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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2017-05-18

Commission de Surveillance du Secteur Financier



## **RASMALA PALESTINE EQUITY FUND**

*Société d'Investissement à Capital Variable – Fonds d'Investissement Spécialisé /*  
**SICAV-FIS**  
**Luxembourg**

**PROSPECTUS**

**May 2017**

## IMPORTANT INFORMATION

This Prospectus comprises information relating to *Rasmala Palestine Equity Fund* (the "Company" or the "Fund"), which is registered under the Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended. It should be noted that such registration on the list of specialised investment funds does not imply approval by any Luxembourg authority of the contents of this prospectus (the "Prospectus") or of the portfolio of assets held by the Company. Any representation to the contrary is unauthorised and unlawful. Statements made in the Prospectus are based on the law and practice currently in force in Luxembourg and are subject to changes therein. The most recent annual report of the Company is available, once published, at the registered office of the Company and will be sent to Investors upon request. Such report shall be deemed to form part of the Prospectus.

The board of directors of the Company (the "Board") is responsible for the information contained in the Prospectus. To the best of the knowledge and belief of the Board (who has taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is at its date in accordance with the facts and does not omit anything likely to affect the import of such information. The Board accepts responsibility accordingly.

In accordance with the applicable Luxembourg legislation and regulation, the Board may amend the Prospectus, at its discretion, to the extent that the amendments brought are not detrimental to the rights of the Shareholders.

No person has been authorised to give any information or to make any representations in connection with the offering of shares of the Company (the "Shares") other than those contained in this Prospectus and the report referred to above, and, if given or made, such information or representations must not be relied on as having been authorised by the Company. The delivery of this Prospectus (whether or not accompanied by any report) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain other jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or registered or qualified under applicable state statutes and (except in a transaction which is exempt from registration under the 1933 Act and such

applicable state statutes) none of the Shares may be offered or sold, directly or indirectly, in the United States of America or in any of its territories or possessions (the "United States"), or to any US Person regardless of location. For this purpose, the term US Person shall mean any citizen, national or resident of the United States of America, partnership organized or existing in any state, territory or possession of the United States of America, a corporation organized under the laws of the United States or of any state, territory or possession thereof, any estate or trust that is subject to United States Federal income tax regardless of the source of its income, or any other US Person as such term may be defined in Regulation S under the US Securities Act of 1933, as amended, or in regulations adopted under the US Commodity Exchange Act, as amended. The Company, may at its discretion, sell Shares to US Persons on a limited basis and subject to the condition that such purchasers make certain representations to the Company which are intended to satisfy the requirements imposed by US law on the Company, which limit the number of its Shareholders who are US Persons, and which ensure that the Company is not engaged in a public offering of its Shares in the United States. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "1940 Act") and Investors will not be entitled to the benefit of the 1940 Act. Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission relating to foreign investment entities, if the Company has more than 100 beneficial owners of its Shares who are US Persons, it may become subject to the 1940 Act.

The Company will not knowingly offer or sell Shares to any Investor to whom such offer or sale would be unlawful, or might result in the Company incurring any liability to taxation or suffering any other pecuniary disadvantages which the Company might not otherwise incur or suffer or would result in the Company being required to register under the 1940 Act. Shares may not be held by any person in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations. Each Investor must represent and warrant to the Company that, amongst other things, he/she/it is able to acquire Shares without violating applicable laws. Power is reserved in the articles of incorporation of the Company (the "Articles"), to compulsorily redeem any Shares held directly or beneficially in contravention of these prohibitions.

However, the Company may decide to accept applications for Shares from a limited number of accredited investors (as defined in the 1933 Act) in the United States provided that the Company receives evidence satisfactory to it that the sale of Shares to such an investor is exempt from registration under the securities laws of the United States including, but not limited to, the 1933 Act and that, in all events there will be no adverse tax consequences to the Company or to Shareholders as a result of such a sale.

This Prospectus may be translated into other languages. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail to the extent permitted by the applicable laws or regulations, and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the laws of Luxembourg.

This Prospectus relates to a Fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA"). The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Fund. Accordingly, the DFSA has not approved this 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 Investors 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.

**Your attention is drawn to the "Risk Warnings" under Section 2. Investment in the Company should be regarded as a long-term investment. The Company's investments are subject to market fluctuations and the risks inherent in all investments and there can be no assurance that appreciation will occur. There can be no guarantee that the objective of the Company will be achieved.**

**Potential subscribers and purchasers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding and disposal of Shares.**

**If you are in any doubt about the contents of the Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

### **Data protection**

Pursuant to the Luxembourg law of 2 August 2002 on data protection (as amended from time to time) any information provided in connection with an investment in the Company may be held on computer and processed by the Investment Manager, Administrative Agent, sub-distributors or their delegates as data processor, as appropriate. Information may be processed for the purposes of processing subscription and redemption orders, maintaining registers of Shareholders and carrying out the services of the foregoing and to comply with legal obligations including legal obligations under applicable company law, anti-money laundering legislation and FATCA, common reporting standard ("CRS") or similar laws and regulations

(e.g. at OECD or EU level). The information may be used in connection with investments in other investment fund(s) managed or advised by the Investment Manager or its affiliates. Information shall be disclosed to third parties where necessary for legitimate business interests only. This may include disclosure to third parties such as auditors and the regulators or agents of the Investment Manager, Administrative Agent, Custodian or sub-distributors who process the data inter alia for anti-money laundering purposes or for compliance with foreign regulatory requirements. Shareholders especially acknowledge that the Administrative Agent may have to transmit information regarding a Shareholder to the Luxembourg tax authorities if so required by such tax authorities in accordance with the provisions of the Luxembourg law of 31 March 2010 on the approbation of tax treaties and for the provision of the applicable procedure regarding on demand information exchange.

Shareholders consent to the processing of their information and the disclosure of their information to the parties referred to above including affiliates situated in countries outside the European Economic Area (such as the United Arab Emirates) that may not have the same data protection laws as in Luxembourg. The transfer of data to the aforementioned entities may occur via and/or be processed in countries (such as, but not limited to the United Arab Emirates) which may not have data protection requirements deemed equivalent to those prevailing in the European Economic Area.

Shareholders are also informed that, as a matter of general practice, telephone conversations and instructions may be recorded as proof of a transaction or related communication. Such recordings will benefit from the same protection under Luxembourg law as the information provided to the Company and shall not be released to third parties, except in cases where the Company and/or the Administrative Agent are compelled or entitled by law or regulation to do so.

Shareholders acknowledge and accept that failure to provide relevant personal data requested by the Company, the Investment Manager and/or the Administrative Agent in the course of their relationship with the Company may prevent them from maintaining their holdings in the Company and may be reported by the Company, the Investment Manager and/or the Administrative Agent to the relevant Luxembourg authorities.

