

## **Rasmala Trade Finance Fund**

(An open-ended exempted company incorporated with limited liability in the Cayman Islands)

**29 April 2021**

# **RASMALA TRADE FINANCE FUND**

## **CONFIDENTIAL PRIVATE OFFERING MEMORANDUM**

This confidential private offering memorandum (“Memorandum”) is intended solely for the use of the person to whom it has been delivered by Rasmala Trade Finance Fund (the “Fund”) for the purpose of enabling the recipient to evaluate an investment in participating non-voting shares of the Fund, (the “Shares”). The Shares are represented by distinct classes of Shares, (each, a “Class”), as further detailed in this Memorandum. The directors of the Fund (the “Directors”) may create one or more additional classes of shares, for which the Directors will make amendments to this Memorandum. Such additional classes of shares may have different rights to the existing Share Classes, including without limitation with respect to fees, subscriptions and redemptions. Nevertheless, there will be no Share Classes issued, which will provide for any preference or economic benefit, including the provision of special financial features leading to the granting of priority to certain shares at the time of liquidation or the distribution of profits.

This Memorandum is not to be reproduced or distributed to others, at any time, without the prior written consent of the Fund, and all recipients agree they will keep confidential all information contained herein and will use this Memorandum for the sole purpose of evaluating a possible investment in the Fund. Notwithstanding the foregoing, prospective investors are hereby authorised to disclose to any person (a) the structure and any tax aspects of the Fund and (b) all materials of any kind (including tax opinions, analyses or discussions of tax consequences) relating to the structure and tax aspects of the Fund. Acceptance of this Memorandum by a recipient constitutes an agreement to be bound by the foregoing terms.

The Directors have taken reasonable care to ensure that the facts stated herein are true and accurate in all material respects, to the best of their knowledge and belief, and that there are no material facts the omission of which would make misleading any statement herein, whether of fact or opinion. Rasmala Investment Bank Limited is acting for the Fund in connection with the proposed placement hereunder and will not be responsible to any other person for providing best execution in respect of or advising on the suitability of a subscription for Shares.

Prospective investors are not to construe the contents of this Memorandum as legal, tax, investment or other advice. Each prospective investor should consult its own advisors as to legal, investment, tax and other related matters concerning an investment in Shares. In making an investment decision, investors must rely on their own examination of the Fund and the terms of this offering, including the merits and risks involved. The Shares have not been recommended by any securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum.

No action has been taken to permit the distribution of this Memorandum in any jurisdiction where action would be required for such purpose. Accordingly, no person receiving a copy of this Memorandum and/or a Subscription Agreement in any territory may treat it as constituting an invitation to him to purchase or subscribe for Shares nor should he in any event use such a Subscription Agreement unless in the relevant territory such an invitation could lawfully be used without compliance with any registration or other legal requirement.

No person has been authorised to give any information or to make any representation concerning the Fund or the offering of the Shares other than the information contained in this Memorandum, including any supplement to this Memorandum and, when published, the most recent annual report and accounts of the Fund, and, if given or made, such information or representation must not be relied upon as having been authorised by the Fund.

*General Disclaimer*

**This Memorandum does not constitute an offer or solicitation of Shares in any jurisdiction in which such offer or solicitation is not authorised. No action has been taken to permit the distribution of this Memorandum in any such jurisdiction. Accordingly, this Memorandum may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Recipients of this Memorandum should inform themselves about and observe any applicable legal requirements.**

*Sharia Disclaimer*

The Fund structure (as described in this Memorandum) has been approved by a Sharia Advisor (please refer to page 12 of this Memorandum for the profile of the Sharia Advisor). Prospective investors should not rely on the approval referred to above in deciding whether to make an investment in the Fund and should consult their own Sharia advisers as to whether the Fund is in compliance with Sharia principles.

*Cayman Islands Disclaimer*

No offer or invitation to subscribe for Shares may be made to the public in the Cayman Islands.

*Dubai Financial Services Authority Disclaimer*

This Memorandum 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 Memorandum or other documents in connection with this Fund. Accordingly, the DFSA has not approved this Memorandum or any other associated documents nor taken any steps to verify the information set out in this Memorandum and has no responsibility for it. The Shares to which this Memorandum 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. Past performance is not a reliable indicator of future performance.

*U.S. Securities Disclaimer*

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any of the states of the U.S., and the Fund has not been and will not be, registered under the U.S. Investment Company Act of 1940, as amended. Direct or indirect acquisition or ownership of Shares by “U.S. Persons” (as defined herein) without compliance with applicable U.S. securities laws or in contravention of the relevant provisions of the constituent documents of the Fund is prohibited. The transferability of the Shares will also be restricted for all investors by the terms of the Memorandum and Articles of Association

of the Fund (the “Articles”). Investors will be required to bear the financial risks of an investment in the Shares for an extended period of time. There will be no public market for the Shares, and there is no obligation on the part of any person to register the Shares under any securities laws.

An investment in the Shares involves significant risks. Potential investors should pay particular attention to the information in Section VII - “Risk Factors and Potential Conflicts of Interest”. Investment in the Fund is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risks inherent in an investment in the Fund. No assurance can be given that the Fund’s investment objectives will be achieved or that investors will receive a return of their invested capital.

This Memorandum does not purport to be, and should not be construed as, a complete description of the Articles and the other documents referred to herein, copies of which will be provided to each prospective investor upon request. To the extent of any inconsistency between this Memorandum and such documents, the terms of such documents shall prevail.

### *Cayman Islands Regulation*

The Fund is regulated as a mutual fund under the Mutual Funds Act. The Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Act. Regulation under the Mutual Funds Act entails the filing of prescribed details and audited accounts annually with the Authority. As a regulated mutual fund, the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Directors and may result in the Authority applying to the court to have the Fund wound up.

The Fund will not, however, be subject to supervision in respect of its investment activities or the constitution of the Fund's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

A MUTUAL FUND LICENCE ISSUED OR A FUND REGISTERED BY THE CAYMAN ISLANDS MONETARY AUTHORITY DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY TO ANY INVESTOR AS TO THE PERFORMANCE OR CREDITWORTHINESS OF THE FUND.

FURTHERMORE, IN ISSUING SUCH A LICENCE OR IN REGISTERING A FUND, THE AUTHORITY SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN ANY PROSPECTUS OR OFFERING DOCUMENT.

### **Notice to prospective investors in the United Arab Emirates (not including the Dubai International Financial Centre)**

By receiving this Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that this Memorandum and the participating shares referred to herein,

are not regulated under the laws of the United Arab Emirates (“UAE”) relating to funds, investments or otherwise. None of the Fund or any part of the proposed structure set out herein is subject to any form of regulation by the Central Bank of the UAE, the UAE Securities and Commodities Authority or any other authority in the UAE (collectively, the “UAE Regulatory Authorities”).

None of the UAE Regulatory Authorities has any responsibility in respect of this Memorandum and, accordingly, none of the UAE Regulatory Authorities has approved this Memorandum, taken any steps to verify the information set out herein or has any responsibility for it.

The offering of the participating shares does not constitute a public offer of securities under applicable laws of the UAE and the participating shares will not be admitted to trading on any stock exchange in the UAE.

This Memorandum is strictly private and confidential and if desired will only be distributed to a limited number of selected institutional and other sophisticated investors merely to provide information. Nothing in this Memorandum is intended to endorse or recommend a particular course of action. Prospective investors should seek appropriate professional advice.

The minimum investment by an investor based in the UAE is \$150,000.

#### **Notice to prospective investors in the Kingdom of Saudi Arabia**

This Memorandum may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Investment Funds Regulations of the Kingdom of Saudi Arabia. The Fund accepts full responsibility for the accuracy of the information contained in this Memorandum and confirms, having made all reasonable enquiries that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

The Capital Market Authority of the Kingdom of Saudi Arabia does not take any responsibility for the contents of this Memorandum, does not make any representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Memorandum. Prospective purchasers of the participating shares should conduct their own due diligence on the accuracy of the information relating to Company.

The minimum investment by an investor based in the Kingdom of Saudi Arabia is \$ 300,000.

**The aforementioned countries and their applicable selling restrictions should not be taken to constitute an exhaustive list.**

References herein to \$ or Dollars are to United States Dollars.

## **Table of Contents**

|       |  |    |
|-------|--|----|
| I.    | DIRECTORY .....  | 1  |
| II.   | EXECUTIVE SUMMARY .....                                | 2  |
| III.  | INVESTMENT PROGRAM .....                               | 5  |
| IV.   | MANAGEMENT .....                                       | 11 |
| V.    | SUMMARY OF TERMS .....                                 | 15 |
| VI.   | FEES AND EXPENSES .....                                | 23 |
| VII.  | RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST ..... | 35 |
| VIII. | TAX CONSIDERATIONS .....                               | 44 |
| IX.   | GENERAL INFORMATION .....                              | 45 |
| X.    | ENQUIRIES .....  | 54 |
|       | APPENDIX A – DEFINITIONS                               |    |

## **I. DIRECTORY**

### **Registered Office of the Fund**

Maples Corporate Services Limited  
PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

### **Investment Manager**

Rasmala Investment Bank Limited  
Dubai International Financial Centre  
The Gate Village, Building 10, Level 1  
P.O. Box 31145, Dubai, UAE

### **Administrator**

Apex Fund Services Ltd.  
58 Par-la-Ville Road,  
4th Floor, Vallis Building  
Hamilton HM11,  
P.O. Box 2460 HMJX  
Bermuda

### **Sharia Advisor**

*(Sharia Advisor of Rasmala Investment Bank Limited)*

Dar Al Sharia  
Office 607, Level 6,  
Gate Precinct 3,  
DIFC, PO Box 12988,  
United Arab Emirates

### **Sharia Supervisory Board**

Sheikh Nizam Yacouby  
Mr. Mian Muhammad Nazir  
Mr. Fazal Rahim

### **Legal Advisors**

As to Cayman Islands law (only)  
Maples and Calder (Dubai) LLP  
Burj Daman, Level 14  
Dubai International Financial Centre  
PO Box 119980  
Dubai, United Arab Emirates

### **Auditor**

KPMG  
P.O. Box 493  
Six Cricket Square  
Grand Cayman KY1-1106  
Cayman Islands

## II. EXECUTIVE SUMMARY

RASMALA TRADE FINANCE FUND (the “Fund”) is a Cayman Islands exempted company incorporated pursuant to the Companies Act with limited liability on 9 October 2013 for an unlimited duration. The Fund commenced operations on 31 October 2013. The Fund will be terminated, wound up and dissolved in accordance with Articles or otherwise pursuant to a formal liquidation under the Companies Act or any other applicable bankruptcy or insolvency regime. Copies of the Memorandum and Articles of the Fund, together with copies of the Fund's annual or periodic reports as detailed in this Memorandum, are available upon request from the Investment Manager and, upon reasonable notice, may be inspected at the offices of the Investment Manager. The Fund will not generally issue any certificates in respect of its Shares and the Shares are not expected to be listed on any stock exchange.

The Fund’s investment manager is Rasmala Investment Bank Limited (the “Investment Manager”), a company incorporated under the laws of the Dubai International Financial Centre and regulated by the Dubai Financial Services Authority.

The investment objective of the Fund is to maximize risk-adjusted returns by investing in Sharia compliant Trade Finance Investments that are expected to generate low volatility returns which, if achieved, generally exceed other investments of similar duration.

With offices in London and Dubai, the Rasmala Group is focused on regional portfolio management, trade finance and Islamic finance. The Rasmala Group covers a wide range of asset classes including global and Middle Eastern equities, fixed income, trade finance, leasing and real estate. The Rasmala Group’s client base includes governmental bodies, banks, insurance companies, charities, corporations, family offices and private clients.

Unless otherwise restricted, the following Share Classes are available for subscriptions, redemptions, and switches on a quarterly basis or at any other such time as may be determined by the Directors and/or the Investment Manager:

| <b>Share Class</b>                                      | <b>Minimum Subscription and Holding Amount (US\$)</b> | <b>Minimum Subsequent Subscription Amount (US\$)</b> |
|---|---|--|
| <b>Distribution - Ordinary</b>                          | 100,000   | 10,000   |
| <b>Distribution – Ordinary 1</b>                        | 100,000   | 10,000   |
| <b>Distribution – CBD Al Dana Trade Finance Fund</b>    | 100,000   | 10,000   |
| <b>Distribution -CBD Al Dana Trade Finance Fund - 1</b> | 100,000   | 10,000   |
| <b>Class A ACC</b>                                      | 100,000   | 10,000   |
| <b>Class A1 ACC</b>                                     | 100,000   | 10,000   |

|                     |         |        |
|---------------------|---------|--------|
| <b>Class A INC</b>  | 100,000 | 10,000 |
| <b>Class A1 INC</b> | 100,000 | 10,000 |
| <b>Class S ACC</b>  | 100,000 | 10,000 |
| <b>Class S1 ACC</b> | 100,000 | 10,000 |
| <b>Class L ACC</b>  | 100,000 | 10,000 |
| <b>Class L1 ACC</b> | 100,000 | 10,000 |
| <b>Class M ACC</b>  | 100,000 | 10,000 |
| <b>Class M1 ACC</b> | 100,000 | 10,000 |
| <b>Class S INC</b>  | 100,000 | 10,000 |
| <b>Class S1 INC</b> | 100,000 | 10,000 |
| <b>Class L INC</b>  | 100,000 | 10,000 |
| <b>Class L1 INC</b> | 100,000 | 10,000 |
| <b>Class M INC</b>  | 100,000 | 10,000 |
| <b>Class M1 INC</b> | 100,000 | 10,000 |
| <b>Class M2 INC</b> | 100,000 | 10,000 |

In the aforementioned table, ‘ACC’ refers to accumulation and means all income relating to such Share Class is accumulated and retained within the relevant Share Class; ‘INC’ and “Distribution” refers to share classes where dividends, if any available for distribution as decided by the Directors, are distributed quarterly in line with the relevant sections of this Offering Memorandum.

In addition, the Directors have the power to authorize the issuance of additional share classes, including share classes which will participate only in Designated Investments (the “D” Share Classes”), pursuant to the Articles which provide that the Directors may, in their discretion, classify certain of the Company's investments which are deemed by the Directors or the Investment Manager to be illiquid or the value of which is not readily or reliably ascertainable or which may have a relatively long-term investment horizon as "Designated Investments". Once so classified, Designated Investments shall be represented by a separate Class and/or Series of Participating Shares. One or more D Share Classes may be subject to a separate offering for which a supplement to this Memorandum may be published.

Subscriptions into the ‘Distribution – Ordinary 1’, ‘Distribution – CBD Al Dana Trade Finance Fund – 1’, A1, S1, L1, and M2 Share Classes shall be exposed to a portfolio that will be segregated from the portfolio represented by each of the ‘Distribution – Ordinary’, ‘Distribution -CBD Al Dana Trade Finance Fund’, A, S, L, and M1 Share Classes.

For further information on all Share Classes, please refer to Part V “Summary of Terms”. The fees and expenses attributable to each Share Class are described in Part VI “Fees and Expenses”.

Notwithstanding anything contained herein, there will be no Share Classes issued, which will provide for any preference or economic benefit, including the provision of special financial features leading to the granting of priority to certain shares at the time of liquidation or the distribution of profits.

### **III. INVESTMENT PROGRAM**

#### **OBJECTIVE AND INVESTMENT POLICY FOR THE SHARES**

##### **Investment objective of the Fund**

The investment objective of the Fund is to maximize risk-adjusted returns by investing in Sharia compliant Trade Finance Investments that are expected to generate low volatility returns, which if achieved, generally exceed other investments of similar duration.

