

Rasmala Trade Finance Fund

Extension of Suspension on Dealing in Shares of the Rasmala Trade Finance
Q & A – 30th June 2020



Background

The investment objective of the Rasmala Trade Finance Fund (“Fund”) is to invest in a diversified portfolio of short-term, asset-backed and/or credit insured Sharia-compliant Trade Finance opportunities primarily within emerging markets.

The outbreak of the Novel Coronavirus (COVID-19) global health crisis and the subsequent decision by governments around the world to place their economies in “lock-down” has caused unprecedented market disruption and brought real challenges to businesses globally.

The evolving nature of the pandemic has created an environment where the Directors of the Fund have determined that despite holding sufficient cash to meet all redemptions, it is not possible at this time to produce a reliable valuation with respect to some of the Fund’s assets. In order to treat all Fund investors equitably and protect their long-term interests, the Directors have taken the decision to extend the suspension on dealing in the Fund’s shares from the 31st March 2020 until 31st December 2020 (“Suspension Period”).

1. Why has of the suspension on dealing in shares of the Fund been extended?

The global COVID-19 health crisis continues to have severe economic impact on the global economy and its consequences continue to unfold;

The crisis has impacted a number of the Fund’s obligors where the settlement of a number of transactions have experienced delays and one obligor has been placed into liquidation since the onset of the COVID19 crisis.

The Fund’s investment manager requires a period of approximately 6 months in order to assess the outcome of delayed payments and potential for recoveries on non-performing exposures; and these factors have created material uncertainty in the determination of the valuation of a material portion of the Company’s underlying portfolio.

Due to these circumstances, the Fund’s Directors are unable to accurately determine a net asset valuation of the Fund’s assets in a fair manner on the basis of international financial reporting standards and have concluded that it is in the best interests of all investors in the Fund to extend the suspension period until 31 December 2020 (“Suspension Period”).

2. Does the material uncertainty relate to all assets of the Fund?

No. Liquid assets held by the Fund have independent secondary market reference points that can be used for valuation purposes.

3. Has the Fund been suspended because it has insufficient liquidity to meet redemption requests?

No. The Fund holds an above average liquidity buffer comprising primarily of cash and short-term liquid assets. In addition, the Fund has the ability to increase liquidity through disposition of its sukuk portfolio, should it become necessary. The suspension will preserve the current liquidity position and protect the Fund’s ability to satisfy redemptions when the suspension ends.

Rasmala Trade Finance Fund

Extension of Suspension on Dealing in Shares of the Rasmala Trade Finance
Q & A – 30th June 2020



4. Can I subscribe to or redeem from the Rasmala Trade Finance Fund?

All dealing instructions received will be placed on hold, including any dealing instructions submitted prior to the date of suspension. This includes redemption and subscription applications received for the 1st April 2020 Dealing Day and subsequent Dealing Days during the Suspension Period.

Once the suspension of the issuance and redemption of shares is lifted, the existing redemption requests will be processed. Investors may receive a pro rata portion of their requested redemption if total redemptions are above the limits set out in the Offering Memorandum. The redemption of Shares in excess of the limit shall automatically be carried forward to the next redemption date and shall be treated equally with all other redemption applications (except for compulsory redemptions which have priority) regardless of whether a redemption was tendered for the current Redemption Date or for a previous Redemption Date.

We will notify investors and their advisers as soon the suspension of the issuance and redemption of shares is lifted.

Investors who subscribe through their Bank's Wealth Management platform should contact their appointed Relationship Manager for further information.

5. When the Fund re-opens how will the redemption process be organized?

Per the Offering Memorandum, redemption proceeds are paid out normally within ten (10) Business Days of the calculation of the relevant Net Asset Value by the Administrator (subject to the discretion of the Directors). The Directors may delay, limit, suspend or extend the redemption of Shares if such redemptions would cause, in aggregate, more than 10% of the Net Asset Value of the Fund to be redeemed on any Redemption Date (the "Redemption Limitation"). If the Redemption Limitation is imposed, each Shareholder who has submitted a timely and properly completed redemption request will receive a pro rata portion of such requested redemption. Redemption of Shares in excess of each affected redeeming Shareholder's pro rata portion shall be automatically carried forward to the next Redemption Date. Redemptions carried forward shall be treated equally with all other redemptions (except for compulsory redemptions which have priority) regardless of whether a redemption was tendered for the current Redemption Date or for a previous Redemption Date, subject always to the Redemption Limitation

6. How long will the Fund be suspended for?

Until 31st December 2020.