Shareholders acknowledge and accept that the Company, the Investment Manager or the Administrative Agent will report any relevant information in relation to their investments in the Company to the Luxembourg tax authorities which will exchange this information on an automatic basis with the competent authorities in the United States or other permitted jurisdictions as agreed in the FATCA Law, CRS (at OECD and EU levels) or equivalent Luxembourg legislation.

Shareholders may request access to, rectification or deletion of any data provided to any of the parties above or stored by any of the parties above in accordance with applicable data protection legislation. Reasonable measures have been taken to ensure confidentiality of the personal data transmitted between the parties mentioned above. However, due to the fact that the information is transferred electronically and made available outside Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection regulation as currently in force in Luxembourg may not be guaranteed while the information is kept abroad.

Shareholders have a right of access and of rectification of the personal data in cases where such data is incorrect or incomplete.

The Company will accept no liability with respect to any unauthorised third party receiving knowledge and/or having access to the Shareholders' personal data, except in the event of wilful negligence or gross misconduct of the Company.

Personal data shall not be held for longer than necessary with regard to the purpose of the data processing.

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## **DIRECTORY**

### **Registered Office**

11, rue Aldringen  
L-1118 Luxembourg  
Grand Duchy of Luxembourg

### **Board of Directors**

Mr. Eric Swats  
Mr. Basem Mohammad Mustafa Abdel Halim  
Dr. Mohammad Abdallah Mohammad Mustafa (chairman)

### **Custodian and Paying Agent**

KBL European Private Bankers S.A.  
43, boulevard Royal  
L-2955 Luxembourg  
Grand Duchy of Luxembourg

### **Administrative, Domiciliary, Registrar and Transfer Agent**

Kredietrust Luxembourg S.A.  
11, rue Aldringen  
L-2960 Luxembourg  
Grand Duchy of Luxembourg

### **Auditors**

KPMG Luxembourg, Société coopérative  
39, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### **Investment Manager**

Rasmala Investment Bank Ltd.  
Dubai International Financial Centre  
The Gate Village, Building 10, Level 1  
P.O. Box 31145  
Dubai  
United Arab Emirates

### **Legal Advisers as to Luxembourg law**

Elvinger Hoss Prussen  
2, Place Winston Churchill

L-1340 Luxembourg  
Grand Duchy of Luxembourg

## GLOSSARY OF TERMS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

|                                |   |
|--------------------------------|---|
| <b>"Administrative Agent"</b>  | Kredietrust Luxembourg S.A.   |
| <b>"Application Form"</b>      | Document signed or to be signed by an Investor who desires to subscribe to Shares and by which this Investor irrevocably applies for Shares.  |
| <b>"Articles"</b>              | The articles of incorporation of the Company as amended from time to time.  |
| <b>"Auditors"</b>              | KPMG Luxembourg, <i>société coopérative</i> .   |
| <b>"Business Day"</b>          | A full week day on which banks are normally open for business in Luxembourg.  |
| <b>"Class"</b>                 | Each class of Shares within the Company and where the context so requires each Sub-Class.   |
| <b>"Company" or "Fund"</b>     | Rasmala Palestine Equity Fund.  |
| <b>"CSSF"</b>                  | The Luxembourg <i>Commission de Surveillance du Secteur Financier</i> , being the supervisory authority of the financial sector in Luxembourg.  |
| <b>"Custodian"</b>             | KBL European Private Bankers S.A.   |
| <b>"Denomination Currency"</b> | Means the currency that is used to calculate the Net Asset Value per Share of the relevant Class. Unless otherwise specified in section 5 "Shares", the Denomination Currency will be the Reference Currency.   |
| <b>"Eligible Investor"</b>     | An investor who qualifies as eligible investor within the meaning of the Law, i.e. an Institutional Investor, a Professional Investor and/or an Other Well-Informed Investor and who in addition meets the criteria to be treated as a Professional Client in accordance with the DFSA rules. |
| <b>"EU"</b>                    | The European Union.   |

|                                       |   |
|---------------------------------------|---|
| <b>"Euro" or "EUR"</b>                | The legal currency of the European Monetary Union.  |
| <b>"Institutional Investor"</b>       | An investor who qualifies as an institutional investor according to the Regulations.  |
| <b>"Investment Manager"</b>           | Rasmala Investment Bank Ltd.  |
| <b>"Investor"</b>                     | An investor who desires to subscribe or has subscribed to Shares.   |
| <b>"Law"</b>                          | The Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended.  |
| <b>"Mémorial"</b>                     | The <i>Mémorial C, Recueil des Sociétés et Associations</i> .   |
| <b>"Net Asset Value"</b>              | The net asset value of the Company or a Class as determined pursuant to section 7. "Net Asset Value".   |
| <b>"Net Asset Value per Share"</b>    | The net asset value per Share of any Class determined in accordance with the relevant provisions described in section 7. "Net Asset Value".   |
| <b>"Other Well-Informed Investor"</b> | An investor who (i) adheres in writing to the status of well-informed investor and (ii) (a) invests a minimum of Euro 125,000 in the Company or (b) has been the subject of an assessment made by a credit institution within the meaning of Directive 2006/48/EC or an investment firm within the meaning of Directive 2004/39/EC or a management company within the meaning of Directive 2009/65/EC certifying his/her/its expertise, his/her/its experience and his/her/its knowledge in adequately appraising an investment in the Company. |
| <b>"Professional Investors"</b>       | An investor who qualifies as a professional investor according to the Regulations and including notably an investor who qualifies as a professional investor under annex II of Directive 2004/39/EC, on markets in financial instruments, as amended or replaced from time to time.   |

|                                       |   |
|---------------------------------------|---|
| <b>"Redemption Day"</b>               | The day on which the Shares of the Company are redeemable.  |
| <b>"Reference Currency"</b>           | Means the reference currency of the Company, which is the USD.  |
| <b>"Registrar and Transfer Agent"</b> | Kredietrust Luxembourg S.A.   |
| <b>"Regulations"</b>                  | The Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions.   |
| <b>"Shareholder"</b>                  | A shareholder of the Company.   |
| <b>"Share"</b>                        | Any share in the Company from any Class subscribed by any Shareholder.  |
| <b>"Sub-Class"</b>                    | Each sub-class of Shares within the Company.  |
| <b>"Subscription Day"</b>             | The day on which the Shares of any Class may be subscribed.   |
| <b>"United States"</b>                | The United States of America or any of its territories or possessions.  |
| <b>"USD"</b>                          | The legal currency of the United States of America.   |
| <b>"Valuation Day"</b>                | Each Monday, or if this is not a Business Day then the following Business Day and such other day or days as the Board may determine on a case by case basis (or generally from time to time). |

Words importing the singular shall, where the context permits, include the plural and vice versa.