The Fund's investments will be made in accordance with the investment policy, guidelines and restrictions described in this Memorandum, or as otherwise determined by the Directors or by the Sharia Advisor from time to time. Any change in the investment objective, strategies or restrictions of the Fund must be approved by a simple majority of the Directors. Such changes must also be ratified by the Sharia Advisor.

##### **Investment policy of the Fund**

The investment policy of the Fund is to acquire Sharia compliant Trade Finance Investments primarily within emerging markets. The Fund will originate such Trade Finance Investments from both new and existing relationships with goods and commodity traders, business owners, banks and other entities that facilitate the secured storage or movement of goods and commodities.

It will be a requirement that all Sharia compliant Trade Finance Investments must be: (a) denominated in, pegged to or converted to United States Dollars or such that the Fund bears minimal foreign exchange risk; and (b) short to medium term maturities, generally ranging from six months to five years.

It is the Directors' intention that the Trade Finance Investments will generally be held by the Fund until maturity, although some secondary market trading may occur as suitable opportunities arise or in circumstances where it would be in the best interest of the Fund and where such trading can be conducted in compliance with the principles of Sharia.

The Fund normally invests at least 70% of its assets in Trade Finance Investments with up to 30% of its assets invested in leases and other secured financings not specifically related to trade. These secured financings will be secured against physical assets including but not limited to land, buildings, plant and machinery, moveable and fixed assets and other low obsolescence assets. Alternatively, these non-trade related financings may be credit insured (Fund named insured or co-insured) with credit insurance underwriters that have a minimum credit insurance rating of A3 / A- / A- by Moody's, S&P or Fitch respectively.

##### **Investment rationale for the Fund**

Trade finance has historically been dominated by international specialist trade finance banks. Evolving financial market regulation has led to a number of these banks divesting or scaling back their trade finance activities, creating a gap in the market that investor groups and other alternative financiers are starting to fill.

The Directors believe that the investment policy of the Fund represents a unique opportunity to invest in global markets, particularly the emerging markets, in order to obtain enhanced investment returns from assets and structures that can often be undervalued due to lack of recognition of their intrinsic payment capabilities and may benefit from unique security arrangements and credit mitigation techniques that support the investment thesis.

It is intended that the Fund will provide Shareholders with an opportunity to improve their overall international asset allocation through Trade Finance Investments. The Directors believe that the investment policy will provide Shareholders with:

- attractive risk adjusted returns derived from underlying trade flows and/or physical movement of goods;
- potential for credit enhancements from the international credit insurance market, guarantees issued by sovereign governments, state-owned entities, financial institutions or other security arrangements;
- possibility of preferred payment status (when compared to general obligations of the guarantors); and
- portfolio risk management through diversification and asset allocation.

Trade Finance Investments may benefit from standard banking practices for financing import and export transactions. An emerging country need not have developed a highly sophisticated capital market for it to tap into the international trade finance market. If it's banking system is recognized by, and maintains correspondent banking relations with, the banks of the developed countries, standardized international trade documentation can be issued in support of its trade finance obligations. Thus, trade finance structures enable investors to access emerging and developed markets around the world.

The Directors believe that this overall strategy will provide the Fund with a means to achieve global diversification in both the primary and secondary trade finance markets, which are generally considered:

- mature, with trade finance markets having been operating for over 50 years;
- broad, with annual trading volumes often approaching USD several trillion in the primary markets and USD100 billion in the secondary markets;
- semi-liquid, with trade finance investments transferred between many of the world's major banks and alternate financiers; and
- global, with trade finance investments originated from all corners of the globe.

Additionally, when transacting in the import/export of certain fungible commodities contracted by leading commodities dealers, traders and distributors for future delivery, the Fund will avail itself of investment opportunities that may have:

- contracted purchase in advance of delivery;
- collateralization prior/during delivery;

- liquidation at delivery.

Moreover, such obligations may be secured by measures such as excess collateralization in pledged amounts of delivery contracts, pledged amounts of commodities or other enforceable security.

The Investment Manager has been appointed by the Company to manage the assets of the Fund on a discretionary basis.

Investors in the Fund are relying upon the experience and expertise of the Investment Manager, as expressed herein, to make investment decisions and monitor investment performance. Such investment analysis is often subjective in nature.

The Investment Manager will seek to achieve appropriate investment diversification within the Fund by guarantors, obligors or issuers, and by having settlement of Trade Finance Investments originating from the following regions:

- Americas;
- Asia;
- Eastern & Central Europe;
- Middle East; and
- Africa

The Investment Manager will establish suitable limits for Trade Finance Investments such that no more than ten percent (10%) of the Fund Size may be invested in any Trade Finance Investments which have either individually or collectively outstanding exposure to any one unrated or sub-investment grade rated obligor. In the case of investment grade rated obligors, the limit is fifteen percent (15%) of the Fund Size. In doing so, the Investment Manager will take into account country ratings determined by recognized international rating agencies.

In addition to Trade Finance Investments, the Investment Manager may invest up to 30% of the Fund into other funds that invest in physical asset-backed financing facilities and leases.

There can be no assurance that the Investment Objective will be achieved.

### **Risk Management**

Trade Finance Investments may take the form of freely transferable documents and instruments generated from underlying import-export transactions. The risk of a payment obligation under a Trade Finance Investment being rescheduled or of a default occurring under a Trade Finance Investment may be mitigated by the fact that countries, issuers, guarantors and importers generally seek to protect the inward/outward flow of trade goods. Notwithstanding these characteristics, investing in the Fund is highly speculative and involves substantial risks as detailed within this Memorandum.

Recognizing that changes in the credit stature of the obligor may affect the collectability of the Trade Finance Investment, the Investment Manager will seek to manage the Fund on a risk mitigation basis by ensuring that Trade Finance Investments are diversified by:

- country of origin;
- guarantor institution;
- maturity; and
- type of Trade Finance Investment.

The Investment Manager will also employ asset management policies and procedures that focus on the close management of investment risk through the administration of all transactions between purchase and maturity, and the continuous monitoring of both primary and secondary trade finance markets.

### **Investment restrictions and guidelines for the Fund**

The Investment Manager will invest the assets of the Fund, in accordance with its Governing Instruments and the following guidelines and restrictions:

- (a) the Fund may raise Sharia compliant financing up to 25% of the Fund NAV provided the terms of any such financing is approved by a simple majority of the Directors and the Sharia Advisor;
- (b) no more than ten percent (10%) of the Fund Size may be invested in Trade Finance Investments which have either individually or collectively outstanding exposure to any single unrated or sub-investment grade rated obligor. In the case of investment grade obligors, no more than fifteen (15%) of the Fund Size may be invested in Trade Finance Investments which have either individually or collectively exposure to any single investment grade rated obligor.
- (c) the Fund may, from time to time, purchase securities on the open market for liquidity or cash management purposes, subject at all times to the investment guidelines and investment restrictions contained herein, and subject at all times to such activities being in compliance with the Sharia and being approved by the Advisor.

Where any restriction is breached, the Investment Manager must ensure that immediate corrective action is taken except where the breach is due to the appreciation or depreciation of exposures, changes in the exchange rates, or by reason of the receipt of rights, bonuses, or benefits in the nature of capital or by reason of any other action affecting every holder of that investment. The Investment Manager must also have regard to the investment restrictions when considering changes in any investment portfolio of the Fund.

### **Prohibited Industries and Activities**

The Fund is prohibited from accepting Trade Finance Investments where the Trade Finance Investment is generated from the sale of goods and/or activities that are prohibited by the Sharia (the "Prohibited Activities") as determined by the Sharia Advisor.

In general, the Prohibited Activities will include, but not be limited to, activities related to: alcohol, pornography, movie theatre operations, tobacco, gaming, pork production, packaging and processing or any other activity deemed to be offensive to the Sharia.

Specifically, in all matters regarding the Fund, Prohibited Activities shall be governed by the instruction and rulings of the Sharia Advisor.

### **Trade Finance Investments**

Channels used to originate Trade Finance Investments include an established network of trading businesses, alternate finance partners, trade finance practitioners or leading commodities dealers for commodities shipments that may have:

- contracted purchase in advance of delivery;
- collateralized prior/during delivery; and
- liquidated at or within a short period of delivery.

Commodities purchases sourced through leading commodity dealers may have:

- down payments extended in advance of a delivery cycle of Hard Commodities or a growing cycle for Soft Commodities where the commodities dealer generally has a portion of off-take from the supplier;
- with purchase contracts covering single or multiple deliveries; or
- where commodities dealers and suppliers have established business relationships and an embedded business requirement of continuing to work together for the long-term.

Trade Finance Investments may have specific security over the underlying goods or be secured against other tangible assets. They may benefit from industry expertise and “on the ground presence” of the global traders or trade finance professionals.

The Fund may engage a Documentation Agent and/or a Documentation Advisory Agent who will, respectively, seek to ensure that any Trade Finance Investments, in the name of which Trade Finance Investments are issued, are satisfactory prior to providing finance.

### **Financing**

The Fund is authorised to raise Sharia compliant financing of up to 25% of the Fund NAV for investments purposes, to meet liquidity requirements and redemption requests.

### **Cash Reserves**

The Investment Manager may maintain a level of cash reserves that it deems appropriate. Such cash reserves may be invested in a variety of Sharia compliant structures such as, but not limited to sukuk, commodity murabaha and wakala deposits.

### **Currency Hedging**

The Fund may invest in Trade Finance Investments which are denominated in a currency other than U.S. Dollars or currencies pegged to the U.S. Dollar. In order to attempt to hedge the foreign currency exchange exposure of such Trade Finance Investments, the Fund may

enter into various Islamic substitutes for foreign currency exchange transactions, including without limitation spot and Islamic substitutes for forward or options contracts. There can be no guarantee that any attempts to hedge foreign currency exchange exposure will be successful.

### **Limit on Withdrawals**

The Directors have the right to limit the redemption of Shares if the timing of redemptions would cause more than 10% of the Net Asset Value of the Fund to be redeemed on any single Redemption Date. Directors may also limit redemption of Shares for lower amounts if to do so would, in their opinion, be in the best interests of remaining Shareholders of the Fund.

### **Sharia Process**

The Investment Manager will ensure that the Fund's investment strategy is compatible with the guidelines and instructions issued by the Sharia Advisor of Fund.

## IV. MANAGEMENT

### The Board of Directors

As of the date of this Memorandum, the Fund's Board of Directors (the "Directors") consists of Eric Swats, Santhana Krishnan Packirisamy, Ghassan Hitti, and Hafiz Jawad Ahmad. Additional and replacement Directors may be appointed by the Board of Directors from time to time or by any method permitted under the Articles of the Fund.

***Eric Swats.*** Mr. Swats, Senior Executive Officer, spent 17 years with Citigroup Asset Management before joining Rasmala in 2003. At Citigroup London, he served as Head of European Private Bank Asset Management and Senior Investment Officer of Private Client global equity and balanced portfolios. He was a member of the Global Asset Allocation Committee and Head of the European Regional Investment Committee. During that period, he introduced quantitative methods for strategic and tactical asset and market allocation as well as the use of hedge fund strategies in balanced portfolios. In 2000, Mr. Swats won the Standard and Poor's Award for top performing asset allocation defensive U.S. dollar sector mutual fund. Prior to working in London, he was a global and European fixed income manager based in Zurich and a money market and short-term fixed income portfolio manager based in New York. Mr. Swats holds a BA from Denison University and an MBA in Finance from New York University. He is also a Chartered Financial Analyst.

***Santhana Krishnan Packirisamy.*** Mr. Packirisamy is an Advisor/Consultant and a non-executive board member. Prior to this, he worked at Rasmala Investment Bank Limited for nearly 10 years where he held a number of senior management positions. He has more than 24 years of progressive experience in corporate governance, financial analysis and management, regulatory compliance, systems implementation, staff development and mentoring. He holds a CPA license and CMA certification from the USA alongside his Chartered Accountancy course and B.Sc. from India.

***Ghassan Hitti.*** Mr. Hitti is the Head of Legal and Regulatory of Rasmala Investment Bank Limited and has over 21 years' experience in financial services, capital markets, and asset management. He obtained a BS in Finance from Georgetown University in Washington, D.C. and a JD/MBA from Case Western Reserve University. Mr. Hitti is admitted to the New York Bar.

***Hafiz Jawad Ahmad.*** Mr. Ahmad is the Head of Finance, Operations, Information Technology and Administration at Rasmala Investment Bank Limited. He has over 15 years of work experience across telecom, financial and manufacturing sectors with track record of setting up systems and process to deliver financial and business result. He obtained BS in electrical engineering (Telecom) from University of Engineering and Technology Pakistan and MBA from Lahore University of Management Science. He is a qualified chartered management accountant (CIMA) and a CFA charter holder.

### Investment Manager

The Fund's investment program is managed by Rasmala Investment Bank Limited, pursuant to an investment management agreement between the Fund and the Investment Manager (the "Investment Management Agreement").

The Investment Management Agreement provides that, in the absence of fraud, wilful misconduct or gross negligence, the Investment Manager and its affiliates, and their respective partners, members, managers, delegates, shareholders, officers, directors and employees, will be indemnified, to the fullest extent permitted by law, against any loss or liability incurred by any of them in performing their duties under the Investment Management Agreement or otherwise in connection with the conduct of the business of the Fund. In general, each party will have a right to terminate the Investment Management Agreement upon a minimum of 30 days' written notice, or at any time by notice in writing if (a) either party shall be dissolved (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party), or be unable to meet its obligations or commit any act of bankruptcy or if a receiver is appointed over any of the assets of either party; or (b) either party commits any material breach of its obligations under the Investment Management Agreement and fails to remedy such breach within 30 days of receipt of notice from the non-breaching party requiring it to do so. Two of the Directors are also directors of the Investment Manager.

### **Administrator**

Apex Fund Services Ltd (the "Administrator") has been appointed as the administrator of the Fund. The Administrator is part of the Apex Group, a global provider of fund administration services with over 40 offices across the globe, ISAE 3402/SSAE18 audited, independently owned with USD 1 trillion under administration. Apex Group provides specialist fund administration, share registrar, custody, corporate secretarial services and directors to funds and collective investment schemes globally. The Administrator will perform all general administrative tasks for the Fund, including the preparation of valuations, keeping of financial records and acting as registrar and transfer agent. The Administrator shall receive an annual fee calculated in accordance with its customary schedule of fees and is also entitled to be reimbursed for all out of pocket expenses properly incurred in performing its duties as Administrator of the Fund.

Under the Administration Agreement, the Administrator will be responsible for, among other things, maintaining the accounting records of the Fund; calculating the Net Asset Value of the Fund; processing the subscriptions, redemptions, conversions and transfers in relation to the Fund; assisting the Fund in performing all applicable anti-money laundering/Shareholder identification checks; and performing various administrative, registrar and transfer agency and other services in respect of the Fund more fully described in the Administration Agreement. In calculating the Net Asset Value of the Fund, the Administrator may rely, without further inquiry, investigation or verification, upon information and communications received by the Administrator from any source, including the Investment Manager, or any other person, firm or corporation whatsoever, and the Administrator shall not (in the absence of fraud, gross negligence or wilful default on the part of the Administrator) be liable for any loss suffered by the Fund, the Investment Manager or any Shareholders by reason of any error in such calculations by the Administrator resulting from any inaccuracy in any such information.

Under the Administration Agreement, the Administrator will not, in the absence of gross negligence, wilful default or fraud on the part of the Administrator, be liable to the Company or to any investor for any act or omission, in the course of, or in connection with providing services to the company or for any losses, claims, damages, liabilities and expenses or damage which the Company may sustain or suffer as a result of, or in the course

of, the discharge by the Administrator or its duties pursuant to the Administration Agreement.

