqbank.com

Fund Accounts

The accounts of the Fund and each Sub-Fund will be prepared in accordance with the accounting standards of the Accounting and Auditing Organisation for Islamic Financial Institutions AAOIFI FAS 14 and will be audited annually by a firm of auditors appointed by the Operator.

The Operator will ensure that the 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 investors 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 Operator.

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 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 Operator.

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:

- i. The Articles of Association
- ii. The current Prospectus
- iii. The material contracts referred to above
- iv. The relevant Shareholder Register
- v. The latest reports of the Fund

Governing Law

The governing law of the Fund and this Prospectus shall be the laws of the DIFC as long as these laws are not contradicting the principles of Shariah as interpreted by the fund Shariah Board.

INVESTMENT CONSIDERATIONS

An investment in the Fund involves significant risks which prospective investors should consider before participating in the Fund. The Fund is a new entity and has no track record or operating history. 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 interest 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 Operator.

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 Operator. The Operator 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 Operator. 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 Operator. 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 Operator Error. In order to seek positive returns in global markets, the Operator'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 Operator 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 Operator 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 Operator or by a combination of the broker or counter-party and the Operator.

The Operator may but is not required to attempt to recover losses from brokers or counter-parties. The Operator is not liable to the Fund for losses caused by brokers or counter-parties unless caused by the Operator'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 Operator. The Operator will be liable to the Fund for acts that constitute gross negligence or wilful default, in the event that the Operator 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 Operator 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.

Lack of Operating History. The Fund is a new fund in the development stage with no operating history and is therefore difficult to evaluate. The success of the Fund, and its ability to generate profits, depends on the management and the financial and managerial expertise of the Operator. Investors will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the Operator 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 Operator. 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 Operator, 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 Operator (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 Class 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 the 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.

Operator & Investment Manager

Mashreq Capital (DIFC) Ltd
7th Floor, Tower 4, Al Ghurair Centre
Al Rigga Road, Deira, PO Box 1250
Dubai
United Arab Emirates
Tel: 04 207 8823 Fax: 04 221 0360

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

Auditor

Deloitte & Touche (M.E.)
City Tower 2, Suite 1001
Sheikh Zayed Road, PO Box 4254
Dubai
United Arab Emirates
Tel: 04 331 3211 Fax: 04 331 4178

Directors**Executive (as Operator):**

Mashreq Capital (DIFC) Ltd
7th Floor, Tower 4, Al Ghurair Centre
Al Rigga Road, Deira, PO Box 1250
Dubai

United Arab Emirates

Non-Executive (providing oversight):

Denis Sabourin
Shehzad Waheed

Custodian

Branches of Deutsche Bank AG worldwide.

Investment Oversight Committee

Denis Sabourin
Shehzad Waheed

Legal Advisors

Al Tamimi & Company
Dubai International Financial Centre
6th Floor, Building 4 East
Sheikh Zayed Road, PO Box 9275
Dubai
United Arab Emirates
Tel: 04 364 1641 Fax: 04 364 1777

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

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. All other investments will be in publically listed Sukuk or other publically issues securities which have been approved by the Shariah Supervisory Board.
4. 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.
5. 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 Operator. 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 Operator 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 Mr. Usman Ahmed, with the assistance of three full time analysts. As the Net Asset Value of the Mashreq Al-Islami Income Fund grows, the Operator will look at expanding its research team.

Mr. Hussain has over 13 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 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.

Sheikh Dr. Mohamed Al-Gari - 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.

Base Currency

The base currency of the Mashreq Al-Islami Income Fund is the United States Dollar.

Units 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.

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% of the amount subscribed will be paid to the Operator from each subscription to the Mashreq Al-Islami Income Fund. The Operator may waive a portion of such fee, in its discretion.

Management Fee

The Operator will receive from the Mashreq Al-Islami Income Fund, payable out of assets attributable to the Mashreq Al-Islami Income Fund, a fee equal to 0.5% per annum of the Mashreq Al-Islami Income Fund's Net Asset Value (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.