## **1. STRUCTURE OF THE COMPANY**

The Company is an open-ended investment company organised as a public limited company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable – fonds d'investissement spécialisé* (SICAV-FIS). The Company is authorised as an undertaking for collective investment ("UCI") under Part I of the Law. The Company is a stand alone fund represented by one or more Classes / Sub-Classes.

The Board may at any time resolve to create one or more Classes / Sub-Classes in which case this Prospectus will be updated accordingly. The Board may also at any time resolve to close one or more Classes / Sub-Classes to further subscriptions.

The Company was incorporated for an unlimited period in Luxembourg on 1 February 2011. The capital of the Company shall be equal at all times to the net assets of the Company. The minimum capital of the Company, as prescribed by the Law, is the equivalent of Euro 1,250,000. This minimum must be reached within a period of 12 months following the authorisation of the Company as a SICAV-FIS under the Law. The Articles have been published in the Mémorial on 21 February 2011 under number 341.

The Company is registered with the *Registre de Commerce et des Sociétés, Luxembourg* (Luxembourg Register of Commerce and Companies) under number B-158.754. The Articles have been deposited with the *Registre de Commerce et des Sociétés, Luxembourg*.

Under Luxembourg law and the Articles, the Company is authorised to issue an unlimited number of Shares, all of which are with no par value.

The Reference Currency of the Company is the USD and all the financial statements of the Company will be presented in USD.

The Company has appointed Rasmala Investment Bank Ltd. as its non-EU alternative investment fund manager ("AIFM") within the meaning of the Law of 12 July 2013 on alternative investment fund managers, as amended (the "AIFM Law") and will as such not be subject to the provisions of the AIFM Law, subject to the procedure set forth under Article 67 of Directive 2011/61/EU on alternative investment fund managers (as amended) being completed.

## **2. PURPOSE, INVESTMENT OBJECTIVES AND POLICIES**

The Company will seek to achieve long-term capital appreciation by investing in a diversified portfolio of growth and value stocks listed exclusively in the Palestine Stock Exchange and,

at times, in securities anticipated to undergo initial public offerings as well as securities at their initial public offering.

The sectors of investment will be diversified with focus on key economic sectors (banking, telecommunications, investment, and pharmaceutical).

The Company will seek to generate Alpha above Al-Quds Index (the "Benchmark").

The Benchmark is the stock market index of the Palestine Exchange, a market located in Nablus, Palestine, which operates under the supervision of the Palestinian Capital Market Authority. Further information on the Palestine Exchange and on the Benchmark can be found on the following website: [www.pex.ps](http://www.pex.ps).

The Company will use a combination of qualitative and quantitative tools in setting the asset allocation, sizing the individual security exposures within the Company's portfolio of assets and determining the style biases. The quantitative methodologies use a variety of factors to determine the most attractive securities based on valuation and growth factors. A fundamental overlay is employed to forecast future earnings growth, trading momentum, corporate activity and other price movers.

### **3. RISK WARNINGS**

The list of risks indicated below is not exhaustive and the investments are subject to any risks related to international investment generally.

#### **General Investment Risks**

The investments of the Company are subject to market fluctuations and other risks inherent in any investment. It cannot therefore be guaranteed that the investment objectives will be achieved. Investors must therefore be aware that the value of their investment may fall as well as rise and that past performance is not a guide to future performances.

#### **Political and/or regulatory risks**

The value of the Company's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.

Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities

markets.

### **Foreign exchange/Currency risk**

The Company may be exposed to foreign exchange rate fluctuations with respect to the currencies in which its investments are denominated. The Company may therefore be exposed to a foreign exchange/currency risk. It may not be possible or practicable to hedge against the consequent foreign exchange/ currency risk exposure.

### **Market risk**

Although it is intended that the Company will be diversified, its investments are subject to normal market fluctuations and to the risks inherent to investments in equities, debt securities, currency instruments and other similar instruments.

### **Possible effect of substantial redemptions**

Substantial redemptions at the option of Shareholders may necessitate the Company to liquidate investments and/or borrow money. It is possible that losses may be incurred due to such liquidations which might otherwise not have been incurred. The costs of borrowing, if any, will be borne by the Company.

### **Equity securities**

The Company will invest in equity securities. The prices of equity securities may decline in response to certain events, including but not limited to those directly involving the companies whose securities are owned by the Company; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency fluctuations.

### **Initial Public Offerings risk**

The Company may invest in initial public offerings ("IPOs"). IPO risk is the risk that the market values of IPO shares may experience high volatility from factors such as the absence of a prior public market, unseasoned trading, the limited number of shares available for trading and limited information about the issuer. Additionally, the Company may hold IPO shares for a very short period of time, which may increase the Company's expenses. Some investments in IPOs may have an immediate and significant impact on the Company's performance.



## **Securities and Other Investments May Be Illiquid**

Certain investment positions held by the Company may be illiquid. For example, positions held by the Company in securities in stages of pre-initial public offering, initial public offering and/or follow-on offering could result in loss due to their illiquid nature.

## **Custody Risk**

Investors may enjoy a degree of protection when investing money with custodians in their home territory. This level of protection may be higher than that enjoyed by the Company.

The Company may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Company that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the Custodian will have no liability. A Company's cash account will usually be maintained on the Custodian's records, but the balances may be held by a sub-custodian and therefore exposed to the risk of default of both the Custodian and the sub-custodian.

## **Bank Deposits**

Investment in bank deposits entails a credit risk vis-à-vis the bank with which such deposit is made. In this regard, Investors should note that such bank deposits will be devoid of the protection which may be made available by any governments, government agency or other guarantee scheme in relation to bank deposit accounts open by individuals.

## **Borrowings and Interest Rates**

The Company is empowered to borrow funds from brokerage firms and banks in order to increase the amount of capital available for facilitating subscriptions and meeting redemption requests where the Board considers this borrowing to be in the interest of the Company. Consequently, the level of interest rates at which such borrowing can be made will affect the operating results of the Company.

## **Emerging Markets**

A number of the markets in which the Company may invest are emerging markets. In addition, many markets, although not emerging, are relatively volatile compared with other markets. Investment in emerging markets involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation,

restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investment may be made, including expropriation, nationalisation or other confiscation, could result in loss.

By comparison with more developed securities markets, most emerging countries' securities markets are comparatively small, less liquid and more volatile. In addition settlement, clearing, safe custody and registration procedures may be underdeveloped, enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply in more developed markets.