Under the Administration Agreement, the Fund will indemnify the Administrator to the fullest extent permitted by law against any and all judgments, fines, amounts paid in settlement and reasonable expenses, including legal fees and disbursements (together with any value added tax or similar tax imposed from time to time), incurred by the Administrator, save where such actions, suits or proceedings are the result of fraud, wilful misconduct or gross negligence of the Administrator or any of its affiliate's or any of their directors', officers', employees', agents' or delegates' own proven fraud, gross negligence or wilful default.

Neither the Administrator nor the officers, directors, members, employees or agents of the Administrator are directly involved in the business affairs, organization, sponsorship or management of the Fund nor will they be responsible for the preparation or issue of this Memorandum other than in respect of the description of the Administrator and the services it will provide.

The Administrator shall not be responsible for the monitoring of the investments made by the Investment Manager or the Investment Manager's compliance with the investment policies and the investment restrictions contained in this Memorandum and/or other Fund's documents. The Administrator will not review or control the valuation of the assets as may be held in the Fund's account from time to time. The Administrator has no decision-making discretion in relation to the Fund's investments. The Administrator is a service provider to the Fund and is not responsible for the preparation of this Memorandum and therefore accepts no responsibility for the accuracy of any information contained in this Memorandum.

In accordance with the terms of the Administration Agreement, the services of the Administrator may be terminated by at least 90 days written notice from either the Company or the Administrator (or such shorter notice period as the parties may agree to accept) or earlier on the liquidation of either the Company or the Administrator.

## **Legal Counsel**

Maples and Calder (Dubai) LLP acts as Cayman Islands legal counsel to the Fund. In connection with the Fund's offering of Shares and subsequent advice to the Fund, Maples and Calder (Dubai) LLP will not be representing Shareholders. No independent legal counsel has been retained to represent the Shareholders. Maples and Calder (Dubai) LLP's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which Maples and Calder (Dubai) LLP has not been consulted. In addition, Maples and Calder (Dubai) LLP does not undertake to monitor compliance by the Investment Manager and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Maples and Calder (Dubai) LLP monitor on-going compliance with applicable laws. In connection with the preparation of this Memorandum, Maples and Calder (Dubai) LLP's responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. In the course of advising the Fund, there are times when the interests of

Shareholders may differ from those of the Fund. Maples and Calder (Dubai) LLP does not represent the Shareholders' interests in resolving these issues. In reviewing this Memorandum, Maples and Calder has relied upon information furnished to it by the Fund and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund.

### **Sharia Advisor**

The Fund will invest in a manner consistent with the principles of Islamic Sharia.

Dar Al Sharia, the Sharia advisory firm of the Investment Manager which has extensive experience in Islamic Sharia, will advise and guide the Fund in respect of the investment of the Fund's assets, subject always to the overall supervision of the Directors. The role of Dar Al Sharia will encompass all phases of the structuring and operation of the Fund. Dar Al Sharia will not have responsibility for the management of the Fund. The Sharia advisor to the Fund is subject to change by the Directors.

Investors should be aware that Dar Al Sharia is contracted to the Investment Manager to provide Sharia advisory services. The Investment Manager may invoice the Fund for certain services from time to time at levels approved by the Directors.

### **Change of Functionaries**

The Directors may change any of the Fund's service providers, including the Fund's auditors, without the consent of the holders of Shares. In addition, the Directors may, with the consent of a service provider, amend the remuneration that the Fund pays to that service provider (and any other term and/or scope of coverage of its service agreement). This may be necessary from time to time to keep the remuneration that the Fund pays to its service providers in line with prevailing market rates.

## V. SUMMARY OF TERMS

*The following sections summarise the terms governing an investment in a Share Class of the Fund. A complete description of the terms of such investment is contained in the Memorandum and Articles of Association of the Fund (the “Articles”) and the Material Contracts, copies of which will be provided to potential investors upon request. If any of the terms summarised herein are inconsistent with the terms of such documents, such documents shall control.*

### **The Fund**

The Fund is a Cayman Islands exempted company incorporated pursuant to the Companies Act with limited liability on 9 October 2013. The Fund commenced operations on 31 October 2013.

### **Eligible Investors**

No Share may be beneficially held by any U.S. Person. The Fund and the Administrator reserve the right to request such information as is necessary to verify the identity of any person submitting a completed subscription agreement for the Fund (a “Subscription Agreement”). An individual may be required to produce, among other documents, a copy of a passport and proof of residence or identification card certified by a notary public, lawyer, bank manager or other professional advisor. In the case of corporate applicants, they may be required to produce, among other documents, a certified copy of the certificate of incorporation (and any change of name), and the identity of directors, shareholders along with the audited financial statements. A trustee, agent, representative or nominee may be required to provide verification of the beneficial owners of any Shares subscribed. Pending the provision of evidence satisfactory to the Fund and the Administrator as to identity, the evidence of title in respect of Shares may be retained in the sole and absolute discretion of the Fund or the Administrator. If within a reasonable period of time following a request for verification of identity, the Fund and/or the Administrator has not received evidence satisfactory to it as aforesaid, either the Fund or the Administrator may, at its sole and absolute discretion, refuse to allot the Shares applied for, in which event subscription monies may be returned without profit to the account from which such monies were originally sent. The payment of redemption proceeds to a Shareholder holding an account at an institution which is not a qualified financial institution and for which the identity has not yet been adequately established, may only be made upon receipt of all appropriate identity documents. The Fund or the Administrator may reject subscriptions if the remitting bank or financial institution is unknown to the Fund or the Administrator or for any other reason at their sole and absolute discretion.

The Shares are available for subscription only to those persons who meet the criteria of being classified as a Professional Clients in accordance with the DFSA rules. Prospective investors will be asked to provide evidence to show that they meet such criteria. At no point shall the fund allow subscriptions to more than a hundred distinct investors.

### **Subscriptions**

Shares will be available for subscription on the first Business Day of each calendar quarter (or at such other times as the Directors and/or the Investment Manager may direct the Administrator in writing), each a “Subscription Date”.

Subscriptions, expressed as an amount, shall be made initially by a Subscriber sending a completed Subscription Agreement to the Fund, or other such form as Directors may determine, specifying the Share Class subscribed for. The Fund, however, may or may not accept the Subscription Agreement. In case the Fund does not accept the Subscription Agreement, it shall return the subscription monies to the subscriber within five (5) Business Days of rejection of the Subscription Agreement by the Fund.

Shares will be issued at the Subscription Price for the Shares (based on such Shares' NAV as of the relevant Valuation Point (as defined herein), subject to certain adjustments).

For Distribution Share Class - Ordinary and Distribution Share Class - CBD Al Dana Trade Finance Fund, an investor may also be required to pay an additional amount as an Equalisation Credit.

In order to apply initially for Shares, a properly completed Subscription Agreement (via email or fax) and any requisite documentation must be received by the Administrator by 5:00 p.m. (Dubai time) on the relevant Valuation Point ("Subscription Date Notice"). Payment should be made by inter-bank transfer to the account(s) detailed in the Subscription Agreement. Cleared funds must settle in the Fund's subscription account no later than three Business Days after the relevant Valuation Point.

Each subscriber will be required initially to invest a minimum of \$100,000, provided however that an investor from UAE shall invest a minimum of \$150,000 and those from the Kingdom of Saudi Arabia shall invest a minimum of \$300,000. Subscriptions for additional Shares for each Share Class may not be less than the Minimum Subsequent Subscription Amounts mentioned in the table contained in Part II "Executive Summary", although the Investment Manager and/or the Directors may accept subscriptions of a lesser amount in their absolute discretion.

Shares may be issued in fractions up to six (6) decimal places.

The Administrator, the Investment Manager and/or the Directors reserves the right to reject subscriptions in whole or in part, in which event subscription payments are refunded at the applicant's risk, without profit. A Subscription Agreement will (save as determined by the Directors) be irrevocable. The Fund may utilise subscription amounts received from investors prior to the allotment of Shares to such investors. In such event, the investor in question becomes an unsecured creditor of the Fund until the respective Shares are allotted. The Directors may at their sole and absolute discretion accept subscriptions received after the stated time or require a completed Subscription Agreement and/or cleared funds at an earlier or later time or date.

## **Redemptions**

Each Shareholder is generally permitted to make complete or partial redemptions, either by amount or number of shares, of its Shares on the first Business Day of each calendar quarter (being the first Business Day of January, April, July, and October) (or at such other times as the Directors and/or the Investment Manager may direct the Administrator in writing), each a "Redemption Date" at the relevant redemption price of such Shares (based on their NAV as of the relevant Valuation Point, subject to certain adjustments and/or restrictions as described below) determined in accordance with the Articles (the "Redemption Price"). Full redemptions (100% of the amount held) should always be

expressed by number of Shares. A redeeming Shareholder of Distribution Share Class - Ordinary and Distribution Share Class - CBD Al Dana Trade Finance Fund will receive additional redemption proceeds if an Equalisation Credit paid at the time of subscription has not been fully applied. Alternatively, a Shareholder may receive a lower redemption amount if an Equalisation Deficit at the time of subscription has not been fully applied.

With respect to any compulsory redemption, written notice must be given to the affected Shareholder on or before the Business Day that is at least fourteen (14) calendar days prior to the proposed compulsory Redemption Date. Investors should note that the previous paragraph is subject always to the discretion of the Directors and is monitored by the Investment Manager.

Requests for redemption must be received by the Administrator before 5.00pm Dubai time on the Redemption Notice Date being at least ninety (90) calendar days prior to the relevant Redemption Date. At the Investment Manager's and/or the Directors' absolute discretion, redemption requests received by the Administrators after the Redemption Notice Date may be accepted, rejected or held over and processed as of the close of business on the next Redemption Date.

All redemption requests must be made pursuant to a properly completed and approved redemption form and must clearly identify the number of Shares, relevant class or amount to be redeemed and the redeeming Shareholder.

Redemption proceeds are paid out in the currency that the subscription was made, 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). Subject to the discretion of the Directors, in kind redemptions may also be made and the Directors will endeavour to ensure that such redemptions will not materially prejudice the interests of the remaining Shareholders in the Fund.

Notwithstanding the foregoing, the Fund may delay, limit, suspend or extend any such payment or the calculation of the Redemption Price if such delay is reasonably necessary to prevent such redemption from having a material adverse impact on the Fund or any Shareholder.

All redemption proceeds are paid directly to the relevant Shareholder. Payments to third parties are not permitted. The Fund may deduct from the redemption proceeds an amount representing the actual or estimated expenses associated with processing the redemption.

In addition, 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.

Notwithstanding the Redemption Limitation, the Directors may delay, limit, suspend or extend the redemption of Shares in whole or in part if they determine at their sole and absolute discretion that such action is warranted by certain extraordinary circumstances.

Such extraordinary circumstances may include, but are not limited to, any of the following circumstances, thereby prompting a suspension of issuance and redemption of Shares, the calculation of Net Asset Value and/or the right of Shareholders to receive redemption payments:

- (a) if any such redemption or issuance would result in a violation by the Fund of the laws of any relevant jurisdiction or the rules of any self-regulatory organisation applicable to the Fund;
- (b) when any securities exchange or organised inter-dealer market on which a significant portion of the Fund's assets are regularly traded or quoted is closed (other than for holidays) or trading thereon has been suspended or restricted;
- (c) if it is not reasonably practicable to make an accurate and timely determination of the Net Asset Value of the Fund for any reason;
- (d) if any event has occurred which calls for the termination of the Fund;
- (e) if the Shareholders or Directors have adopted a resolution for the dissolution of the Fund, pending a distribution of those assets; or
- (f) if it is determined in the sole discretion of the Directors to be in the best interests of the Fund.

Notice of any suspension of the calculation of the Net Asset Value or redemption of Shares will be given to any Shareholder who has submitted an approved redemption request and to whom full payment of the redemption proceeds has not yet been remitted. If a redemption request is not rescinded by a Shareholder following notification of a suspension, the redemption will be effected as of the next Redemption Date after the suspension is lifted, on the basis of the Redemption Price at such time, subject always to the Redemption Limitation. All reasonable steps will be taken to bring to an end any period of suspension as soon as possible.

The Directors reserve the right to compel the redemption of all or a portion of a Shareholder's Shares with a minimum of fourteen (14) days' prior written notice. Notwithstanding the above, the Directors reserve the right to compel the redemption of all or a portion of a Shareholder's Shares with a minimum of five (5) days' prior written notice if it comes to the notice of the Directors that the Shares are held by a member of the public in the Cayman Islands or a United States Person or the Directors determine at their sole and absolute discretion that such Shareholder's continued participation in the Fund may cause any legal, regulatory, taxation, pecuniary or material administrative disadvantage to the Fund or their respective Shareholders as a whole. The Directors reserve the right to compel the redemption of a Shareholder's holding in the Fund if such Shareholder's holding has an aggregate Net Asset Value of less than \$100,000 as at any Valuation Point. Settlements of compulsory redemptions are made in the same manner as voluntary redemptions.

No escrow account is used in processing redemptions and no profit is payable on the redemption proceeds.

Any Shares that are redeemed will be cancelled but will be available subsequently to be re-issued by the Fund to the same or different investors.

The Directors may, at their sole and absolute discretion, fully or partially waive, reduce or alter any of the redemption provisions set forth above in relation to any particular Shareholder.

### **Dividends**

The Directors may declare dividends or other distributions on Shares in issue and authorise payment of any dividends or other distributions out of the funds of the Fund lawfully available. Any such dividends or distributions on Shares will be declared and will be paid quarterly based upon the 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September, and 31<sup>st</sup> December Net Asset Value.

All unclaimed dividends will be used for the benefit of, and be at risk in, the Fund until such time as they are claimed by the relevant Shareholder.

Dividends will be paid to each Shareholder into that Shareholder's bank account as communicated to the Administrator, the Investment Manager or the Directors.

### **Transfers**

Shares may not be transferred, sold, assigned, conveyed or disposed of by a Shareholder without the prior written consent of the Directors. The Directors may decline to register a transfer of Shares at their absolute discretion where such a transfer may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Fund or its Shareholders as a whole. In any event, the Directors may decline to register any transfer of Shares if as a result of such transfer the transferor or transferee would hold Shares having an aggregate Net Asset Value of less than \$100,000 in the Fund. The Directors at their sole discretion may require information regarding any transferee or assignee of any Shareholder in the Fund and requires such transferee or assignee to complete a Subscription Agreement and any documentation required in relation to anti-money laundering. No proposed transfer is recognised until the documents relating to such transfer, including without limitation a Subscription Agreement and supporting documentation completed by the transferee or assignee, have been approved by the Directors and all anti-money laundering and know your client checks have been carried out to the satisfaction of the Investment Manager and the Directors.

### **Share Switch**

Each Shareholder is generally permitted to exchange all or any of their Shares for Shares of another Share Classes on any Dealing Day (a "Share Switch"). Requests for a Share Switch must be received by the Administrator before 5.00pm Dubai time at least thirty (30) calendar days prior to the relevant Dealing Day (each a "Share Switch Date"). At the Investment Manager's and/or the Directors' absolute discretion, Share Switch requests received by the Administrators after the Share Switch Date may be accepted, rejected or held over and processed as of the close of business on the next Dealing Day.

Following the acceptance of a Share Switch, the Administrator shall effect such switch by redeeming the Shares to be switched at the then prevailing Redemption Price and using the redemption proceeds to subscribe for shares of the desired Share Class.

