



NBAD Sukuk Income Fund

NBAD Sukuk Income Fund

(An open-ended fund that is established based on Resolution No. 164/8/94 issued by the Board of Directors of the UAE Central Bank and with the approval of the Securities and Commodities Authority of the United Arab Emirates)

Prospectus

For 400 million Units, and at an initial price of 5 US Dollars per Unit, in addition to Subscription Fees of up to 2% of the subscription amount

Initial Subscription Period:

First day of the subscription 07 May 2012

Last day of the subscription 04 June 2012

(After the close of the Initial Subscription Period, the subscription price will be based on the Unit price valued weekly, in addition to Subscription Fees of up to 2% of the subscription amount)

Investment Manager

National Bank of Abu Dhabi PJSC – Asset Management Group

Founder/Sponsor of the Fund

National Bank of Abu Dhabi PJSC – Global Wealth Division

Distributors of the Fund

National Bank of Abu Dhabi PJSC – All Branches;
Abu Dhabi National Islamic Finance Pvt. JSC (ADNIF)
Abu Dhabi Financial Services Company L.L.C. (ADFS)

The Administrator

Deutsche Securities and Services,
Dubai Branch, United Arab Emirates

The Custodian

Deutsche Securities and Services,
Dubai Branch, United Arab Emirates

The Registrar & Transfer Agent

National Bank of Abu Dhabi PJSC – Securities and Fund Administration Services Department

The Auditor

KPMG Lower Gulf Limited,
Abu Dhabi Branch, United Arab Emirates

The Shari'ah Advisor

Sheikh Nizam Yaquby

The Legal Consultant

Allen & Overy LLP,
Abu Dhabi, United Arab Emirates

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Important Notice issued by the SCA To be read carefully by all prospective Investors

1. The main purpose of this Prospectus is to provide prospective Investors with basic information that can assist them in making their investment decisions on an investment in the Fund. Before subscribing, each prospective Investor should carefully examine all of the information contained in this Prospectus in order to determine for itself the suitability of an investment in the Fund. In addition, each prospective Investor should consult on investing in the Fund with its financial, shari'ah and legal consultants. The reader of this Prospectus must keep in mind that the intention of certain phrases which indicate that certain information is of a forward-looking nature is to clarify that this information cannot be verified and should not be relied upon and as such no reliance should be made on any forward-looking statements given that these statements are prone to change due to the fact that it is impossible to foresee future events with certainty, which results in a variance between actual and anticipated results.
2. Investing in the Fund may involve a high degree of risk; therefore, a prospective Investor should not invest more money in the Fund than it can bear to lose. Prospective Investors are advised to refer to Chapter 7 (Risk Factors and Conflicts of Interest).
3. This Prospectus contains information provided in accordance with the SCA rules of issuance and disclosure. The Investment Manager and the Founder/Sponsor of the Fund, whose names are listed within the contents of this Prospectus, shall, jointly and severally, bear full responsibility for the accuracy of the information contained in this Prospectus, and they confirm, to their best knowledge and belief and after exerting all due care of a competent person providing similar or identical services to the extent that is reasonably possible, that they know of no facts or essential information which failure to include in this Prospectus would make any statement contained herein misleading, or which would affect the investment decisions of prospective Investors.
4. The information contained in this Prospectus is not subject to change or addition except after obtaining the approval of the SCA (and notifying the public by publication in the daily newspapers, according to the rules that are issued by the SCA).
5. The offering of subscription of Units in the Fund under this Prospectus has been presented to the SCA for the purpose of offering Units in the Fund within the UAE; therefore where Units in the Fund are offered in any other country, it shall be the responsibility of the Founder/Sponsor of the Fund and Investment Manager to follow all procedures and make all arrangements to obtain the necessary approvals from the concerned authorities of those countries before offering Units in the Fund in those countries.
6. Those in charge of managing the Fund shall undertake to adhere fully and completely to the laws and regulations applicable wherever subscription of Units in the Fund is offered, and to those that are issued at any time by the SCA.
7. This Prospectus was approved by the SCA on 02 May 2012 under number 03/2012. The SCA's approval of this Prospectus shall not be considered as an approval of an investment in, nor as a recommendation to subscribe for, the Units in the Fund; it only means that this Prospectus meets the minimum requirements according to the SCA rules of issuance and disclosure. The SCA shall not be considered responsible for the accuracy, completeness, or adequacy of the information contained in this Prospectus, and it shall not assume any liability whatsoever for any damage or loss that is incurred by any person as a result of reliance on this Prospectus or part thereof.
8. This Prospectus was issued on 02 May 2012 under number 03/2012.