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 0.15% of the Net Asset Value of the Mashreq Al-Islami Income Fund per annum subject to a minimum fee of not more than USD 40,000 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 not more than 0.24% of the Net Asset Value of the Mashreq Al-Islami Income Fund per annum, subject to a minimum of not more than USD 5,000 per month which is to be calculated and accrued as at each Valuation Date. The Custodian is also entitled to receive from the assets of the Mashreq Al-Islami Income Fund sub-custodian and transaction fees agreed with the Operator as well as reimbursement of disbursements where these occur.

Oversight Fee

Each non-executive director will receive from the Fund an oversight fee of USD 2,750 per annum paid annually in arrears. 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 20,000 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.

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 "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 "B" Shares are initially available for issue.

Initial Offer Period

The Initial Offer Period for the Mashreq Al-Islami Income Fund shall be 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. Additional subscriptions may be made in increments of USD 1,000. The Operator 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 for 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 will initially be available to qualifying investors at a price of USD 10 per Share (plus the subscription fee) during the Initial Offer Period. The Operator may, in its discretion, extend or accelerate the Initial Offer Period.

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

If, on the Initial Closing Date, the aggregate amount received from Subscribers for the Mashreq Al-Islami Income Fund is less than the Minimum Initial Fund Size, the Operator may (a) elect not to proceed with the establishment of the Mashreq Al-Islami Income Fund, in which case all amounts received from Subscribers will be returned; or (b) establish the Mashreq Al-Islami Income Fund with less than the Minimum Initial Fund Size. If the offer to participate in the Mashreq Al-Islami Income Fund is withdrawn by the Operator prior to the issue of the Shares subscribed for, the Subscribers' only remedy shall be a full refund of the entire amount paid into the Mashreq Al-Islami Income Fund by such Subscribers.

Funds received during the Initial Offer Period will be paid into a non-interest bearing Subscription Account pending the closing of that period. On the Initial Closing Date, provided the Minimum Initial Fund Size has been received in the Subscription Account or the Operator has otherwise decided to establish the Mashreq Al-Islami Income Fund notwithstanding that the Minimum Initial Fund Size was not met, the Operator, on behalf of the Mashreq Al-Islami Income Fund, will commence the investment of the Mashreq Al-Islami Income Fund in accordance with the provisions of this Prospectus.

In the event that the Minimum Initial Fund Size is not reached by the Initial Closing Date and the Operator decides not to proceed with the Mashreq Al-Islami Income Fund, the Operator will, within 7 days of the Initial Closing Date, on behalf of the Mashreq Al-Islami Income Fund, ensure that the amount paid by each potential Subscriber into the Subscription Account is returned to that Subscriber.

Subscription Date

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

Subscription Procedure

Applicants who wish to subscribe for Shares in the Mashreq Al-Islami Income Fund must send the subscription agreement to the Operator. 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 Operator.

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 on or prior to the Sunday prior to the Subscription Date. Applications for subscriptions received after such deadline will be dealt with on the next following Subscription Date. The Operator 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 not later than the Sunday prior to the Subscription Date. Applications for subscriptions for which funds are received after such deadline will be dealt with on the next following Subscription Date. The Operator may in its discretion waive this requirement.

Valuation

Valuation Date

The Valuation Date for the Mashreq Al-Islami Income Fund will be each Tuesday.

Redemption

Redemption Date

The Redemption Date for the Mashreq Al-Islami Income Fund will be each Wednesday after the initial "lock-in" period.

Redemptions

No redemption of any Share will be permitted within the first 3 months of issue calculated from its relevant Issue Date. Thereafter, 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 Valuation Date immediately preceding 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 on or prior to the Sunday before the relevant Redemption Date. Redemption Requests received after such deadline will be dealt with on the next following Redemption Date. The Operator 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 5 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, the Operator reserves the right to remit redemption proceeds in kind at its discretion.

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 Operator does not currently intend to declare cash dividends 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 years 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.