### **Procedure for submission of Subscriptions, Redemptions and Transfers**

The following forms of communication are acceptable to the Fund for submitting subscription, redemption, transfer or other instructions (such as change of address) to the Administrator:

|                        |  |
|------------------------|--|
| Facsimile Transmission | On facsimile number at +971 4 428 9220; OR   |
| Email Transmission     | Via email (provided that it contains a scanned copy of the relevant duly signed document) to <a href="mailto:rasmala@apexfunddubai.ae">rasmala@apexfunddubai.ae</a> ; and  |
| Mail                   | Mailing the original via courier to Directors at:<br><br>Rasmala Trade Finance Fund<br>C/o Apex Fund Services, (Dubai) Ltd<br>Gate Village 5,<br>Level 1<br>Dubai International Financial Centre<br>PO Box 506534<br>Dubai<br>United Arab Emirates |

Notwithstanding the method of communication, the Fund, Directors and/or the Administrator may require the production of original documents or other information to authenticate the communication (without having the obligation to do so). In the case of mis-receipt or corruption of any message, the subscriber is required to re-send the documents. The subscriber must use the form document provided by the Fund in respect of subscriptions and redemptions unless such condition is waived by the Fund and/or the Directors.

In the event that no acknowledgement is received from the Administrator within ten (10) Business Days of submission of the Subscription Offer or five (5) Business Days of submission of the Redemption Request, the subscriber should contact the Administrator at [rasmala@apexfunddubai.ae](mailto:rasmala@apexfunddubai.ae) to confirm receipt by the Administrator of the Subscription Offer or Redemption Request.

The Administrator will process subscription and redemption requests which are received by mail, facsimile or email. Neither the Fund nor the Administrator are responsible for any failed delivery or non-receipt of any facsimile or email if they have not acknowledged receipt of the original document, facsimile or email. Original documents, facsimiles or emails sent to the Fund or the Directors shall only be effective when actually acknowledged by the Fund or the Directors. In the event that no acknowledgement is received from the Administrator within five (5) days of submission of the request, the subscriber should contact the Administrator at [Rasmala@apexfunddubai.com](mailto:Rasmala@apexfunddubai.com). Any shareholder also agrees that the foregoing also applies to any subscription request made using a short form

Subscription Offer. Subsequent subscriptions may be made using the short form subscription offer.

### **Net Asset Valuations**

The Net Asset Value of the Fund at any date is the total net assets of the Fund. The net asset valuations of the Fund are determined and calculated by the Administrator as of the last Business Day of each month, or such other days as may from time to time be determined by the Directors at their sole and absolute discretion (each, a “Valuation Point”), using international financial reporting standards as a basis. To the extent feasible, liabilities are accrued as of each Valuation Point. Shares, units, limited partner interests, limited liability company interests and other interests in the Fund’s accounts (“Accounts”) are generally valued at the final, if available, or most recent estimated net asset value supplied by each Account or its appointed administrator. In the event that such a net asset value is not available, the Administrator may use an estimate of such net asset value in the calculation of the Net Asset Value. In addition, any applicable redemption or withdrawal charges that are customarily imposed by or on behalf of the Account or its manager or administrator may also be taken into account.

Where the Fund has invested in financial instruments, these are valued by the Administrator utilising a method approved by the Directors as reasonable and appropriate. The Directors may consult with third parties in determining the value of any assets. In circumstances where Directors determine that a price of any asset may not represent fair value, the Directors may (but are not required to) obtain independent appraisals at the expense of the Fund and/or consult with third parties. In the absence of bad faith or manifest error, the asset valuations which are in line with policies agreed by Directors of the Fund are conclusive and binding on all Shareholders and all parties claiming through or under them. Except as otherwise determined by the Directors, at their sole and absolute discretion, investment transactions are accounted for on the trade date. In an event where Directors have instructed that a price different from that provided by the Administrator or independent third-party be applied to the Fund’s Net Asset Value, Directors will notify the investors as soon as reasonably practicable. For the avoidance of doubt, notification is not required where amortised pricing of ancillary liquid instruments might be held from time to time by the Fund.

Generally, Accounts are maintained in U. S. Dollars and except as otherwise determined by the Directors at their sole and absolute discretion: (a) assets and liabilities denominated in currencies other than U. S. Dollars are translated at the prevailing rates of exchange (and exchange adjustments are recorded in the results of operations); and (b) investment and trading transactions and income and expenses are translated at the rates of exchange in effect at the time of each transaction.

In calculating the Net Asset Value, there are deductions from the total asset value of the Fund for all accrued obligations and liabilities relating to such assets, including without limitation: (a) Management Fees earned but not yet paid; (b) any allowance for estimated annual audit, legal and other fees, costs and expenses; (c) costs and expenses of the Custodian and any sub-custodians (if any) as well as brokerage and transaction fees and expenses; (d) investments contracted to be sold; (e) the gross acquisition consideration of investments or other property contracted to be purchased by the Fund; (f) reserves authorised or approved by the Directors for duties and charges or taxes or contingencies

(accrued where appropriate); (g) the aggregate amount of all financings and profit, commitment fees and other charges arising in connection therewith (accrued where appropriate); (h) losses from any foreign currency exchange or other transactions; and (i) other liabilities of the Fund on behalf of the Fund of whatever nature (which are, where appropriate, deemed to accrue) including without limitation outstanding payments on any Shares previously redeemed and, as from the record date in respect thereof, any dividends declared and not paid (contingent liabilities (if any) being valued in such manner as the Directors may determine at their sole and absolute discretion from time to time or in any particular case).

Prospective investors should be aware that uncertainties may arise as to the valuation of the net assets of the Fund. If the judgments of the managers or administrators of the Accounts regarding appropriate valuations of their assets should prove incorrect, the Net Asset Value of the Fund may be materially and adversely affected. Excluding bad faith or manifest error, the Net Asset Value determinations of the Directors are conclusive and binding on the Shareholders.

In determining the Net Asset Value of the Fund, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out above. For the purpose of calculating the Net Asset Value of the Fund, the Administrator relies on, and is not responsible for, the accuracy of financial data furnished to it by the Investment Manager. The Administrator may also use and rely on industry standard financial models in pricing any of the Fund's Trade Finance Investments or other assets. If and to the extent that the Investment Manager is responsible for or otherwise involved in the pricing of any of the Fund's Trade Finance Investments or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value of the Fund and is not liable to the Fund, any investor in the Fund, the Investment Manager or any other person in so doing.

### **Reserves**

Appropriate reserves may be accrued and charged against net assets and proportionately against the Fund, as applicable, for contingent liabilities, such reserves to be in amounts (subject to increase or reduction) that the Directors in their sole and absolute discretion deem necessary or appropriate.

### **Duty of Care; Indemnification**

None of the Directors, the Administrator or the Investment Manager are liable to the Fund or its Shareholders for any loss or damage occasioned by any acts or omissions in the performance of its services on behalf of the Fund, subject to certain limitations. In addition, the Directors, the Administrator, the Investment Manager and their related persons will be indemnified by the Fund (but not by the Shareholders individually) against any liabilities arising in connection with the performance of their services on behalf of the Fund, subject to certain limitations. Investors are referred to the Material Contracts and the Articles for further information.

## **VI. FEES AND EXPENSES**

### **GENERAL**

#### **Other Fees and Expenses**

The Fund bears the fees, costs and expenses directly related to investments or prospective investments (whether or not consummated) of the Fund, including without limitation brokerage commissions, transaction charges, any withholding or transfer taxes, financing costs and all expenses incurred in connection with locating, evaluating and implementing potential investments including without limitation travel and other research related expenses. The Fund also bears the fees, costs and expenses of the administration of the Fund, including without limitation accounting, audit, administration and legal expenses, regulatory and Share listing fees and expenses, fees and expenses of the Directors, costs of directors and officers and other insurance, costs of any litigation or investigation involving the activities of the Fund and costs and expenses associated with reporting and providing information to existing and prospective Shareholders. The Investment Manager may, at its sole and absolute discretion, choose to absorb any such fees, costs and expenses incurred on behalf of the Fund.

The Fund will reimburse the Investment Manager for all costs and expenses incurred by the Investment Manager in connection with the management of the Fund's investment program including, without limitation: legal, compliance, audit and accounting expenses (including third party accounting services); organisational expenses; investment and trading expenses such as commissions; Directors' and Sharia Advisor's fees and expenses; company secretarial expenses; and any other expenses related to the purchase, arrangement, sale or transmittal of the Fund's assets. For the avoidance of doubt, this might include arrangement of credit lines, deposit facilities and other professional services that might be required by the Fund from time to time.

The Fund does not have its own separate employees or office. The Investment Manager is responsible for its own general operating and overhead costs (not including Fund accounting or administrative functions) but may recharge certain expenses (for example amending and improving the terms of the Fund, interaction with service providers or other such services that might be deemed reasonable by Directors from time to time). As such, the Investment Manager may seek to invoice the Fund from time to time with the consent of the Fund Directors.

#### **The Administrator**

The Administrator is entitled to receive such fees from the Fund at normal commercial rates as may be negotiated and agreed from time to time.

#### **Inspection of Documents**

The Memorandum and Articles of Association of the Fund, its Certificate of Incorporation and any amendments thereto, and the Material Contracts that have been entered into by the Fund can be inspected by bona fide potential subscribers free of charge at, or purchased from, the Company's offices or those of the Investment Manager.

## **DISTRIBUTION SHARE CLASS - ORDINARY**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.00% of the NAV of all Shares belonging to the ‘Distribution Share Class – Ordinary’ Share Class, calculated monthly and payable quarterly in arrears.

### **Placement Fee**

Shares belonging to the ‘Distribution Share Class – Ordinary’ Share Class may be subject to a placement fee of up to 3.00% of the value of any subscription, which may be charged by authorised dealers, placement agents or independent third parties and may be applied, in whole or in part, at the discretion of the directors.

Any applicable Placement Fee, typically paid to the Investment Manager when charged, will be deducted from the investor’s subscription amount and will not be treated as part of the Share purchase price. The Investment Manager may elect to use, and may compensate, placement agents or others for introducing investors to the Fund. The Placement Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Performance Fee**

For Shares belonging to the ‘Distribution Share Class – Ordinary’ Share Class, the Fund shall pay the Investment Manager, for each calendar quarter, a Performance Fee calculated on each Valuation Point as 20% of the total increase of the valuation of the Fund compared to the High Water Mark (Adjusted), that is above the prevalent 3-month LIBOR (at the start of the quarter) + 3.5% per annum (“Performance Benchmark”). The Performance Fee will be calculated on a monthly basis but will be only payable to the Investment Manager on a quarterly basis subject to the High Water Mark and the Performance Benchmark being achieved for the relevant quarter. If the performance fee is not crystalized during the quarter, then the absolute value of the Performance Benchmark will be carried forward to next quarter. The absolute value of the Performance Benchmark will accumulate until crystallization of the Performance Fee.

### **Structuring Fee**

For Shares belonging to the ‘Distribution Share Class – Ordinary’ Share Class, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **DISTRIBUTION SHARE CLASS – ORDINARY 1**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.00% of the NAV of all Shares belonging to the ‘Distribution Share Class – Ordinary 1’ Share Class, calculated monthly and payable quarterly in arrears.

### **Placement Fee**

Shares belonging to the ‘Distribution Share Class – Ordinary 1’ Share Class may be subject to a placement fee of up to 3.00% of the value of any subscription, which may be charged by authorised dealers, placement agents or independent third parties and may be applied, in whole or in part, at the discretion of the directors.

Any applicable Placement Fee, typically paid to the Investment Manager when charged, will be deducted from the investor’s subscription amount and will not be treated as part of the Share purchase price. The Investment Manager may elect to use, and may compensate, placement agents or others for introducing investors to the Fund. The Placement Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Performance Fee**

For Shares belonging to the ‘Distribution Share Class – Ordinary’ Share Class, the Fund shall pay the Investment Manager, for each calendar quarter, a Performance Fee calculated on each Valuation Point as 20% of the total increase of the valuation of the Fund compared to the High Water Mark (Adjusted), that is above the prevalent 3-month LIBOR (at the start of the quarter) + 3.5% per annum (“Performance Benchmark”). The Performance Fee will be calculated on a monthly basis but will be only payable to the Investment Manager on a quarterly basis subject to the High Water Mark and the Performance Benchmark being achieved for the relevant quarter. If the performance fee is not crystallized during the quarter, then the absolute value of the Performance Benchmark will be carried forward to next quarter. The absolute value of the Performance Benchmark will accumulate until crystallization of the Performance Fee.

### **Structuring Fee**

For Shares belonging to the ‘Distribution Share Class – Ordinary 1’ Share Class, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **DISTRIBUTION SHARE CLASS - CBD AL DANA TRADE FINANCE FUND**

### **(RESERVED FOR COMMERCIAL BANK OF DUBAI)**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.00% of the NAV of all Shares belonging to the ‘Distribution Share Class – CBD Al Dana Trade Finance Fund’ Share Class, calculated monthly and payable quarterly in arrears.

### **Placement Fee**

Shares belonging to the ‘Distribution Share Class – CBD Al Dana Trade Finance Fund’ Share Class may be subject to a placement fee of up to 3.00% of the value of any subscription, which may be charged by authorised dealers, placement agents or independent third parties and may be applied, in whole or in part, at the discretion of the directors.

Any applicable Placement Fee, typically paid to the Investment Manager when charged, will be deducted from the investor's subscription amount and will not be treated as part of the Share purchase price. The Investment Manager may elect to use, and may compensate, placement agents or others for introducing investors to the Fund. The Placement Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Performance Fee**

For Shares belonging to the 'Distribution Share Class – CBD Al Dana Trade Finance Fund' Share Class, the Fund shall pay the Investment Manager, for each calendar quarter, a Performance Fee calculated on each Valuation Point as 20% of the total increase of the valuation of the Fund compared to the High Water Mark (Adjusted), that is above the prevalent 3-month LIBOR (at the start of the quarter) + 3.5% per annum ("Performance Benchmark"). The Performance Fee will be calculated on a monthly basis but will be only payable to the Investment Manager on a quarterly basis subject to the High Water Mark and the Performance Benchmark being achieved for the relevant quarter. If the performance fee is not crystallized during the quarter, then the absolute value of the Performance Benchmark will be carried forward to next quarter. The absolute value of the Performance Benchmark will accumulate until crystallization of the Performance Fee.

### **Structuring Fee**

For Shares belonging to the 'Distribution Share Class – CBD Al Dana Trade Finance Fund' Share Class, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **DISTRIBUTION SHARE CLASS - CBD AL DANA TRADE FINANCE FUND 1**

### **(RESERVED FOR COMMERCIAL BANK OF DUBAI)**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.00% of the NAV of all Shares belonging to the 'Distribution Share Class – CBD Al Dana Trade Finance Fund 1' Share Class, calculated monthly and payable quarterly in arrears.

### **Placement Fee**

Shares belonging to the 'Distribution Share Class – CBD Al Dana Trade Finance Fund 1' Share Class may be subject to a placement fee of up to 3.00% of the value of any subscription, which may be charged by authorised dealers, placement agents or independent third parties and may be applied, in whole or in part, at the discretion of the directors.

Any applicable Placement Fee, typically paid to the Investment Manager when charged, will be deducted from the investor's subscription amount and will not be treated as part of the Share purchase price. The Investment Manager may elect to use, and may compensate, placement agents or others for introducing investors to the Fund. The Placement Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Performance Fee**

For Shares belonging to the ‘Distribution Share Class – CBD Al Dana Trade Finance Fund 1’ Share Class, the Fund shall pay the Investment Manager, for each calendar quarter, a Performance Fee calculated on each Valuation Point as 20% of the total increase of the valuation of the Fund compared to the High Water Mark (Adjusted), that is above the prevalent 3-month LIBOR (at the start of the quarter) + 3.5% per annum (“Performance Benchmark”). The Performance Fee will be calculated on a monthly basis but will be only payable to the Investment Manager on a quarterly basis subject to the High Water Mark and the Performance Benchmark being achieved for the relevant quarter. If the performance fee is not crystallized during the quarter, then the absolute value of the Performance Benchmark will be carried forward to next quarter. The absolute value of the Performance Benchmark will accumulate until crystallization of the Performance Fee.