### **Conflicts of Interests**

The Directors, Investment Manager, investment advisor(s), if any, the Custodian, the Domiciliary Agent, the Registrar and Transfer Agent and the Administrative Agent and any counterparty may from time to time act as director, investment manager, investment advisor, custodian, domiciliary agent, registrar and transfer agent, administrative agent or broker to, or be otherwise involved in, other collective investment schemes which have similar investment objectives to those of the Company or may otherwise provide discretionary fund management or ancillary brokerage services to investors with similar investment objectives to those of the Company. It is, therefore, possible that any of them may, in the course of their business, have potential conflicts of interests with the Company. Each will at all times have regard in such event to its obligations to act in the best interests of the Shareholders as far as practicable, while having regard to its obligations to its other clients.

When undertaking any investments where conflicts of interests may arise, each will endeavour to resolve such conflicts fairly.

### **Current Market and Economic Conditions**

The Company and the Company's investments may be adversely affected by the recent deterioration in the financial markets and economic conditions throughout the world, some of which may magnify the risks described in the present Section "Risk Warnings". For example, the following factors could adversely affect the Company and its investments to a greater extent than normally anticipated; interest rate fluctuations, availability of credit, increasing inflation (or deflation) rates, economic uncertainty, changes in laws and regulations (including laws and regulations relating to taxation), trade barriers, commodity prices, volatile currency exchange rates and controls and national and international political circumstances.

## **AIFM Directive**

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (implemented into Luxembourg law by the AIFM Law), supplemented by its implementing provisions including COMMISSION DELEGATED REGULATION (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (hereafter the "AIFM Provisions"), seeks to regulate primarily AIFMs based in the European Union ("EU") and prohibits such managers from managing any AIF or marketing shares in such AIFs to EU investors unless authorisation is granted to the AIFM by the relevant supervisory authorities. Under the AIFM Provisions, in order to obtain such authorisation, and be able to manage AIFs, an AIFM would need to comply with various obligations in relation to the AIFs which may create significant additional compliance costs that may be passed to shareholders in the AIFs. Furthermore, the marketing of shares or units in an AIF to EU investors would not be permitted if the AIFM were not authorised. It is currently contemplated that the AIFM Provisions be extended inter alia to non-EU AIFMs managing EU AIFs pursuant to a gradual implementation as foreseen under the AIFM Provisions.

Any regulatory changes arising from implementation and entry into force of the AIFM Provisions (or otherwise) that impair the ability of the Investment Manager or its appointed agent to manage the Company's assets, or limit the Investment Manager's (or its appointed agent's) ability (on behalf of the Company) to market future issuances of Shares, may materially adversely affect the Investment Manager's (or its appointed agent's) ability to carry out and achieve the Company's investment objectives.

### **4. INVESTMENT RESTRICTIONS**

The Company is subject to and will conduct its investment operations in compliance with the following general investment restrictions.

- (i) The maximum single position in a security by the Company shall not exceed 15% of its net assets or 5% above the security's total market capitalization as a percentage of the Al-Quds Index total market capitalization, whichever is higher; however, at no time shall the maximum position in one single security by the Company exceed 55% of its net assets and, in the event a position exceeds 50% of the Company's net assets, no other position may exceed 20% of the Company's net assets, i.e. the Company must hold at least four positions at any one time.

This restriction does not apply to:

- investments in securities issued or guaranteed by a member state of the OECD, or by its local authorities or by supranational institutions and bodies of a European, regional or worldwide nature;
- investments in investment vehicles which are subject to risk diversification requirements at least similar to those provided for in relation to investment vehicles ruled by the Law.

For the application of this restriction, each compartment of a target issuer with an umbrella structure is to be considered as a separate issuer, provided that the principle of segregation of commitments of the different compartments of such target issuer in relation to third parties is ensured.

- (ii) The Company shall not effect short sales.
- (iii) The Company may borrow up to 20% of its net assets for liquidity purposes (e.g. to finance redemptions).
- (iv) It may be departed from the diversification restrictions above for a period of twelve months after the launch of the Company.
- (v) If any of the above percentages are exceeded as a result of the exercise of subscription rights or as a result of any events other than the making of investments, the situation shall be remedied taking due account of the interests of the Shareholders.
- (vi) The Company may invest up to 30% of its net assets in pre-initial public offering securities, securities during their initial public offering and/or follow-on offerings.

## **5. SHARES**

Shares will be issued in registered form only. Shareholders shall receive a confirmation of their shareholding. Share certificates will only be issued upon request and at the expense of the Shareholder.

Fractions of Shares up to three decimal places will be issued if so decided by the Board. Such fractions of Shares shall not be entitled to vote but shall be entitled to participate in the net assets and any distributions attributable to the relevant Class on a pro rata basis.

Shares are of no par value and carry no preferential or pre-emptive rights. Each Share of the Company is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

At the date of the present Prospectus, there is only one Class available for subscription:

| <b>Share Class</b> | <b>Minimum Subscription and Holding Amount</b> | <b>Minimum Subsequent Subscription Amount</b> | <b>Management Fee</b> |
|--------------------|--|---|-----------------------|
| <b>Class USD A</b> | USD 50,000                                     | USD 10,000                                    | 1.50%                 |

## **6. HOW TO DEAL**

### ***OFFERING DETAILS***

#### **Initial Offer**

The initial offer period (the "Initial Offer Period") for the Shares of any Class will be disclosed in the relevant Application Form.

During the Initial Offer Period, subscriptions of Shares in the Company will be accepted at an initial subscription price per Share disclosed in the relevant Application Form (the "Initial Offering Price").

Applications together with the payment of the Initial Offering Price multiplied by the number of Shares subscribed must be received by the Registrar and Transfer Agent no later than 5:00PM (Luxembourg time) on the last day of the Initial Offer Period.

The initial launch date and issue price for each newly created or activated Class will be disclosed in the Application Form and/or the latest annual report of the Company. The Application Form will be updated as new Classes become available.

The Board reserves the right not to launch the initial Class if the total amount subscribed during the Initial Offer Period for this Class is below USD 15,000,000. If the initial Class is not launched, investors will be refunded of the entire Subscription Price paid without interest.

### **Minimum Subscription and Holding Amounts**

The minimum subscription amount and minimum holding amount per Class in the Company is referred to in the above paragraph 5 "Shares". The Board may decide to waive such initial subscription amount and minimum holding amount at its sole discretion.

### **Subsequent Subscriptions**

After the Initial Offer Period, applications for subscription may be made prior to any day that is a Valuation Day for the Class concerned (or on such other days as the Board may from time to time determine), subject to any prior notice requirements specified in this Prospectus and/or the relevant Application Form, which day will, for that purpose, be a Subscription Day. The Board may discontinue the issue of new Shares in Class at any time in its discretion.

### **Subscription Price Per Share**

After any Initial Offer Period, Shares will be issued at a price based on the Net asset Value per Share determined as at the relevant Valuation Day increased, as the case may be, by a sales charge, as stated below (the "Subscription Price").