Important Information issued by the Founder/Sponsor of the Fund

1. Prospective Investors in the Fund should carefully review this Prospectus in order to decide whether or not to invest in Units. Prospective Investors who are not clear as to any matter concerning the Fund or any matter stated in this Prospectus are advised to seek independent professional advice, particularly in the areas of shari'ah compliance, taxation, legal requirements and any relevant exchange controls or reporting requirements.
2. Investment in any area carries certain risks as the value of investments may go up or down, influenced by market and other factors. There is no guarantee that the Fund will meet its Investment Objectives. Prospective Investors should particularly read Chapter 7 (Risk Factors and Conflicts of Interest).
3. Prospective Investors may find that they are Restricted Persons being subject to constraints placed upon their investment in Units under the laws and regulations, for example, of their state of nationality/ domicile. Restricted Persons are responsible for ensuring that they comply with all relevant requirements under such laws and regulations. Units are offered in the UAE (where the Fund has received authorisation from the SCA), and may be offered in other jurisdictions subject to the Fund and this Prospectus having been authorised, as required, by the appropriate regulatory authorities. This Prospectus does not constitute an offer or invitation to subscribe to the Fund outside the UAE, or such other jurisdictions subject to authorisation in conformity with the foregoing.
4. United States Persons (within the meaning of Regulation S of the United States Securities Act of 1933, as amended) in any circumstances are restricted from investing under this Prospectus.
5. Other than as contained in this Prospectus, no member of NBAD's staff, salesman or any other person is authorised to make further statements or representations as to matters addressed in this Prospectus and to the extent the same are made they will not be accepted by the Founder/Sponsor of the Fund or the Investment Manager unless specifically authorised by them. In particular, no modification or clarification to the terms of this Prospectus will be accepted unless specifically authorised by the Investment Manager and approved by the SCA.

Introduction

1. This Prospectus:
 - 1.1 is an invitation for public subscription to buy Units of the Fund;
 - 1.2 contains all relevant information for prospective Investors related to the Fund, verified and reviewed by the Investment Manager and the Founder/Sponsor of the Fund who have responsibility for such information; and
 - 1.3 shall be updated periodically by the Investment Manager and the Founder/Sponsor of the Fund to reflect any amendments that may occur and whenever material events have taken place which require amendments to this Prospectus following consultation with and approval by the SCA of such amendments, as well as notification to the Investors if the SCA deems it necessary.
2. Any prospective Investor has the right to request an updated copy of this Prospectus from the Investment Manager whose address is given in this Prospectus.
3. The expressions that are used in this Prospectus shall have the meanings given to them in Chapter 1 (Important Definitions and Interpretation).