### **Structuring Fee**

For Shares belonging to the ‘Distribution Share Class – CBD Al Dana Trade Finance Fund 1’ Share Class, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **‘CLASS A ACC’ AND ‘CLASS A INC’**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees (“Management Fees”) at an annual rate of 1.50% of the NAV of all Shares belonging to the ‘Class A ACC’ and ‘Class A INC’ Share Classes, calculated monthly and payable quarterly in arrears.

### **Placement Fee**

Shares belonging to the ‘Class A ACC’ and ‘Class A INC’ Share Classes may be subject to a placement fee of up to 3.00% of the value of any subscription, which may be charged by authorised dealers, placement agents or independent third parties and may be applied, in whole or in part, at the discretion of the directors.

Any applicable Placement Fee, typically paid to the Investment Manager when charged, will be deducted from the investor’s subscription amount and will not be treated as part of the Share purchase price. The Investment Manager may elect to use, and may compensate, placement agents or others for introducing investors to the Fund. The Placement Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Structuring Fee**

For Shares belonging to the ‘Class A ACC’ and ‘Class A INC’ Share Classes Share Class, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **‘CLASS A1 ACC’ AND ‘CLASS A1 INC’**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees (“Management Fees”) at an annual rate of 1.50% of the NAV of all Shares belonging to the ‘Class A1 ACC’ and ‘Class A1 INC’ Share Classes, calculated monthly and payable quarterly in arrears.

### **Placement Fee**

Shares belonging to the ‘Class A1 ACC’ and ‘Class A1 INC’ Share Classes may be subject to a placement fee of up to 3.0% of the value of any subscription, which may be charged by authorised dealers, placement agents or independent third parties and may be applied, in whole or in part, at the discretion of the directors.

Any applicable Placement Fee, typically paid to the Investment Manager when charged, will be deducted from the investor’s subscription amount and will not be treated as part of the Share purchase price. The Investment Manager may elect to use, and may compensate, placement agents or others for introducing investors to the Fund. The Placement Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Structuring Fee**

For Shares belonging to the ‘Class A1 ACC’ and ‘Class A1 INC’ Share Classes Share Class, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **‘CLASS S ACC’ AND ‘CLASS S INC’**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.50% of the NAV of all Shares belonging to the ‘Class S ACC’ and ‘Class S INC’ Share Classes, calculated monthly and payable quarterly in arrears.

### **Deferred Sales Fee**

In respect of Shares belonging to the ‘Class S ACC’ and ‘Class S INC’ Share Classes, there is no Placement Fee and investors will receive an allotment of Shares equivalent to 100% of their subscription amount. A Deferred Sales Fee, amounting to 2.0% of the value of any subscription will be payable by the Fund to the Investment Manager for its absolute use and benefit in full following the subscription confirmation and amortised back to the Fund on each Valuation Point for the first two years from the date of subscription. The Deferred Sales Fee will therefore be reflected in the NAV of the Share Classes. The Deferred Sales Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Exit Fees**

In respect of Shares belonging to the ‘Class S ACC’ and ‘Class S INC’ Share Classes, a 2% exit fees shall apply for redemptions made before 24 months (prorated for the number of

full months left until period end).

All Exit Fees will be retained solely for the benefit of remaining Shareholders of the Fund. These fees may not be waived but, in order to pass this fee back to the Fund, Directors may accept a range of operational procedures between the Administrator and custody banks and regulated investment platforms where they are of the opinion that remaining investors will not be disadvantaged and provided always that the economic effect remains unaltered. This may include, but is not limited to, a custody bank or investment platform deducting the fees at source and the Administrator making accounting adjustments (as if the deduction had taken place by the Administrator).

### **Structuring Fee**

For Shares belonging to the 'Class S ACC' and 'Class S INC' Share Classes, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

### **'CLASS S1 ACC' AND 'CLASS S1 INC'**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.50% of the NAV of all Shares belonging to the 'Class S1 ACC' and 'Class S1 INC' Share Classes, calculated monthly and payable quarterly in arrears.

### **Deferred Sales Fee**

In respect of Shares belonging to the 'Class S1 ACC' and 'Class S1 INC' Share Classes, there is no Placement Fee and investors will receive an allotment of Shares equivalent to 100% of their subscription amount. A Deferred Sales Fee, amounting to 2.0% of the value of any subscription will be payable by the Fund to the Investment Manager for its absolute use and benefit in full following the subscription confirmation and amortised back to the Fund on each Valuation Point for the first two years from the date of subscription. The Deferred Sales Fee will therefore be reflected in the NAV of the Share Classes. The Deferred Sales Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Exit Fees**

In respect of Shares belonging to the 'Class S1 ACC' and 'Class S1 INC' Share Classes, a 2% exit fees shall apply for redemptions made before 24 months (prorated for the number of full months left until period end).

All Exit Fees will be retained solely for the benefit of remaining Shareholders of the Fund. These fees may not be waived but, in order to pass this fee back to the Fund, Directors may accept a range of operational procedures between the Administrator and custody banks and regulated investment platforms where they are of the opinion that remaining investors will not be disadvantaged and provided always that the economic effect remains unaltered. This may include, but is not limited to, a custody bank or investment platform deducting the fees at source and the Administrator making accounting adjustments (as if the deduction had

taken place by the Administrator).

### **Structuring Fee**

For Shares belonging to the 'Class S1 ACC' and 'Class S1 INC' Share Classes, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **'CLASS L ACC' AND 'CLASS L INC'**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.50% of the NAV of all Shares belonging to the 'Class L ACC' and 'Class L INC' Share Classes, calculated monthly and payable quarterly in arrears.

### **Deferred Sales Fee**

In respect of Shares belonging to the 'Class L ACC' and 'Class L INC' Share Classes, there is no Placement Fee and investors will receive an allotment of Shares equivalent to 100% of their subscription amount. A Deferred Sales Fee, amounting to 5.0% of the value of any subscription will be payable by the Fund to the Investment Manager for its absolute use and benefit in full following the subscription confirmation and amortised back to the Fund on each Valuation Point for the first five years from the date of subscription. The Deferred Sales Fee will therefore be reflected in the NAV of the Share Classes. The Deferred Sales Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Exit Fees**

In respect of Shares belonging to the 'Class L ACC' and 'Class L INC' Share Classes, a 5% exit fees shall apply for redemptions made before 60 months (prorated for the number of full months left until the period end).

All Exit Fees will be retained solely for the benefit of remaining Shareholders of the Fund. These fees may not be waived but, in order to pass this fee back to the Fund, Directors may accept a range of operational procedures between the Administrator and custody banks and regulated investment platforms where they are of the opinion that remaining investors will not be disadvantaged and provided always that the economic effect remains unaltered. This may include, but is not limited to, a custody bank or investment platform deducting the fees at source and the Administrator making accounting adjustments (as if the deduction had taken place by the Administrator).

### **Structuring Fee**

For Shares belonging to the 'Class L ACC' and 'Class L INC' Share Classes, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **‘CLASS L1 ACC’ AND ‘CLASS L1 INC’**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.50% of the NAV of all Shares belonging to the ‘Class L1 ACC’ and ‘Class L1 INC’ Share Classes, calculated monthly and payable quarterly in arrears.

### **Deferred Sales Fee**

In respect of Shares belonging to the ‘Class L1 ACC’ and ‘Class L1 INC’ Share Classes, there is no Placement Fee and investors will receive an allotment of Shares equivalent to 100% of their subscription amount. A Deferred Sales Fee, amounting to 5.0% of the value of any subscription will be payable by the Fund to the Investment Manager for its absolute use and benefit in full following the subscription confirmation and amortised back to the Fund on each Valuation Point for the first five years from the date of subscription. The Deferred Sales Fee will therefore be reflected in the NAV of the Share Classes. The Deferred Sales Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Exit Fees**

In respect of Shares belonging to the ‘Class L1 ACC’ and ‘Class L1 INC’ Share Classes, a 5% exit fees shall apply for redemptions made before 60 months (prorated for the number of full months left until the period end).

All Exit Fees will be retained solely for the benefit of remaining Shareholders of the Fund. These fees may not be waived but, in order to pass this fee back to the Fund, Directors may accept a range of operational procedures between the Administrator and custody banks and regulated investment platforms where they are of the opinion that remaining investors will not be disadvantaged and provided always that the economic effect remains unaltered. This may include, but is not limited to, a custody bank or investment platform deducting the fees at source and the Administrator making accounting adjustments (as if the deduction had taken place by the Administrator).

### **Structuring Fee**

For Shares belonging to the ‘Class L1 ACC’ and ‘Class L1 INC’ Share Classes, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **‘CLASS M ACC’ AND ‘CLASS M INC’**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.50% of the NAV of all Shares belonging to the ‘Class M ACC’ and ‘Class M INC’ Share Classes, calculated monthly and payable quarterly in arrears.

### **Deferred Sales Fee**

In respect of Shares belonging to the ‘Class M ACC’ and ‘Class M INC’ Share Classes, there is no Placement Fee and investors will receive an allotment of Shares equivalent to 100% of their subscription amount. A Deferred Sales Fee, amounting to 3.0% of the value of any subscription will be payable by the Fund to the Investment Manager for its absolute use and benefit in full following the subscription confirmation and amortised back to the Fund on each Valuation Point for the first three years from the date of subscription. The Deferred Sales Fee will therefore be reflected in the NAV of the Share Classes. The Deferred Sales Fee shall apply to all initial subscriptions and any subsequent subscriptions.

### **Exit Fees**

In respect of Shares belonging to the ‘Class M ACC’ and ‘Class M INC’ Share Classes, a 3% exit fees shall apply for redemptions made before 36 months (prorated for the number of full months left until the period end).

All Exit Fees will be retained solely for the benefit of remaining Shareholders of the Fund. These fees may not be waived but, in order to pass this fee back to the Fund, Directors may accept a range of operational procedures between the Administrator and custody banks and regulated investment platforms where they are of the opinion that remaining investors will not be disadvantaged and provided always that the economic effect remains unaltered. This may include, but is not limited to, a custody bank or investment platform deducting the fees at source and the Administrator making accounting adjustments (as if the deduction had taken place by the Administrator).

### **Structuring Fee**

For Shares belonging to the ‘Class M ACC’ and ‘Class M INC’ Share Classes, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **‘CLASS M1 ACC’ AND ‘CLASS M1 INC’**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.50% of the NAV of all Shares belonging to the ‘Class M1 ACC’ and ‘Class M1 INC’ Share Classes, calculated monthly and payable quarterly in arrears.

### **Deferred Sales Fee**

In respect of Shares belonging to the ‘Class M1 ACC’ and ‘Class M1 INC’ Share Classes, there is no Placement Fee and investors will receive an allotment of Shares equivalent to 100% of their subscription amount. A Deferred Sales Fee, amounting to 3.0% of the value of any subscription will be payable by the Fund to the Investment Manager for its absolute use and benefit in full following the subscription confirmation and amortised back to the Fund on each Valuation Point for the first three years from the date of subscription. The Deferred Sales Fee will therefore be reflected in the NAV of the Share Classes. The Deferred Sales Fee shall apply to all initial subscriptions and any subsequent subscriptions.

## **Exit Fees**

In respect of Shares belonging to the 'Class M1 ACC' and 'Class M1 INC' Share Classes, a 3% exit fees shall apply for redemptions made before 36 months (prorated for the number of full months left until the period end).

All Exit Fees will be retained solely for the benefit of remaining Shareholders of the Fund. These fees may not be waived but, in order to pass this fee back to the Fund, Directors may accept a range of operational procedures between the Administrator and custody banks and regulated investment platforms where they are of the opinion that remaining investors will not be disadvantaged and provided always that the economic effect remains unaltered. This may include, but is not limited to, a custody bank or investment platform deducting the fees at source and the Administrator making accounting adjustments (as if the deduction had taken place by the Administrator).

## **Structuring Fee**

For Shares belonging to the 'Class M1 ACC' and 'Class M1 INC' Share Classes, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

## **'CLASS M2 ACC' AND 'CLASS M2 INC'**

### **Management Fees**

The Investment Manager will be entitled to receive Management Fees at an annual rate of 1.50% of the NAV of all Shares belonging to the 'Class M2 ACC' and 'Class M2 INC' Share Classes, calculated monthly and payable quarterly in arrears.

### **Deferred Sales Fee**

In respect of Shares belonging to the 'Class M2 ACC' and 'Class M2 INC' Share Classes, there is no Placement Fee and investors will receive an allotment of Shares equivalent to 100% of their subscription amount. A Deferred Sales Fee, amounting to 1.5% of the value of any subscription will be payable by the Fund to the Investment Manager for its absolute use and benefit in full following the subscription confirmation and amortised back to the Fund on each Valuation Point for the first three years from the date of subscription. The Deferred Sales Fee will therefore be reflected in the NAV of the Share Classes. The Deferred Sales Fee shall apply to all initial subscriptions and any subsequent subscriptions.

## **Exit Fees**

In respect of Shares belonging to the 'Class M2 ACC' and 'Class M2 INC' Share Classes, a 1.5% exit fees shall apply for redemptions made before 36 months (prorated for the number of full months left until the period end).

All Exit Fees will be retained solely for the benefit of remaining Shareholders of the Fund. These fees may not be waived but, in order to pass this fee back to the Fund, Directors may accept a range of operational procedures between the Administrator and custody banks and regulated investment platforms where they are of the opinion that remaining investors will not be disadvantaged and provided always that the economic effect remains unaltered. This may include, but is not limited to, a custody bank or investment platform deducting the fees at source and the Administrator making accounting adjustments (as if the deduction had taken place by the Administrator).

### **Structuring Fee**

For Shares belonging to the 'Class M2 ACC' and 'Class M2 INC' Share Classes, where charged to an obligor by the Fund, the Investment Manager is entitled to a Structuring Fee, where applicable, of up to 1.5% of the acquisition value of the trade finance obligation entered into with an obligor.

### **Conversion of Shares designated with "S", "L", and "M" into "A" Class Shares**

All shares designated with an "S", "L", "M" and "M1" will be automatically converted into the corresponding "A" Share Class at the end of the period where Deferred Sales Fees and Exit Fees apply.

### **Conversion of Shares designated with "S1", "L1", "M1", and "M2" into "A1" Class Shares**

All shares designated with an "S1", "L1", "M1" and "M2" will be automatically converted into the corresponding "A1" Share Class at the end of the period where Deferred Sales Fees and Exit Fees apply.

## VII. RISK FACTORS AND POTENTIAL CONFLICTS OF INTERESTS

*Existing and potential investors should be aware that there are risks associated with an investment in the Fund. These risks include, but are not limited to, the risks outlined below. It cannot be guaranteed that Shareholders will realise a profit on their investment. Furthermore, Shareholders may experience a partial or full loss of their investment. Potential investors should review this Memorandum carefully, and in its entirety, and consult with their professional advisors before making an offer for Shares.*

### **Investment Fund Risks**

*Assets may not be Diversified.* The Investment Manager has broad discretion over the Fund's investment programme and may choose to allocate substantial portions of the Fund's assets to a particular Trade Finance Investment or Investment Vehicle. It is the intention of the Investment Manager to allocate the capital of the Fund in a manner that will provide for diversification among Trade Finance Investments. In instances where the Investment Manager allocates capital to an Investment Vehicle, there can be no assurance that the managers of selected Investment Vehicles will not take substantial positions in the same security at the same time. Such an occurrence may tend to result in more rapid changes in the Fund's portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on the Fund. Such managers may also make similar market timing decisions and asset allocation decisions between Trade Finance Investments, cash equivalents and other assets or some combination of these and other strategies.

*Business Dependent Upon Key Individuals.* The success of the Fund is significantly dependent upon the expertise of the Investment Manager's and the Investment Advisor's principals. The loss of the services of any of these individuals could have a material adverse effect on the Fund's operations. The principals will devote such time and effort as they deem necessary for the management and administration of the Fund's business. However, the principals will continue to manage and advise other investment funds and accounts and engage in various other business activities in addition to managing the Fund and consequently, they will not devote all of their time to the Fund's business.