7. Is there a possibility for the suspension to last beyond the year?

The Directors of the Fund will continue to monitor the situation on a regular basis to consider whether the exceptional circumstances continue to justify the extension of suspension of dealings and, if circumstances change to reduce the material uncertainty in the valuations of the Fund's assets, the Directors of the Fund may remove the suspension before the end of the new Suspension Period. Likewise, should the material uncertainty surrounding the valuations of the Fund's assets persist beyond the end of the year, a decision regarding the most appropriate course of action will be taken at that time. This decision will be taken in the best interests of all investors in the Fund.

Rasmala Trade Finance Fund

Extension of Suspension on Dealing in Shares of the Rasmala Trade Finance
Q & A – 30th June 2020



8. Since the fund is going to remain under suspension until 31 December 2020, will the management fee of the fund be reduced during the suspension period?

The Investment Manger continues to manage the Fund to maximise investor returns.

The unprecedented challenges faced in the market today has resulted in the allocation of addition resources to the strategy, not only to manage the workload of those transactions that are experiencing delays, but also to manage performing transactions within the Fund. Hence, the management fees will not be reduced from what is stated in the Private Offering Memorandum.

9. Do you have sufficient liquidity, and if not, are you selling assets?

The Rasmala Trade Finance Fund currently has sufficient liquidity to meet all investment objectives and to manage its portfolio and its financial commitments.

10. How much of the trade portfolio is uninsured?

Credit insurance provides one form of the credit enhancement tools to mitigate credit risk. Other mechanisms include pledge of stock or shares, assignment of receivables, control over bank accounts. The cost of credit insurance directly impacts the returns generated from a particular transaction and this is assessed on a case by case basis. As of June 2020, 24% of the Fund's exposure is credit insured.

11. Please elaborate on the YTD performance.

The majority of the decline relates to the provision taken by the Fund against the Phoenix Global DMCC ("Phoenix") exposure following the appointment of Deloitte as the liquidators of the Phoenix BVI domiciled parent company. In addition, the bulk of the Fund's sukuk exposure is to high yielding sukuk accounted for at fair value through profit & loss. The negative mark-to market of this portfolio was a drag on performance in March and April 2020.

Stabilisation of the returns of the Fund is the initial priority with a focus on returning the Fund to generating the relatively steady returns enjoyed by investors since its inception.

12. Is there any residual value expected from the defaulted transaction?

The typical financing structure employed by the Fund provides the Fund with an ability to pursue alternative avenues of recovery not available to financiers that have provided a vanilla loan. These include seeking recovery from the supplier of goods where they have been paid by the Fund but have not shipped the goods or from the buyer of the goods if an assignment of receivables was provided.

13. Will the Rasmala Trade Finance Fund's investment objectives change during the period of suspension?

No. The Fund will continue to be managed in line with its investment objectives. The Fund will continue to be actively managed and we will report an indicative monthly performance and provide updates as usual

14. Will the suspension affect my income distributions?

No. The Fund intends to continue to make dividend distributions in accordance with the terms of the Private Offering Memorandum. For those holders of income shares, the distribution will be paid in cash and for those

Rasmala Trade Finance Fund

Extension of Suspension on Dealing in Shares of the Rasmala Trade Finance
Q & A – 30th June 2020



holders of accumulation shares, the distributions will be accumulated into the capital value of the shares, as usual.

15. Who made the decision to suspend dealing?

The Board of Directors of the Rasmala Trade Finance Fund made the decision upon the recommendation of the Investment Manager of the Fund.

16. Will the suspension affect the publication of the audited financial statements for the Funds?

No. KPMG, the appointed auditors of the Rasmala Trade Finance Fund, have finalized the 2019 financial statements on 30th of June 2020.

17. Will switch or stock transfer instructions be permitted?

The Rasmala Trade Finance Fund does not consider at present the possibility of switching between share classes.

Stock transfers between shareholders will be allowed with the consent of the Board of Directors of the Fund.

18. Will you write to me to tell me the suspensions have been removed?

Yes. We will write to shareholders and their advisers to notify the lifting of the suspension. We will also provide investors and their advisers with up to date information when available via Rasmala's website.

19. How can I find out the value of my investments in the Fund?

The Rasmala Trade Finance Fund will continue to publish indicative values of all its share classes on Bloomberg and on Rasmala's website at <https://rasmala.com/our-funds/>, as well as any other information about the Fund, as and when it is released. These values will be indicative until the suspension is lifted.

20. How can I contact you to find out more about the Fund and the suspension?

For more information as it becomes available please visit our website www.rasmala.com or should you require any further assistance please do not hesitate to contact our Client Service Team on +9714 424 2700 or clientservice@rasmala.com.

30th June 2020

Contact Details

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Rasmala Trade Finance Fund

Extension of Suspension on Dealing in Shares of the Rasmala Trade Finance
Q & A – 30th June 2020



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