All applications for subscriptions will be processed in accordance with the following principles.

Investors whose applications are accepted will be allotted Shares issued on the basis of the Net Asset Value determined as at the Valuation Day following receipt of the application form and Subscription Price provided such application and Subscription Price have been received respectively by the Registrar and Transfer Agent and Custodian before 5:00PM (Luxembourg time) three (3) Business Days before the relevant Valuation Day. Any applications received after the applicable deadline will be processed in respect of the next Valuation Day.

### **Subscription in kind**

The Board may decide to issue Shares against contribution in kind in accordance with Luxembourg law. In particular, in such case, the assets contributed may have to be valued in a report issued by the Auditors, to the extent required by Luxembourg law. Any costs incurred in connection with a contribution in kind shall be borne by the relevant Shareholder, unless the Board considers that the subscription in kind is in the interest of the Company in which case such costs may be borne in all or in part by the Company. For the avoidance of doubt, the assets to be contributed in kind must comply with the investment policy and investment restrictions of the Company.

### **Payment of Subscription Price**

The full Subscription Price of the Shares subscribed in must be received in cleared funds by the Custodian or its agent in the Denomination Currency of the Class concerned before 5:00PM (Luxembourg time) three (3) Business Days before the relevant Valuation Day. No interest will be paid on payments received prior to the closing date of any Initial Offer Period or prior to any Subscription Day.

### **Acceptance of Subscriptions**

The Board reserves the right to accept or refuse in its discretion any application to subscribe for Shares, in whole or in part.

### **Suspension of Subscriptions**

The Board will suspend the subscription of Shares of any Class whenever the determination of the Net Asset Value of such Class is suspended.

### **Restrictions on Ownership**

Shares are, in accordance with the requirements of the Law exclusively restricted to Investors who qualify as Eligible Investors.

All subscriptions for which the Registrar and Transfer Agent has additional information requests to determine if an Investor is an Eligible Investor, will be held pending by the Administrative Agent and will not be booked until sufficient information has been received.

### **Anti-money Laundering and Anti-terrorism Financing Provisions**

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from money laundering and financing of terrorism purposes. As result of such provisions, the register and transfer agent of a Luxembourg UCI must ascertain the identity of Investors in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require Investors to provide any document it deems necessary to effect such identification. In addition, the register and transfer agent, as delegate of the Company, may require any other

information that the Company may require in order to comply with its legal and regulatory obligations, including but not limited to CRS.

In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the Company nor the Registrar and Transfer Agent will be held responsible for said delay or failure to process deals resulting from the failure of the Investor to provide documentation or incomplete documentation.

From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' on-going due diligence obligations according to the relevant laws and regulations.

## ***REDEMPTION***

### **Redemption Procedure**

Subject to the restrictions provided in this Prospectus, any Shareholder may apply for the redemption of some or all of his/her/its Shares or of a fixed amount. Redemptions will be accepted as at each Valuation Day, which day will, for that purpose, be a Redemption Day.

If the value of a Shareholder's holding on the relevant Redemption Day 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/her/its Shares.

Shareholders will have their Shares redeemed at a price based on the Net Asset Value determined as at the Valuation Day following receipt of the application reduced, as the case may be, by a redemption charge, provided such application has been received by the Registrar and Transfer Agent before 5:00 PM (Luxembourg time), three (3) Business Days prior to the relevant Redemption Day.

Any applications received after the applicable deadline will be processed in respect of the next Redemption Day.

Payment of redemption proceeds will be effected in the Reference Currency of the Company generally five (5) but no more than fifteen (15) Business Days following the relevant Valuation Day.



### **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 for each Class in paragraph 5 "Shares", the Board may decide, in case of several Classes of Shares, that the redeeming Shareholder shall be deemed to have requested the conversion of the rest of his/her/its Shares into Shares of the Class with a lower minimum holding amount (subject to the fulfilment of any requirements imposed on such Class) and, if the redeeming Shareholder was holding Shares of the Class with the lowest minimum holding amount, the Board may decide that the redeeming Shareholder shall be deemed to have requested the redemption of all of his/her/its Shares. The Board may also at any time decide to compulsorily redeem or convert all Shares from any Shareholder whose holding is less than the minimum holding amount specified for each Class in the paragraph 5 "Shares". Before any such compulsory redemption or conversion, each Shareholder concerned will, if the Class is open to subscriptions, receive a one month's prior notice to increase his/her/its holding above the applicable minimum holding amount at the applicable Net Asset Value per Share.

### **Minimum Redemption Amount**

The Board may refuse redemptions for an amount less than the minimum redemption amount, to be specified in the Prospectus, or any other amount as the Board would determine in its sole discretion.

### **Redemptions in kind**

When the redemption amount is above USD 250,000, the Board may request that a Shareholder accepts 'redemption in kind', i.e. receives a portfolio of assets from the relevant Class of equivalent value to the appropriate cash redemption payment. In such circumstances, the Shareholder must specifically accept the redemption in kind. He/She/It may always request a cash redemption payment in the Reference Currency of the Company. Where the Shareholder agrees to accept redemption in kind he/she/it will, as far as possible, receive a representative selection of the Company's holdings pro rata to the value of Shares redeemed and the Board will make sure that the remaining Shareholders do not suffer any loss there from. Otherwise, the value of the redemption in kind will be certified by a certificate drawn up by the Auditors. The specific costs for such redemptions in kind, in particular the costs of the special audit report, will have to be borne by the Shareholder or by a third party, but will not be borne by the Company unless the Board considers that the redemption in kind is in the interest of the Company or made to protect the interests of the Company.

## **Compulsory Redemption of Shares**

If the Board becomes aware that a Shareholder is holding Shares for the account of a person who does not meet the Shareholder eligibility requirements specified in this Prospectus, 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 Company or a majority of its Shareholders, or otherwise be detrimental to the interests of the Company, the Board may compulsorily redeem such Shares in accordance with the provisions of the Articles. Shareholders are required to notify the Company and the Administrative Agent immediately if they cease to meet the Shareholder eligibility requirements specified in this Prospectus, or hold Shares for the account or benefit of any person who does not or has ceased to meet such requirements, or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may either have adverse regulatory, tax or fiscal consequences for the Company or be detrimental to the interests of the Company.

If the Board becomes aware that a Shareholder has failed to provide any information or declaration required by the Board within ten days of being requested to do so, the Board may compulsorily redeem the relevant Shares in accordance with the provisions of the Articles.

## **Large Redemptions**

If, with respect to any Redemption Day, redemption requests relate to more than 10% of the Net Asset Value of a specific Class, the Board may decide that part or all of such requests for redemption will be deferred or that part or all the payment of such requests will be deferred for such period as the Board considers being in the best interest of the Company. With respect to the next Redemption Day following such deferral period, redemption requests, the processing of which has been deferred, will be met in priority to later requests.