*Other Clients of Underlying Managers.* Managers of Investment Vehicles will have exclusive responsibility for making trading decisions on behalf of their respective investment portfolios. The managers of Investment Vehicles will have various levels of experience. Additionally, such managers may also manage other Investment Vehicles (including without limitation other investment funds and accounts in which the manager may have an interest) which could increase the level of competition for the same trades the Investment Vehicles might otherwise make, including without limitation the priorities of order entry. This could make it difficult or impossible to take or liquidate a position in a particular security at a price indicated by a Vehicle's strategy.

*Lack of Publicly Available Information Regarding Investment Vehicles.* Although the Investment Manager at times seeks to invest in Investment Vehicles with a high degree of operational transparency, it is possible that, owing to proprietary confidentiality and the unregulated status of many such Vehicles, only a relatively small amount of publicly available information about Investment Vehicles will be available to the Investment Manager in managing and assessing the Fund's investments. There is no guarantee that the

Investment Manager will be able to obtain sufficient information about the Investment Vehicles themselves to manage the Fund's investments effectively.

*Valuation of Accounts.* The method by which the Fund calculates its Net Asset Value contemplates the Administrator valuing the Fund's holdings of Accounts. The Administrator may consult with the Investment Manager with respect to the valuations of the investments. In valuing those holdings, the Administrator will need to rely on financial information contained in the Accounts or provided by any appointed administrator of the respective Accounts and will not make independent valuation judgments. The valuations may be provided by the manager of an Investment Vehicle based on the unaudited financial records of the Investment Vehicle, and, therefore, may be subject to adjustment (upward and downward) upon completion of the audit of such Account's financial records. In the event an Investment Vehicle has a subsequent adjustment to its values the Fund will not adjust the redemption proceeds that have already been determined with respect to redeeming Fund investors. Any adjustment to the value of the Account will therefore be the risk of investors remaining in the Fund.

*Valuation of Investments.* The Directors and the Administrator will rely on the valuation of investment provided by counterparty (including the Investment Manager or any third party valuer) to calculate the Net Asset Value of the Fund. There is no assurance that such valuation of investments provided by the counterparties will be correct or that such information will be received in a timely manner. The valuation of investment will be binding on the Fund and in no event the Directors, Administrator, or the Investment Manager shall incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of bad faith. Prospective investors should be aware that situations involving uncertainties as to the valuation of investments/holdings/ positions could have an adverse effect on the Fund's Net Asset Value if the Directors', or the Investment Manager's judgements regarding appropriate valuations should prove incorrect.

*Possibility of Misappropriation of Assets.* When the Fund invests in an Investment Vehicle, the Fund does not have custody of the assets so invested. Therefore, there is always the risk that the personnel of that Account could misappropriate the Trade Finance Investments or funds (or both) of the Fund.

*Regulatory Change.* The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Fund's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner averse to the interests of the Fund. The Fund or Investment Vehicles and the enterprises in which they invest may be or may become subject to unduly burdensome and restrictive regulation.

*COVID-19 and Pandemic Risk.* The Fund's operations and investments could be materially adversely impacted by the COVID-19 pandemic. In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. The global spread of COVID-19 has disrupted supply chains in the economy and caused the shutdown of cities and countries around the world. Further, if the global economy were to go into a recession, or a severe economic slowdown, there may be a corresponding effect on financing activities within the Fund's target market and accordingly, there may not be enough attractive

investment opportunities to deploy the Fund's capital. The extent to which the coronavirus pandemic impacts the Fund's business, operations and financial results depends on numerous evolving factors that the Manager, its connected persons, and their affiliates may not accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; the impact of the pandemic on economic activity and actions taken in response; and the effect on the Fund's assets, including as a result of travel restrictions and people working from home, and slow down and delays of legal processes. There can be no guarantee as to the duration (and end) of the COVID-19 pandemic and its long-term impact on global trade and the economy in general.

### **Investment and Trading Risks**

Many of the following risk factors are applicable to the Fund and Investment Vehicles in which the Fund may invest; therefore, any reference to the "Fund" in the following section includes the Investment Vehicles.

*General.* Substantial risks are involved in investing in the various Trade Finance Investments and instruments the Fund intends to purchase and sell. Prices may be influenced by, among other factors: (a) changing supply and demand relationships; (b) domestic and foreign policies of governments, particularly policies to do with trade or with fiscal and monetary matters; (c) political events, particularly elections and those events that may lead to a change in government; (d) the outbreak of hostilities, even in an area in which the Fund is not invested; (e) outbreak of health pandemics resulting in government mandated lockdowns of economies and other disruptions to global trade; and (f) economic developments, particularly those related to balance of payments and trade, inflation, money supply, the issue of government debt, changes in official interest rates, monetary revaluations or devaluations and modifications in financial market regulations.

As a result of the nature of the Fund's investment activities, the results of the Fund's operations may fluctuate substantially from period to period. Accordingly, performance results of a particular period will not necessarily be indicative of results in future periods.

The Fund may be harmed if an obligor defaults and the Fund is unable to collect the principal and profit anticipated from the defaulted investment. If an obligor does not make payments to the Fund when they are due or violates the terms of its contract in another significant way, the Fund may be forced to cancel the facility and perfect on pledged assets. The Fund would then lose the expected revenues and might not be able to recover the entire amount of its original investment. If an obligor becomes insolvent, the Fund may experience difficulties and delays in recovering pledged assets or purchased commodities from the defaulting obligor. Pledged assets or commodities may be returned in poor condition and the Fund may be unable to enforce important provisions against an insolvent obligor. In some cases, a obligor's deteriorating financial condition may make trying to recover what the obligor owes the Fund impractical. The costs of recovering assets upon a default, enforcing the obligor's obligations under the contract terms, and transporting, storing, repairing and finding a new purchaser for the assets may be high and may affect the Fund's profits.

*Managed Accounts.* The Fund may allocate certain money to investment managers running managed accounts. A managed account may be a commingled account held in the name of

the investment manager in which the funds of all investors using that manager are pooled. Unlike an investment in a fund, the Fund may not receive Shares or any other form of title but may simply be entitled to a pro rata share in the contents of the account. There may be no investment capable of being held by a custodian on behalf of the Fund. Any loss arising as a result of an investment in a managed account will be borne by the Shareholders.

*Currency.* Shares will be issued and redeemed in the currency of subscription. Certain of the Fund's assets may, however, be invested in Trade Finance Investments and other investments denominated in other currencies. The value of such investments may be affected favourably or unfavourably by fluctuations in exchange currencies, notwithstanding any efforts made to hedge such fluctuations. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency.

*Risk of Government Intervention.* The prices of instruments in which the Fund may trade or invest are subject to certain risks arising from government regulation of or intervention in the relevant capital markets, through regulation of their local markets, restrictions on investments by foreigners or limits on flows of investment funds. Such regulation or intervention could adversely affect the Fund's performance.

*Market Risk.* The Fund's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of Trade Finance Investments and related instruments, and there can be no assurance that appreciation will occur. The value of Shares can go down as well as up, and investors may not realise the value of their initial investment.

*Emerging Market Risk.* The nascent nature of emerging market political systems leaves those markets in which the Fund may invest more vulnerable to break down in the event of economic instability or popular unrest. The dynamic nature of the political environment can make the future uncertain. Economic infrastructure is poor, and emerging market countries can maintain a high level of external and internal debt.

Emerging markets might not have legal systems that are as mature as those of more developed countries. It may be more difficult to seek legal remedies or obtain and enforce judgments. The process of regulatory and legal reform may not proceed at the same pace as market developments, which could result in confusion and uncertainty in enforcing legal rights and remedies, and, ultimately, increased investment risk.

Investments in emerging markets could also be affected by other factors, including the lack of uniform accounting, auditing and financial reporting standards. Language is also a risk factor in respect to legal documentation and communications.

*Legal Risks.* The Fund may make investments based on, or enter into contracts described by, significant legal documents. Such documents may include (but are not limited to) Sharia-compliant financing agreements, such as murabaha and musawama facility agreements, assignment of receivables agreements, asset and account pledge agreements, personal and corporate guarantees, promissory notes, and others. Whilst the Fund will generally seek advice on material matters, there can be no guarantee that any advice given will be accurate, that a contract will be validly executed by the relevant counterparty or

that a contract will ultimately prove to be enforceable against the relevant counterparty. Furthermore, the expected outcome of these contracts or investments may not be realised in practice. It may be difficult to obtain and enforce a judgment or secure precautionary attachments in jurisdictions in which assets of the Fund may be invested or secured or where the counterparties are located. If these contracts or investments do not produce the expected result, and there is difficulty and/or delay in enforcing legal rights and attaching assets and security, the Fund could suffer significant losses.

*Investment Strategies.* No assurance can be given that the strategies to be used will be successful under all or any market conditions. The Fund may utilise financial instruments such as derivatives in an attempt to hedge against fluctuations in the relative values of the Fund's portfolio positions as a result of changes in exchange rates. Such hedging transactions may not always achieve the intended effect and can limit potential gains.

*Fees and Expenses.* Whether or not the Fund is profitable, it is required to meet certain fixed costs, including start-up and organisational expenses, on-going administrative and operating expenses and advisory fees.

*Illiquidity of Investments.* An investment in the Fund is suitable only for sophisticated investors who have no need for immediate liquidity in their investment. Shares are subject to significant restrictions on transfer and redemption. Consequently, Shareholders may not be able to liquidate their investment readily in the event of emergency or for any other reason.

*Third Party Cash Deposit Risk.* The cash of the Fund will generally be held by the Investment Manager in client money accounts it holds with banks and Financial Institutions. The Investment Manager will not be responsible or liable to any person whatsoever, (including the Investment Manager and/or the investors) in respect of any loss of the cash, Trade Finance Investments and/or other assets comprising the assets of the Fund held in such accounts or not deposited with or remaining in such accounts, occasioned by reason of the liquidation, bankruptcy or insolvency of such bank, financial institutions or other persons.

*Applications for Shares.* Applications for Shares are irrevocable. The Fund may utilise subscription amounts received from investors for investment purposes following the Subscription Date but prior to physical allocation of Shares to Shareholders. In such event, the investor in question will become an unsecured creditor of the Fund until the respective Shares are allocated.

*Tax Considerations.* The Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet addressed by the courts. Should any such positions be successfully challenged by any tax authority, there could be a materially adverse effect on the Fund.

*Subscription monies at risk prior to Dealing Day:* In instances where the Fund invests in other investment funds, it will be required to send money in respect of such investments in advance of the relevant day on which it intends to invest. In order to permit the Fund to do so, prospective investors should note that subscription money may be sent to the Investment Manager to make investments on behalf of the Fund prior to the Dealing Day on which participating shares are issued to such prospective investor and that money wired

to the Fund is at risk in the Fund prior to the relevant Dealing Day. The Fund also does not hold any money in escrow for Shareholders.

*Delayed Payment and in-kind Redemption:* Payments of the of redemptions from the Fund may, in certain circumstances, be delayed, or may, with the consent of the relevant Shareholder, be effected by means of an in-kind distribution of the assets of the Fund. However, the redemption price is calculated based on the Net Asset Value per Share prevailing on the relevant Dealing Day. As such, the value of such assets may fluctuate between the Dealing Day and the date on which the Redemption Request is submitted, and there is a risk that the value of such assets could be reduced to zero.

*Side Letter Disclosure:* The Directors of the Fund, in their sole discretion and without notice to the other Participating Shareholders of the Fund, may enter into agreements (to satisfy regulatory requirements or for any other reason) with certain investors granting them, among other things, fee waivers or reductions, different voting rights or restrictions, additional rights to reports or other information and other more favourable (or less favourable) investment terms than the terms associated with an investment by Participating Shareholders in the Fund pursuant to the terms offered pursuant to this Memorandum. In particular, the Fund may enter into an agreement with an investor granting them, among other things, reduced fees and preferential redemption rights. The Fund has the power to create different classes of Participating Shares for certain investors and may create additional classes having different rights for the purposes of implementing such agreements. The Fund shall have no obligation to offer such additional rights, terms or conditions granted to all investors in the Fund.

*Fund Size and Investment Restrictions:* Although the Investment Restrictions provide that no more than ten percent (10%) of the Fund Size may be invested in Trade Finance Investments which have either individually or collectively outstanding exposure to any single unrated or sub-investment grade rated obligor and in the case of investment grade obligors, no more than fifteen (15%) of the Fund Size may be invested in Trade Finance Investments which have either individually or collectively exposure to any single investment grade rated obligor, there may be situations where the Fund Size is reduced (by way of redemptions or otherwise through provisions) post entering into a Trade Finance Investment, due to which the 10% or the 15% restriction (as applicable) may be exceeded. This will not be considered as a breach; however, the Investment Manager shall use its best endeavors to reduce the exposure to the limits stated in the Investment Restrictions. This poses the Fund and the Investors to concentration risk which will affect the returns to the Investors and the return of capital to the Investors if such an obligor defaults on its obligations.

*Suspension of dealing in Shares.* Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended. In exceptional circumstances, the Fund may (following consultation with the Investment Manager) suspend or delay the issue, cancellation, sale and redemption of Shares in any and all Classes.

## **Sharia Requirements**

The Fund will operate within the requirements of Sharia as determined by its appointed Sharia advisor, which may limit certain investment opportunities and may impose structural requirements that could increase costs and limit opportunities. There is a risk that the Sharia Advisor will declare an investment impermissible and this may require its disposal at a loss to the Fund.

## **Risk of Islamic Substitutes for Derivatives**

The Fund may, but is not required to, use derivative instruments for risk management purposes in accordance with the limits and guidelines issued by the appropriate financial regulator from time to time. If it is decided to use such instruments, only Sharia approved substitutes will be used. There is a risk that Sharia approved substitutes for conventional derivatives will not be as effective or as reliable as conventional derivatives. This is because Sharia approved substitutes for derivatives are structured differently to conventional derivatives and therefore cannot be guaranteed to operate in exactly the same manner. Sharia approved substitutes for derivatives are also a recently developed type of financial instrument, with a shorter track record than conventional derivatives, and as a result such substitutes do not benefit from the same degree of market-led documentation standardisation as conventional derivatives.

## **Risk of Sharia-compliant Structures and Contracts to Gain Exposure to Assets**

The Fund may hold assets via a Sharia compliant contractual structure involving two segregated portfolio companies (“SPCs”) established in the Cayman Islands servicing a number of other funds and managed accounts. There is a contractual relationship between the Fund, the SPCs, and the underlying assets involving commodity murabaha agreements and purchase undertakings which benchmark the performance against a direct interest in the underlying reference assets. Due to the nature of segregated portfolio companies, there is a risk that the segregation of assets and liabilities between segregated portfolios may be challenged in certain jurisdictions. In particular, the segregated portfolios routinely make use of Sharia compliant credit facilities from banks to either leverage their positions or address short term liquidity requirements. Appropriate contractual arrangements have been put in place with counterparties to limit the recourse of these liabilities only to the segregated portfolio to which they pertain. The Sharia-compliant structure also requires a complex set of accounting to ensure that the claims of the Fund on the two SPCs are properly backed by assets and no over/understatement takes place. An appropriate set of checks and balances have been put in place to ensure that there is a constant correspondence of the assets reported on the balance sheet of the Fund to be benchmarked against the performance of the underlying investments held at SPC level. There is a risk that such a structure is not as effective or as reliable as direct ownership of the asset and it cannot be guaranteed to operate in the same manner. The Sharia approved structure is a recently developed type of financial instrument, with a shorter track record than that of a direct ownership of interest in the underlying assets, and as a result such a substitute do not benefit from the same degree of market-led documentation standardisation or legal protections.

## **Risk of Government Intervention**

The prices of Trade Finance Investments in which the Fund may trade or invest are subject to certain risks arising from unpredictable intervention by government regulation in the

relevant capital markets, through regulation of their local markets, restrictions on investments by foreigners, limits on flows of investment funds, currency controls or political developments. Such regulation or intervention could adversely affect the Fund's performance.

### **Regulatory Change**

The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Fund's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner averse to the interests of the Fund. The Fund and the enterprises in which it invests may be or may become subject to unduly burdensome and restrictive regulation.

### **Management Risk**

The Fund is subject to management risk because it is an actively managed investment portfolio. The Investment Manager applies investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

### **Conflicts of Interest**

The Directors, the Investment Manager, any of their directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "Interested Party") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Fund. In particular, Interested Parties may provide services similar to those provided to the Fund to other entities and will not be liable to account for any profit earned from any such services. The Interested Parties will at all times have due regard to their duties owed to the Fund and where a conflict arises, they will endeavour to ensure that it is resolved fairly. For example, an Interested Party may acquire investments in which the Fund may invest on behalf of clients. However, where the Investment Manager could (a) allocate an investment between two or more funds or accounts which it manages (including the Fund's), or (b) make a disposal of investments held by two or more such funds or accounts, it will act fairly as between the relevant funds or accounts in making such allocation or disposal, having regard to, inter alia, factors such as cash availability and portfolio balance.

The Fund may acquire Trade Finance Investments from or dispose of Trade Finance Investments to any Interested Party or any investment fund or account advised or managed by any such person. An Interested Party may provide professional services to the Fund (provided that no Interested Party will act as auditor to the Fund) or hold Shares and buy, hold and deal in any investments for their own accounts notwithstanding that similar investments may be held by the Fund. An Interested Party may contract or enter into any financial or other transaction with any Shareholder or with any entity any of whose Trade Finance Investments are held by or for the account of the Fund or be interested in any such contract or transaction. Furthermore, any Interested Party may receive commissions to which it or he is contractually entitled in relation to any sale or purchase of any investments of the Fund effected by it for the account of the Fund, provided that in each case the terms

are no less beneficial to the Fund than a transaction involving a disinterested party and any commission is in line with market practice.

The above summary of risks does not purport to be an exhaustive list of all the risk factors relating to investments in the Fund. Various other risks may apply.

### **Handling of mail**

Mail addressed to the Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the Investment Manager to be dealt with. None of the Fund, its directors, officers, advisors or service providers (including the organisation which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular, the Directors will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the Fund).

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. PROSPECTIVE INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO SUBSCRIBE FOR SHARES IN THE FUND.**

## VIII. TAX CONSIDERATIONS

### General

The statements on taxation below are intended to be a general summary of certain tax consequences that may result to the Fund and its Shareholders. The statements relate to Shareholders holding Shares as an investment (as opposed to an acquisition by a dealer) and are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Fund is made will endure indefinitely.

**Prospective Shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, Shares in the places of their citizenship, residence and domicile. The tax consequences for each Shareholder of acquiring, holding, redeeming or disposing of Shares will depend upon the relevant laws of any jurisdiction to which the Shareholder is subject. Investors and prospective investors in the Fund should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations.**

The Fund may be subject to local withholding taxes in respect of income or gains derived from its investments in underlying investee countries. Taxation law and practice and the levels and bases of and reliefs from taxation relating to the Fund and to its Shareholders may change from time to time.

### Cayman Islands

The Government of the Cayman Islands, will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the Shareholders. The Cayman Islands are not party to any double taxation treaties.

Shareholders are not subject to any income, withholding or capital gains taxes in the Cayman Islands with respect to the Shares of the Fund owned by them and dividends received on such Shares, nor are they subject to any estate or inheritance taxes in the Cayman Islands.

### Other Taxation

It is intended that the affairs of the Fund will be conducted such that it will seek to minimise the risk of being subject to regular income taxation in any jurisdiction. Investors are advised to seek their own tax advice.

## **IX. GENERAL INFORMATION**

### **Directors**

The Directors are responsible for managing the business of the Fund. The Directors meet regularly to review the investment and administrative affairs of the Fund. The Directors may delegate certain functions to other parties, subject to supervision and direction by the Directors. The Directors have delegated the operation of the Fund's investment programme to the Investment Manager pursuant to the terms of the Investment Management Agreement. The Directors are therefore not responsible for the day-to-day conduct of the Fund's trading program. The Directors may have also delegated certain day-to-day administrative and clerical affairs of the Fund to other parties.

The Directors each serve in a non-executive capacity and none of them has an existing or proposed service contract with the Fund. Any Director may hold any other office in connection with the Fund in conjunction with his office as a Director on such terms as the Directors may determine. Any Director may also act in a professional capacity (other than as the Fund's independent auditor) and such Director or his firm will be entitled to remuneration for such services as if he were not a Director. A Director may contract with the Fund provided that the Director declares the nature of his interest other than as disclosed herein. No Director has any interests in transactions which were unusual in their nature or condition or which are significant in relation to the business of the Fund. Any interest in the Shares, either direct or indirect, held by the Directors or any connected person, will be disclosed in the annual report and accounts of the Fund. The Directors or any connected person may acquire Shares in the Fund. The Directors are not required to retire at any specified age.

A Director may vote or be counted in the quorum in respect of certain contracts in which the Director is materially interested other than as a Shareholder, provided that such Director declares such interest prior to the taking of the vote.

Each Director is entitled to remuneration for his services as approved by the Fund. The Directors have currently waived such entitlement. The Directors may also be paid all reasonable travelling, hotel and other expenses properly incurred by them in attending meetings of the Directors or any committee of the Directors or any general meeting or any other meeting held in connection with the business of the Fund.

The Fund's Articles contain provisions for the indemnification of each of the Directors and officers of the Fund, against any loss or liability incurred by reason of their being or having been a Director or officer save where such loss or liability is the result of their own actual fraud or wilful default. Further provisions regarding the Directors are included in the Articles.

### **Share Capital**

The Fund has an authorised Share capital of \$100,000 consisting of 100 voting management Shares of \$1.00 par value per Share (the "Management Shares") and 4,990,000 non-voting participating Shares of \$0.01 par value per Share (the "Shares").

## **Management Shares**

As at the date of this Memorandum one hundred Management Shares are in issue, fully paid and held by Rasmala Managers Limited, a company duly incorporated under the laws of the Cayman Islands. The Management Shares confer on the holder the right to receive notice of, and to attend and vote at any general meeting of the Fund. However, they do not entitle the holder to participate in the Fund's profits and losses. Upon the winding up of the Fund, the holder of Management Shares is entitled to receive its paid-in capital of \$1.00 per Management Share.

## **Shares**

Shares, when issued, will be fully paid. The Shares do not confer on their holders the right to receive notice of, or to attend and vote at, a general meeting of the Fund, except on a variation of class rights as described below. The holders of Shares are entitled to participate, to the exclusion of the holder of the Management Shares, in the profits and losses of the Fund and to receive any dividends which may be declared by the Fund and, upon the winding up of the Fund, the full amount of the assets of the Fund available for distribution other than the paid-in capital in respect of the Management Shares of \$1.00 per Share.

Shares may be issued in separate classes. Any Management Fee may be waived.

For administrative convenience, each class may be further sub-divided into sub-classes. In this Memorandum any reference to a class will, to the extent applicable, also refer to any sub-classes of such class. Separate sub-classes of Shares will be issued in respect of any persons with whom the Fund has agreed different investment terms, including without limitation with respect to fees or redemptions. Each Share within each class or sub-class has equal dividend, distribution and liquidation rights save for Accumulation Shares which shall not entitle the holder to receive dividends or other dividends as declared but rather shall accumulate value.

## **Rights**

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Articles.

Under the terms of the Articles, the liability of the Shareholders is limited to the amount, if any, unpaid on the Shares.

The Articles have been drafted in broad and flexible terms to allow the Directors, in their discretion, to determine a number of issues including whether or not to charge certain fees or to set or waive certain time or notice periods, generally or in any particular case.

General meetings of the holders of the Management Shares may be called by the Directors and will be called at the request of holders of the Management Shares holding a simple majority of the outstanding Management Shares entitled to vote. All Shareholders' meetings will be held in the Cayman Islands, or such other location as the Directors will determine. All Shareholders' meetings require thirty days' prior notice. Notice may be sent by hand, mail, fax or email or alternatively, where the recipient has agreed, by posting the notice on a secure nominated web-site.

Except where a special resolution is otherwise required by law or on a matter involving a variation of class rights (see below), all decisions of the Shareholders will be made by the holders of a simple majority of outstanding Management Shares entitled to vote represented at a meeting, provided that a quorum of the holders of one-third of the outstanding Management Shares entitled to vote is present in person or by proxy.

### **Variation of Class Rights**

Provided that no preference share shall be issued/allocated that shall have special financial features leading to granting of priority to these shares at the time of liquidation or the distribution of profits, all or any of the special rights for the time being attached to any class of share for the time being issued (of which there are none at present save as referred to herein) may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Fund is being wound up) be altered or abrogated with the consent in writing of the holders of not less than two-thirds of the issued shares of that class or with the sanction of a resolution passed with a two-thirds majority at a separate class meeting of the holders of such shares on the register of shareholders of the Fund at the date on which notice of such separate class meeting is given. To any such separate class meeting all the provisions of the Articles as to general meetings of the Fund shall *mutatis mutandis* apply, but so that any holder of shares of the class present in person or by proxy may demand a poll and voting rights on a poll are not on the basis of one share, one vote but rather votes will be related to the Net Asset Value Per Share. For such purposes the Directors may treat all the classes of shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration but, in any other case, shall treat them as separate classes. The rights attached to each class of share shall be deemed to be varied by the creation or issue of any shares ranking in priority to them as respects participation in the profits or assets of the Fund.

Subject to the paragraph above, the special rights attached to any class of share having preferential or other special rights shall (unless otherwise expressly provided by the conditions of issue of such shares) not be deemed to be varied by:

- (i) the creation, allotment or issue of further shares ranking *pari passu* therewith; or
- (ii) the creation, allotment, issue, repurchase or redemption of Management Shares or participating shares of any class; or
- (iii) by the conversion of participating shares of any class into participating shares of another class as provided for in the Articles; or
- (iv) by the exercise of the Directors' powers to allocate assets (or amounts treated as notional assets), and charge liabilities to different classes (or series) of participating shares, as provided for in the Articles.

### **Registration of Management Shares and Shares**

Shares will be issued only in registered form; the Fund does not issue bearer Shares. A current register of the names and addresses of the Shareholders and their Shareholdings in the Fund will be maintained at the office of the Administrator. Shareholder registers of the Fund are not required by any current law to be furnished to any governmental authority in any jurisdiction. Shares will be registered only in book entry form. No Share certificates will be issued. The Register of Management Shares is held at the Registered Office of the Fund.

## **Accounting Date and Auditor**

The accounting date of the Fund is 31 December of each year or such other date as the Directors shall determine from time to time having given due notice to all Shareholders. Annual reports will be published and sent to Shareholders.

KPMG has been appointed as auditor to the Fund. Its letter of engagement contains a limitation of liability and indemnity operating in its favour, subject to certain limitations stated therein. In particular, the auditor's maximum aggregate liability to the Fund is limited to the amount specified in the Engagement Letter between KPMG and the Fund, or if no amount is specified there, to the amount of fees received by KPMG for the work specified in the Engagement Letter except to the extent finally determined to have resulted from the fraud or other deliberate breach of duty by the auditor.

## **Records**

The Fund shall establish in its books a separate record with its own distinct designation for each class and series of Shares. The proceeds from the allotment and issue of each class and series of Shares shall be applied in the books of the Fund to the record established for that class and series of Shares. The assets, profits, gains, income and liabilities, losses and expenses attributable to a particular class and series shall be applied to the record relating to such class and series at the end of each fiscal period. In the case of any asset or liability (including any expense) of the Fund which the Directors do not consider is attributable to a particular record, the Directors, following consultation with the Investment Manager, shall allocate such asset or liability among the records in proportion to the NAV of each class and series.

## **Regulation**

The Fund is registered as a mutual fund pursuant to section 4(3) of the Mutual Funds Act and is therefore regulated as a mutual fund by the Authority. As a section 4(3) mutual fund, the minimum initial investment purchasable by an investor is CI\$80,000 (or its equivalent in another currency, approximately US\$100,000).

The Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Act. Regulation under the Mutual Funds Act entails the filing of prescribed details and audited accounts annually with the Authority. As a regulated mutual fund, the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Directors and may result in the Authority applying to the court to have the Fund wound up.

The Fund will not, however, be subject to supervision in respect of its investment activities or the constitution of the Fund's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include the power to require the substitution of Directors, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

### **Prevention of Money Laundering**

In order to comply with legislation or regulations aimed at the prevention of money laundering the Fund is required to adopt and maintain anti-money laundering procedures and may require subscribers to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, the Fund may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Fund, and the Administrator on the Fund's behalf, reserves the right to request such information as is necessary to verify the identity of a Shareholder (i.e. a subscriber and a transferee), unless in any particular case the Directors are satisfied that an exemption applies under the Money Laundering Regulations (As Revised) of the Cayman Islands, as amended and revised from time to time (the "Regulations"). Depending on the circumstances of each offer, a detailed verification of identity might not be required where:

1. the applicant makes the payment for an investment from an account held in the applicant's name at a recognised financial institution; or
2. the applicant is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
3. the offer is made through an intermediary which is regulated by a recognised regulatory authority and is based in or incorporated in or formed under the law of a recognised jurisdiction and an assurance is provided in relation to the procedures undertaken on the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction is determined in accordance with the Regulations by reference to those jurisdictions recognised by the Cayman Islands Monetary Authority as having equivalent anti-money laundering regulations.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Fund may refuse to accept the offer, in which case any funds received will be returned without profit to the account from which they were originally debited.

The Fund, and the Administrator on the Fund's behalf, also reserve the right to refuse to make any redemption payment to a Shareholder if the Directors suspect or are advised that the payment of redemption proceeds to such Shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant

jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (1) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (2) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Act (As Revised) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

For the purposes of satisfying the internal compliance and anti-money laundering procedures of the Fund's associates, including its custodians (if any) or administrators. The Fund reserves the right to share relevant information of the investors.

### **Cayman Islands – Automatic Exchange of Financial Account Information**

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the "US IGA"). The Cayman Islands has also signed, along with over 100 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard ("CRS" and together with the US IGA, "AEOI").

Cayman Islands regulations have been issued to give effect to the US IGA and CRS (collectively, the "AEOI Regulations"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "TIA") has published guidance notes on the application of the US IGA and CRS.

All Cayman Islands "Financial Institutions" will be required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, except to the extent that they can rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes. The Fund does not propose to rely on any reporting exemption and therefore intends to comply with the requirements of the AEOI Regulations.

The AEOI Regulations require the Fund to, amongst other things (i) register with the Internal Revenue Service ("IRS") to obtain a Global Intermediary Identification Number (in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a "Reporting Financial Institution"; (iii) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts", and (iv) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (i.e. the IRS in the case of a US Reportable Account, HMRC in the case of a UK Reportable Account, etc.) annually on an automatic basis.

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund, the Fund's compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned.

### **Beneficial Ownership Regime**

The Fund is regulated as a mutual fund under the Mutual Funds Act and, accordingly, does not fall within the scope of the primary obligations under Part XVIIIA of the Companies Act (the "Beneficial Ownership Regime"). The Fund is therefore not required to maintain a beneficial ownership register. The Fund may, however, be required from time to time to provide, on request, certain particulars to other Cayman Islands entities which are within the scope of the Beneficial Ownership Regime and which are therefore required to maintain beneficial ownership registers under the Beneficial Ownership Regime. It is anticipated that such particulars will generally be limited to the identity and certain related particulars of (i) any person holding (or controlling through a joint arrangement) a majority of the voting rights in respect of the Fund; (ii) any person who is a member of the Fund and who has the right to appoint and remove a majority of the board of directors of the Fund; and (iii) any person who has the right to exercise, or actually exercises, dominant direct influence or control over the Fund.