## **Lack of liquidity**

In exceptional circumstances relating to a lack of liquidity of certain investments made by the Company and the related difficulties in determining the Net Asset Value of the Shares of the Company, the treatment of redemption requests may be postponed and/or the issue, redemptions and conversions of Shares suspended by the Board.

In the same circumstances, the Board may consider the creation of side pockets via any means authorised pursuant to the Regulations, as the case may be subject to prior clearance from the CSSF.

## **Suspension of Redemptions**

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

## **Revocability of Redemption Requests**

Redemption requests are revocable no later than the deadline specified in the Prospectus for applications for the redemption of Shares of the relevant Class, it being understood that the Board may, at its sole discretion and taking due account of the principle of equal treatment between Shareholders and the interest of the Company, decide to accept any withdrawal of an application for redemption received after such deadline.

In the event of suspension of the determination of the Net Asset Value of the Company, the Shareholders who have made an application for redemption of their Shares, may give written notice to the Company that they wish to withdraw their application.

## ***CONVERSION***

### **Possibility of Conversion**

In the case of several Classes of Shares, Shareholders may ask to convert all or part of the Shares which they hold in any Class of the Company in Shares of any other Class of the Company.

### **Conditions**

Acceptance of any application for conversion is contingent upon the satisfaction of any conditions (including any minimum redemption/subscription and prior notice requirements) applicable to the Class from/into which the conversion is to be effected. If, as a result of a conversion, the value of a Shareholder's holding in the new Class would be less than any minimum holding amount specified in the paragraph 5 "Shares", the Board may decide not to accept the conversion request. If, as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the minimum holding amount specified in the paragraph 5 "Shares", the Board may decide that such Shareholder shall be deemed to have requested the conversion of all of his Shares.

### **Conversion Value**

The number of full and fractional Shares issued upon conversion is determined on the basis of the Net Asset Value per Share of each Class concerned as at the Conversion Day on which the conversion request is effected. If there is no Conversion Day for any two Classes, the

conversion is made on the basis of the Net Asset Value determined as at the next following Redemption Day of the Class of Shares to be converted and as at the following Subscription Day of the Class into which conversion is requested, or on such other days as the Board may reasonably determine.

### ***TRANSFER OF SHARES***

Transfer of Shares may only be carried out if the transferee qualifies as an Eligible Investor and subject to the reasonable conditions which may be set from time to time by the Board.

## **7. NET ASSET VALUE**

### **Calculation of Net Asset Value**

The Net Asset Value per Share will be determined as at each Valuation Day.

The Net Asset Value of the Company will be determined and made available in its Reference Currency.

The Net Asset Value per Share of each Class is determined by dividing the value of the total assets of the Company properly allocate to such Class less the liabilities of the Company properly allocate to such Class by the total number of Shares of such Class outstanding as at any Valuation Day.

In calculating the Net Asset Value, income and expenditure are treated as accruing from day-to-day.

Assets will be valued in accordance with the following principles:

- (a) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest 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 Board 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 last closing prices or, if appropriate, on the average price 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 Board, not representative of the fair market value, the value thereof shall be determined prudently and in good faith by the Board on the basis of foreseeable sale prices.
- (d) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis.
- (e) All other securities and assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board.

The Board may, at its discretion, permit some other method of valuation to be used if it considers that such method of valuation better reflects the true value and is in accordance with good accounting practice.

The value of assets denominated in a currency other than the Reference Currency of the Company shall be determined by taking into account the rate of exchange prevailing at the time of determination of the Net Asset Value.

The Board has delegated to the Administrative Agent the determination of the Net Asset Value and the Net Asset Value per Share.

### **Suspension of the Calculation of the Net Asset Value**

The Company may temporarily suspend the calculation of the Net Asset Value of the Company and in consequence the issue, redemption and conversion of Shares in any of the following events:

- (a) during any period when any one of the stock exchanges or other principal markets on which a substantial portion of the assets of the Company, from time to time, is quoted or dealt in is closed (otherwise than for ordinary holidays) or during which dealings therein are restricted or suspended provided that such restriction or suspension affects the valuation of the investments of the Company quoted thereon; or
- (b) during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Board, or the existence of any state of affairs which constitutes an emergency in the opinion of the Board, disposal or valuation of the assets held by the Company is not reasonably

practicable without this being detrimental to the interests of Shareholders, or if in the opinion of the Board, the issue and, if applicable, redemption prices cannot fairly be calculated; or

- (c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the Company or the current prices or values on any stock exchanges or other markets in respect of the assets of the Company; or
- (d) during any period when dealing the units/shares of an investment vehicle in which the Company may be invested are restricted or suspended; or, more generally, during any period when remittance of monies which will or may be involved in the realisation of, or in the payment for any of the Company's investments is not possible; or
- (e) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares of the Company cannot, in the opinion of the Board, be effected at normal rates of exchange; or
- (f) from the time of publication of a notice convening an extraordinary general meeting of shareholders for the purpose of winding up the Company, or merging the Company; or
- (g) when for any other reason, the prices of any investments owned by the Company cannot be promptly or accurately ascertained; or
- (h) during any other circumstance where a failure to do so might result in the Company or its shareholders incurring any liability, pecuniary disadvantages or any other detriment which the Company or its shareholders might so otherwise not have suffered.

If there have been created within the Company different Classes, the above shall also apply at the level of a Class, if relevant.

Notice of the beginning and of the end of any period of suspension shall be given by the Company to all the Shareholders affected, i.e. having made an application for subscription or redemption of Shares for which the calculation of the Net Asset Value has been suspended.

In the event of suspension of the calculation of the Net Asset Value of the Company the Shareholders may give written notice that they wish to withdraw their application. If no such notice is received by the Company, such application will be dealt with as the case may be on

the first Subscription, Redemption or Conversion Day following the end of the period of suspension.

## **8. MANAGEMENT AND ADMINISTRATION OF THE COMPANY**

### **The Board**

The Board is responsible for the management of the Company, and in particular for defining and implementing the Company's investment policy according to the general guidelines set out in this Prospectus.

The Board comprises the following members:

Mr. Eric Swats;

Mr. Basem Mohammad Mustafa Abdel Halim; and

Dr. Mohammad Abdallah Mohammad Mustafa (chairman).

The Board may delegate, under its responsibility, certain tasks to third party service providers to assist the Board in the organisation and management of the Company's investment portfolio. In this context, the Board may seek the support from investment advisory firms. All costs incurred by the Company related to the services provided by third party service providers and investment advisory firms in furtherance of the Company's investment activities shall be borne by the Company.

The Board intends to constitute an Investment Committee comprising of three senior investment professionals and from which the Board may seek strategic advice.