### **Eligible Investors**

No Share may be held by (a) any person who is a member of the public in the Cayman Islands (which shall not include an exempted or ordinary non-resident company incorporated in the Cayman Islands) or (b) unless determined otherwise by the Directors, any U.S. Person (as defined in the Appendix).

The Fund and the Administrator reserve the right to request such information as is necessary to verify the identity of any person submitting a completed Subscription Agreement. An individual may be required to produce, among other documents, a copy of a passport and proof of residence or identification card certified by a notary public, lawyer, bank manager or other professional advisor. In the case of corporate applicants, they may be required to produce, among other documents, a certified copy of the certificate of incorporation (and any change of name), and the identity of at least two directors. A trustee, agent, representative or nominee may be required to provide verification of the beneficial owners of any Shares subscribed. Pending the provision of evidence satisfactory to the Fund and the Administrator as to identity, the evidence of title in respect of Shares may be retained in the sole and absolute discretion of the Fund or the Administrator. If within a reasonable period of time following a request for verification of identity, the Fund and/or the Administrator has not received evidence satisfactory to it as aforesaid, either the Fund or the Administrator may, in its sole and absolute discretion, refuse to allot the Shares applied for, in which event subscription monies may, if permissible be returned without interest to the account from which such monies were originally sent. The payment of redemption proceeds to a Shareholder holding an account at an institution for which the identity has not yet been adequately established, may only be made upon receipt of all

appropriate identity documents. The Fund or the Administrator may reject subscriptions if the remitting bank or financial institution is unknown to the Fund or the Administrator or for any other reason in their sole and absolute discretion.

### **Cayman Islands Data Protection**

The Cayman Islands Government enacted the Data Protection Act, 2017 (the "DPA") on 18 May 2017. The DPA introduces legal requirements for the Fund based on internationally accepted principles of data privacy.

The Fund has prepared a document outlining the Fund's data protection obligations and the data protection rights of investors (and individuals connected with investors) under the DPA (the "Fund Privacy Notice"). The Fund Privacy Notice is contained within the Subscription Agreement and is available to existing investors by contacting the Investment Manager at the contact details shown under Section X- "Enquiries".

Prospective investors should note that, by virtue of making investments in the Fund and the associated interactions with the Fund and its affiliates and/or delegates (including completing the Subscription Agreement, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Fund with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Fund and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Fund shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Administrator, the Investment Manager and others, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that they have read in detail and understood the Fund Privacy Notice and that the Fund Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Fund. The Subscription Agreement contains relevant representations and warranties.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Fund could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

### **Requests for Information**

The Fund, or any directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Cayman Islands Monetary Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Act (As Revised), or by the Tax Information Authority, under the Tax Information Authority Act (As Revised) or Reporting of Savings Income information (European Union) Act, 2014 and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in

certain circumstances, the Fund, director or agent, may be prohibited from disclosing that the request has been made.

## X. ENQUIRIES

Enquiries concerning the Fund or the Shares (including information concerning subscription or redemption procedures) should be directed to:

Rasmala Trade Finance Fund  
C/o Apex Fund Services, (Dubai) Ltd  
Gate Village 5,  
Level 1  
Dubai International Financial Centre  
PO Box 506534  
Dubai  
United Arab Emirates  
[rasmala@apexfunddubai.ae](mailto:rasmala@apexfunddubai.ae)

\* \* \* \* \*

*This Memorandum does not purport to be and should not be construed as a complete description of the constituent documents of the Fund and the Material Contracts. Any potential investor in the Fund is encouraged to review carefully such constituent documents and the Material Contracts, in addition to consulting appropriate legal, business, investment, tax and other counsellors.*

## APPENDIX A

### DEFINITIONS

In this Memorandum, the words set out below shall have the meanings set opposite to them, if not inconsistent with the subject or context.

| <u>Term</u>              | <u>Meaning</u>   |
|--------------------------|--|
| Accumulation Share       | A non-voting (save with respect to the appointment and resignation of any director), redeemable participating Share in the capital of the Company of US\$0.01 par value and having the rights provided for in the Articles |
| Administration Agreement | Administration agreement entered into between the Fund and the Administrator.  |
| Administrator            | Apex Fund Services Ltd.  |
| Articles                 | Memorandum and Articles of Association of the Fund.  |
| Authority                | Cayman Islands Monetary Authority.   |
| Business Day             | Any day other than a Friday, Saturday or Sunday on which banks are open for business in New York and in Dubai, or such other day as determined by the Directors.   |
| Companies Act            | Companies Act (As Revised), as may be amended from time to time of the Cayman Islands  |
| Dealing Day              | The first Business Day of the months of January, April, July, and October, or such other times as the Directors shall determine in their sole and absolute discretion.   |
| Directors                | Members of the board of directors of the Fund.   |

## Equalisation

If an investor subscribes for Shares at a time when the NAV per Share of the relevant series is other than the High Water Mark per Share certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or to the Investment Manager.

If Shares are subscribed for at a time when the NAV per Share is less than the High Water Mark Per Share, the investor will be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those Shares (“Equalisation Deficit”). With respect to any appreciation in the value of those Shares from the NAV per Share at the date of subscription up to the High Water Mark Per Share, the Performance Fee will be charged at the end of each quarter by redeeming at the prevailing NAV per Share such number of the investor's Shares as have an aggregate NAV (after accrual for any Performance Fee) equal to the percentage specified as the Performance Fee of any such appreciation (a “Performance Fee Redemption”). The aggregate NAV of the Shares so redeemed (less the aggregate par value which will be retained by the Fund) will be paid to the Investment Manager as a Performance Fee. Performance Fee Redemptions are employed to ensure that the Fund maintains a uniform NAV per Share. As regards the investor's remaining Shares any appreciation in the NAV per Share of those Shares above the High Water Mark Per Share will be charged a Performance fee in the normal manner described above.

If Shares are subscribed for at a time when the NAV per Share is greater than the High Water Mark Per Share, the investor will be required to pay an additional amount in excess of the then current NAV per Share equal to the percentage specified as the relevant Performance Fee of the difference between the then current NAV per Share (before accrual for the Performance Fee) and the High Water Mark Per Share (an Equalisation Credit). At the date of subscription, the Equalisation Credit will equal the Performance Fee per Share accrued with respect to the other Shares of such class and series in the Fund (the Maximum Equalisation Credit).

The Equalisation Credit is payable to account for the fact that the NAV per Share has been reduced to reflect an accrued Performance Fee to be borne by existing Shareholders holding Shares of the relevant class and series and serves as a credit against Performance Fees that might otherwise be payable by the Fund but that should not, in equity, be charged against the Shareholder making the subscription because, as to such Shares, no favourable performance has yet occurred. The Equalisation Credit ensures that all Shareholders of Shares of the relevant class and series have the same amount of capital at risk per Share.

The additional amount invested as the Equalisation Credit will be at risk in the Fund and will therefore appreciate or depreciate based on the performance of the Shares subsequent to the issue of the relevant Shares but will never exceed the Maximum Equalisation Credit. In the event of a decline as at any Valuation Point in the NAV per Share, the Equalisation Credit will also be reduced by an amount equal to the percentage specified in the Performance Fee of the difference between the NAV per Share (before accrual for the Performance Fee) at the date of issue and as at that Valuation Point. Any subsequent appreciation in the NAV per Share will result in the recapture of any reduction in the Equalisation Credit but only to the extent of the previously reduced Equalisation Credit up to the Maximum Equalisation Credit.

At the end of each quarter, if the NAV per Share of the relevant class and series (before accrual for the Performance Fee) exceeds the prior High Water Mark per Share for that class and series, that portion of the Equalisation Credit equal to the percentage specified in the Performance Fee of the excess, multiplied by the number of Shares subscribed for by the Shareholder, will be applied to subscribe for additional Shares of the same class and series for the Shareholder. Additional Shares will continue to be so subscribed for at the end of each quarter until the Equalisation Credit, as it may have appreciated or depreciated in the Fund after the original subscription for Shares was made, has been fully applied.

If the Shareholder redeems his Shares of the relevant class and series before the Equalisation Credit has been fully applied, the Shareholder will receive additional redemption proceeds equal to the Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of Shares of the relevant class and series being redeemed and the denominator of which is the number of Shares of the relevant class and series held by the Shareholder immediately prior to the redemption in respect of which an Equalisation Credit was paid on subscription.

|                            |  |
|----------------------------|--|
| Fund                       | Rasmala Trade Finance Fund   |
| Fund Size                  | Only in relation to the Investment Restrictions, a minimum of US Dollars 100 million or the Net Asset Value of the Fund, whichever is higher.  |
| GCC                        | Gulf Cooperation Council   |
| Hard Commodities           | Typically, a commodity extracted through mining; these may include precious metals (gold, silver, palladium, platinum), non-ferrous or base metals (aluminium, copper, lead, nickel, zinc), ferrous metals (iron ore, steel), minor metals (cobalt, molybdenum, magnesium, silicon, titanium, etc.), rare earth metals (cerium, praseodymium, neodymium, promethium, terbium, dysprosium, etc.) and uranium; may also include the energy commodities such as oil, coal and natural gas |
| High Water Mark            | With respect to each Series of the Fund Shares shall mean the Net Asset Value of the relevant Series after the deduction of a Performance Fee as of the end of the most recent calendar quarter for which a Performance Fee was paid to the Investment Manager, or if no Performance Fee has been paid since the Subscription Date, then the Net Asset Value of such Series of the Fund Shares as of the Subscription Date.  |
| High Water Mark (Adjusted) | High Water Mark less all dividend distributions accrued or paid since the most recent payment of the Performance Fee   |

|                           |  |
|---------------------------|--|
| High Water Mark Per Share | The greater of (a) the class and series Issue Price (being the price at which Shares of a class and series were issued initially and (b) the highest NAV per Share in effect immediately after the end of each quarter in respect of which a class and series Performance Fee (other than a Performance Fee Redemption) was charged. |
| Investment Manager        | Rasmala Investment Bank Limited.   |
| Investment Vehicles       | Long-only trade finance funds or separately managed accounts.  |
| Act                       | Mutual Funds Act (As Revised), as may be amended from time to time of the Cayman Islands.  |
| Management Fees           | Management fee payable quarterly to the Investment Manager.  |
| Management Shareholders   | Rasmala Managers Limited, a Cayman Islands exempted company with registered office at Stuarts Corporate Services Ltd., 4 <sup>th</sup> floor, Cayman Financial Centre, 36A Dr. Roy's Drive. P.O. Box 2510, George Town, Grand Cayman, Cayman Islands.  |
| Management Shares         | Voting Management Shares of \$0.01 par value per share.  |
| Material Contracts        | the Investment Management Agreement and the Administration Agreement.  |
| MENA                      | Middle East and North Africa.  |
| Monetary Authority        | Cayman Islands Monetary Authority.   |
| Net Asset Value or NAV    | Net asset value attributable to each Class of Shares, calculated as described in Section V: "Net Asset Valuations"   |
| Redemption Date           | Generally the first Business Day of the months of January, April, July, and October or such other days as the Directors may determine.   |
| Redemption Limitation     | the decision by the Directors to limit the redemption of Shares if the timing of redemptions would cause more than 10% of the net asset value of the Fund to be redeemed at any Redemption Date.   |
| Redemption Notice Date    | Minimum ninety (90) calendar days prior to the relevant Valuation Point.   |

|                           |  |
|---------------------------|--|
| Redemption Price          | the amount payable per Share on the redemption of any Shares (based on such Shares' net asset value as of the Valuation Point for the month in which such redemption occurs, subject to certain adjustments) determined in accordance with the Articles.   |
| Securities Act            | United States Securities Act of 1933, as amended.  |
| Share                     | Participating non-voting share of the Fund of \$0.01 par value each.   |
| Shareholder               | Holder of Shares in the Fund.  |
| Soft Commodities          | Typically, a commodity that is grown rather than mined; these may include coffee, cocoa, sugar, corn, wheat, and soybean; may also include but not be limited to various livestock and fruit.  |
| Subscription Agreement    | Fund's subscription agreement pursuant to which the Shares are subscribed.   |
| Subscription Date         | The first Business Day of the months of January, April, July, and October, or such other times as the Directors shall determine in their sole and absolute discretion.   |
| Subscription Price        | Price at which Shares may be subscribed for on any Dealing Day as determined by the Administrator  |
| Trade Finance Investments | Securities and other agreements created to support international trade that comply with the principles of Sharia, including (but not limited to) promissory notes, bills of exchange, drafts, deferred payments, letters of credit and trade receivables, structured and/or secured finance facilities linked to the physical movement of goods and various forms of pre-purchase deliveries which are generated in connection with the purchase and/or sale of goods, and not loans or debts. |
| United States             | United States of America, its territories and possessions, any state of the United States and the District of Columbia.  |
| UAE                       | United Arab Emirates.  |
| US Dollars, USD or \$     | The lawful currency of the United States.  |

Valuation Point

Close of business on the last Business Day of the month or such other days as may from time to time be determined by the Directors.

## Definition of “U.S. Person”

For purposes of the applicable prohibitions against ownership and transfer of Shares, the term “U.S. Person” means:

- (1) a resident or citizen of the United States;
- (2) a partnership or corporation organised under the laws of the United States;
- (3) any entity not organised under the laws of the United States:
  - (a) that has its principal office or place of business in the United States; or
  - (b)
    - (i) in which citizens or residents of or entities organised under the laws of or existing in the United States directly or indirectly hold in the aggregate 50% or more of the beneficial interests; and
    - (ii) that will own directly or indirectly, either alone or together with affiliated persons, an aggregate of more than 9.9% of the Fund’s outstanding Shares; or
    - (iii) that will own directly or indirectly, either alone or together with affiliated persons, an aggregate of more than 9.9% of the Fund’s outstanding Shares; or
    - (iv) that is organised principally for passive investment (such as an investment company, a commodity pool or other similar vehicle); and
  - (A) in which the number of units of participation held by U.S. Persons (other than “qualified eligible persons” as defined in Rule 4.7 under the United States Commodity Exchange Act) represents in the aggregate 10% or more of the beneficial interest in the entity; or
  - (B) that was formed for the purpose of facilitating investment by U.S. Persons in the Fund, or in any other commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the U.S. Commodities Futures Trading Commission by virtue of its participants being non-U.S. Persons; or
  - (C) that was formed by U.S. Persons principally for the purpose of investing in securities not registered under the Securities Act of 1933, as amended, unless it is formed and owned by “accredited investors” (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts;
- (4) an estate or trust:

- (a) of which an executor, administrator or trustee is a U.S. Person, unless:
    - i. an executor, administrator or trustee who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate or trust; and
    - ii. in the case of an estate, it is governed by non-United States law; or
    - iii. in the case of a trust, no beneficiary (and no settler if the trust is revocable) is a U.S. Person; or
  - (b) the income of which is subject to United States income tax regardless of source;
- (5) any agency or branch of a foreign entity located in the United States;
  - (6) any non-discretionary account or similar account (other than an estate or trust) held for the benefit or account of one (1) or more U.S. Persons; and
  - (7) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States, unless it is held by a dealer or other professional fiduciary exclusively for the benefit or account of one (1) or more non-U.S. Persons.

For purposes of the foregoing, the term “United States” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia. Persons requiring details regarding other terms used in the foregoing definition (such as “qualified eligible person” and “accredited investor”) should contact the Administrator.