### **Investment Manager**

Pursuant to an investment management agreement entered into between the Company and the Investment Manager (the "**Investment Management Agreement**"), the Board has appointed Rasmala Investment Bank Ltd. (the "**Investment Manager**") to supply it with investment management services in connection with the management of the investments of the Company.

Rasmala Investment Bank Ltd. is a company incorporated in the Dubai International Financial Centre.

The Investment Manager is licensed and regulated by the Dubai Financial Services Authority to act as investment manager.

The Investment Manager shall have discretionary power to manage the portfolio of the Company and shall in addition provide risk management and other services to the Company.

## **Custodian**

By an agreement in effect as of 1 February 2011 (the "Custodian Agreement"), KBL European Private Bankers S.A. has been appointed as the custodian of the assets of the Company (the "Custodian") which will be held either directly by KBL European Private Bankers S.A. or through its correspondents, nominees, agents or delegates.

KBL European Private Bankers S.A., is a bank incorporated as a société anonyme in and under the laws of the Grand Duchy of Luxembourg on 23 May 1949, having its head office at 43, Boulevard Royal in Luxembourg, L-2955 Luxembourg, was appointed custodian of the securities of the Fund pursuant to the Custodian Agreement.

All cash, securities and other assets constituting the assets of the Company shall be held under the control of the Custodian on behalf of the Company and its Shareholders. The Custodian shall assume its functions and responsibilities in accordance with the provisions of Part I of the Law.

The Custodian and the Company may terminate the appointment of the Custodian at any time upon ninety (90) days' written notice. In the event of termination of the appointment of the Custodian, the Company will use its best endeavours to appoint within two months of such termination, a new custodian who will assume the responsibilities and functions of the Custodian. Pending the appointment of a new custodian, the Custodian shall take all necessary steps to ensure good preservation of the interests of the Shareholders. After termination as aforesaid, the appointment of the Custodian shall continue thereafter for such period as may be necessary for the transfer of all assets of the Company to the new custodian.

## **Administrative, Domiciliary and Registrar and Transfer Agent**

By three agreements in effect as of 1 February 2011 (the "Administrative Agency Agreement", the "Domiciliary Agency Agreement" and the "Registrar and Transfer Agency Agreement"), the Company has appointed Kredietrust Luxembourg S.A. as administrative, domiciliary agent and registrar and transfer agent of the Company (the "Administrative Agent", the "Domiciliary Agent" and the "Registrar and Transfer Agent").

Kredietrust Luxembourg S.A. was established on 16 February 1973 in the form of a public limited company ("société anonyme") under Luxembourg law. Its registered office is established at 11, rue Aldringen, L-2960 Luxembourg. Kredietrust Luxembourg S.A. is a subsidiary of KBL European Private Bankers S.A. which is part of the KBC Group.



Kredietrust Luxembourg S.A., in its positions of Administrative Agent and Registrar and Transfer Agent, is entitled to appoint, under its responsibility, the European Fund Administration (EFA) société anonyme, established in Luxembourg, 2, rue de l'Alsace, P.O. Box 1725, L-1017 Luxembourg, in order to fulfil all or part of its duties.

As Administrative, Domiciliary and Registrar and Transfer Agent of the Company, Kredietrust Luxembourg S.A is responsible for processing of the issue (registration) redemption and conversion of the Shares and settlement arrangements thereof, keeping the register of the Company's Shareholders, calculating the Net Asset Value per Share, maintaining the records, assisting the Board in verifying that Investors qualify as Eligible Investors under the Law and other general functions as more fully described in the relevant agreements referred above.

### **Auditors**

KPMG Luxembourg, Société coopérative has been appointed as Auditors of the Company and will audit the Company's annual financial statements.

### **Shareholders' rights against the service providers**

It should be noted that Shareholders will only be able to exercise their rights directly against the Company and will not have any direct contractual rights against the service providers of the Company (including against the Investment Manager) appointed from time to time. The foregoing is without prejudice to other rights which investors may have under ordinary rules of law or pursuant to specific legislation (such as e.g. a right of access to and rectification of personal data). The service providers, and specifically Rasmala Investment Bank Limited are not legally accountable to the Shareholders for the management of the property held for or within the Company.

## **9. FEES AND EXPENSES**

### **Management Fee**

Pursuant to the Investment Management Agreement, the Investment Manager is entitled to receive from the Company the management fee specified in the above paragraph 5. "Shares" and to be calculated on the Company's average Net Asset Value. The management fee will be calculated weekly by reference to the Net Asset Value of the relevant Class of Shares on each Valuation Day and payable monthly in arrears.

### **Custodian, Administrative, Domiciliary and Registrar Fees**

The Custodian, the Administrative Agent, the Domiciliary Agent, and the Registrar and Transfer Agent are entitled to receive out of the assets of the Company fees calculated in accordance with normal banking practice in Luxembourg.

In addition, the Custodian, the Administrative Agent, the Domiciliary Agent and the Registrar and Transfer Agent are entitled to be reimbursed by the Company for their respective reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents.

All the above charges are subject to review from time to time.

### **Other Fees and Expenses**

The Company also pays the costs and expenses (i) of all transactions carried out by it or on its behalf and (ii) of the administration of the Company, including (a) the charges and expenses of legal advisers and 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) interest on borrowings, (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, being *inter alia* the cost of obtaining and maintaining the listing of the Shares, as the case may be, (h) remuneration of the directors and (i) all other organisational and operating expenses. The Investment Manager shall bear all costs related to the production and dissemination of the Company's marketing materials, including the investor presentations and monthly factsheets.

### **Formation and launching expenses of the Company**

Any costs incurred in connection with the establishment of the Company above and beyond USD 75,000 shall be borne solely by the Company and amortized over a sixty (60) months period from the date the costs were incurred.

## **10. DISTRIBUTION POLICY**

The Company will initially issue distribution Shares only.

It is intended to distribute a minimum annual dividend equal to the dividend yield of the Benchmark.

No distribution may be made if, as a result, the Net Asset Value of the Company would fall below the equivalent of Euro 1,250,000.

Interim dividends may be distributed as the Board may determine in compliance with applicable law.

Dividends and interim dividends not claimed within five years of the date of payment will lapse and will return to the Company.

The Board may also issue capitalisation Shares which will capitalise a part or their entire earnings.

## **11. TAXATION**

**The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of shares and is not intended as tax advice to any particular investor or potential Investor. Prospective Investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than Luxembourg.**

### **Taxation of the Fund**

In Luxembourg, the Fund is not subject to taxation on its income, profits or gains. The Fund is not subject to net wealth tax in Luxembourg.

A EUR 75.- registration tax is to be paid upon incorporation and each time the articles of association of the Fund are amended. No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of Shares.

The Fund is subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.01% per annum based on the net asset value of the Company at the end of the relevant quarter, calculated and paid quarterly.

Subscription tax exemption applies to (i) the investments in other UCIs, which have already been subject to the Luxembourg subscription tax, (ii) money market SIFs as well as individual compartments with multiple compartments of SIFs, (iii) SIFs, compartments thereof or dedicated classes reserved for retirement pension schemes, and (iv), SIFs and

individual compartments thereof whose the main object is the investment in microfinance institutions.

### **Withholding tax**

Interest and dividend income received by the Fund may be subject to non-recoverable withholding tax in the source countries. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of the withholding tax rate.

Distributions made by the Fund are not subject to withholding tax in Luxembourg.

### **Taxation of the Shareholders**

#### *Luxembourg resident individuals*

Capital gains realised on the sale of the Shares by Luxembourg resident individual Investors who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the Shares are sold within 6 months from their subscription or purchase; or
- (ii) the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, more than 10% of the share capital of the Fund.

Distributions made by the Fund will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*), giving an effective maximum marginal tax rate of 45.78% in 2017.

#### *Luxembourg resident corporate*

Luxembourg resident corporate Investors will be subject to corporate taxation at the rate of 27.08% (in 2017 for entities having the registered office in Luxembourg-City) on capital gains realised upon disposal of Shares and on the distribution received from the Fund.

Luxembourg corporate resident Investors who benefit from a special tax regime, such as, for example, (i) UCI, (ii) SIFs, (iii) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, as amended, or (iv) reserved

alternative investment funds (“RAIFs”) subject to the law of 23 July 2016 on RAIFs (to the extent they have not opted to be subject to general corporation taxes), are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d’abonnement*) and thus income derived from the Shares, as well as gains realized thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Investors except if the holder of the Shares is (i) an UCI, (ii) a vehicle governed by the law of 22 March 2004 on securitization, as amended, (iii) a company governed by the law of 15 June 2004 on venture capital vehicles, as amended, (iv) a SIF (v) a family wealth management company subject to the law of 11 May 2007 related to family wealth management companies, as amended, (vi) a RAIF governed by the law of 23 July 2016 or (vii) a professional pension institution governed by the law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations, as amended. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

#### *Non-Luxembourg resident Shareholders*

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realized upon disposal of the Shares nor on the distribution received from the Feeder Fund and the Shares will not be subject to net wealth tax.

#### **Automatic Exchange of Information**

The Organisation for Economic Co-operation and Development (“OECD”) has developed a common reporting standard (“CRS”) to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the “Euro-CRS Directive”) was adopted in order to implement the CRS among the EU Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (“CRS Law”). The CRS Law requires Luxembourg financial institutions to identify financial accounts held, directly or indirectly, by certain account holders that are fiscally resident in an EU Member State other than Luxembourg or in a country with which Luxembourg has a tax information sharing agreement (“CRS reportable accounts”). Luxembourg financial institutions will then report financial account information on such CRS reportable accounts to

the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund may require its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a Shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law.

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Investors in the Fund may therefore be reported to the Luxembourg and other relevant tax authorities in accordance with applicable rules and regulations.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

## FATCA

The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service ("IRS") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Fund would hence have to comply with such Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of

FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes ("FATCA reportable accounts"). Any such information on FATCA reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Fund intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

To ensure the Fund's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Fund (or its delegate), may:

- a) request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Shareholder's FATCA status;
- b) report information concerning a Shareholder and his account holding in the Fund to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;
- c) report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to shareholders with FATCA status of a non-participating foreign financial institution;
- d) deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e) divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

The Fund reserves the right to refuse any application for Shares if the information provided by a potential investor does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

## **12. GENERAL INFORMATION**

### **Reports**

The financial year of the Company ends on 31 December in each year.

Audited financial statements of the Company made up to 31 December each year will be prepared in USD and available to Shareholders within six months from the end of the period to which they relate.

Copies of the latest annual report will be sent free of charge on request.

### **Meetings of Shareholders**

The annual general meeting of Shareholders of the Company will be held at the registered office of the Company in Luxembourg on 12 April each year at 12:00PM (Luxembourg time). If such a day is not a Business Day, the meeting will be held on the next following Business Day.

Other general meetings of Shareholders may be held pursuant to the Articles and Luxembourg laws.

The Articles may be amended by a two third majority of the Shareholders present or represented at a first extraordinary general meeting with a quorum of a least half of the share capital being present or represented.

If the first extraordinary general meeting is not quorate, a second extraordinary general meeting may be convened for which there shall be no quorum required.

### **Liquidation of the Company**

The Company has been established for an unlimited period. However, the Company may, at any time, be liquidated by a resolution of the general meeting of Shareholders taken in the same conditions that are required by law to amend the Articles. The Board may propose at any time to the Shareholders to liquidate the Company.

Any decision to liquidate the Company will be published in accordance with Luxembourg



law.

As soon as the decision to liquidate the Company is taken, the issue, redemption or conversion of Shares is prohibited and shall be deemed void.

The liquidation of the Company will be conducted by one or more liquidators, who may be individuals or legal entities and who will be appointed by a meeting of Shareholders. This meeting will determine their powers and compensation.

Any liquidation of the Company shall be carried out in accordance with the provisions of the Regulations which specify the steps to be taken to enable Shareholders to participate in the distribution of the liquidation proceeds and provide upon finalisation of the liquidation that the assets may have to be deposited in escrow with the *Caisse de Consignation* to be held for the benefit of the relevant Shareholders. Amounts not claimed from escrow within the relevant prescription period will be liable to be forfeited in accordance with the provisions of the Regulations.

The Company shall bear all costs related to the liquidation of the Company, irrespective of the causes thereof.

### **Documentation**

A copy of the Articles and the latest financial reports may be obtained by the Shareholders without cost on request from the Company.

### **Fund Name**

The Articles contain provisions pursuant to which, as long as a Rasmala group entity is the appointed investment manager of the Company, the name of the Company may commence with the name "Rasmala". Should the appointment of a Rasmala group entity as investment manager of the Company be terminated at any point, the Articles shall be amended to remove "Rasmala" from the name of the Company as registered under the applicable authorities and no further usage of the Rasmala name or brand shall be used by the Company without the express consent of the entity holding the intellectual over the name "Rasmala" (the "Rasmala Owner"). The Company shall indemnify the Rasmala Owner and hold it harmless from and against all liabilities, damages, losses, claims, causes of action, costs, expenses (including, without limitation, legal fees and court costs) and/or proceedings (including without limitation indirect, consequential, special, incidental, or punitive damages arising out of or in connection with the use of the name "Rasmala" in any way from the effective termination date of the investment management agreement functions of the appointed Rasmala group entity).