SUMMARY OF THE PROSPECTUS

Name of the Fund:	NBAD Sukuk Income Fund.
Investment Objectives:	The Fund aims to provide attractive levels of income with some prospect of capital gains over the medium term through actively investing in a mix of corporate and sovereign sukuk and other Islamic money market instruments, including but not limited to the following Islamic instruments: money market instruments, certificates of deposits, collateralised murabaha, convertible sukuk, murabaha deposits, ijarah and investments in other Islamic collective investment schemes (investment funds) with objectives that the Investment Manager believes are appropriate in light of the Fund's objectives.
Dividend Distribution Policy:	The Fund aims to distribute dividends from the income of the Fund on a semi-annual basis. The dividend distributions shall be in the form of cash or additional Units issued to the relevant Investors. The Investment Manager may, at its sole discretion, refrain from making any distributions to Investors if it deems it appropriate in the interests of the Investors. Cash distributions shall be in the Fund's currency (USD) by crediting the accounts of the relevant Investors. There will be no deduction of any Subscription Fees for any distributions made in the form of additional Units.
Duration of the Fund:	Unlimited.
Date of commencement of the Fund's activities:	The Fund will commence its activities at the end of the Initial Subscription Period, being the First Closing Date, subject to the SCA's notification to the Investment Manager.
Financial year of the Fund:	The financial year of the Fund begins on the first of January and ends on the last day of December of each year, with the exception of the first financial year which starts on the date of the Fund's commencement of activities and ends on the last day of December 2012.
Type of Fund:	An open-ended investment fund with weekly subscriptions and redemptions. The Fund is an income-generating fund which aims to make semi-annual distributions of dividends, and it invests primarily in a mix of sukuk and other Islamic money market instruments that are issued in the Middle East and North Africa region.
The Fund's capital (nominal value of the Units):	Minimum limit: USD one million (USD 1,000,000). Maximum limit: USD two billion (USD 2,000,000,000).
The nominal value of a Unit:	USD 5.
Currency of the Fund:	US Dollar (USD).
Eligible Investors:	Any person who is not a Restricted Person and who has a USD-denominated account at NBAD.
The Initial Subscription Period for the Units and First Closing Date:	The Initial Subscription Period starts on 07 May 2012 and continues for a period of 4 weeks which ends on 04 June 2012, being the First Closing Date, with a subscription price of USD 5 per Unit in addition to Subscription Fees of up to 2% of the subscription amount payable to the Founder/Sponsor or relevant Distributor of the Fund.

Subscriptions after the First Closing Date and the redemption of Units:	<p>After the end of the Initial Subscription Period on the First Closing Date, Subscription Agreements or Redemption Notices may be submitted every Business Day until the end of one Business Day (Wednesday), being the Cut-off Date, prior to the weekly valuation day (Thursday), being the NAV Day, and at the Fund's Unit price which the Administrator calculates on the Valuation Point for the weekly NAV Day, plus Subscription Fees of up to 2% of the total subscription value payable to the Founder/Sponsor or relevant Distributor of the Fund; or the value of the redeemed Units according to the period of owning the Units.</p> <p>Applications for subscription or redemption are submitted on or before the Cut-off Date (Wednesday). Any applications that are received after that will be deferred until the next Cut-off Date.</p>
The bank which receives the applications for subscription and redemption:	Applications for subscription and redemption shall be received through branches of NBAD in the UAE.
The minimum subscription amount:	USD 500, and thereafter with multiples of USD 250 with no maximum limit.
The Unit price and calculating the Unit price:	The NAV shall be determined by the Administrator, and calculated by deducting all liabilities of the Fund from the Total Assets. The NAV and the Units shall be denominated in USD. If there are any items denominated in other currencies, they shall be converted into USD at the applicable exchange rates as determined by the Administrator.
	<p>On the First Closing Date, each Unit shall be issued at an initial Unit price of USD 5, which is the nominal value of a Unit. The Unit price shall thereafter be calculated by the Administrator at the Valuation Point for the relevant NAV Day.</p> <p>The NAV is the value of the Total Assets less the total liabilities of the Fund. The assets of the Fund include cash, accrued profit and the value of its investments. The liabilities of the Fund include borrowing and fees and expenses (including accrued expenses) and any contingencies (including taxation) for which provisions or reserves are required according to international accounting standards.</p>
The reports that are made available to Investors:	<ul style="list-style-type: none"> • One Annual Report to Investors. • Semi-annual Interim Reports to Investors. • Weekly NAV reports of the Fund on the website of the Investment Manager. <p>The Investment Manager may provide additional reports to Investors from time to time.</p>
Rights of Investors:	Subscribing for Units shall not entitle the Investors to the rights similar to those granted to shareholders in commercial companies, and it does not grant any rights of ownership or voting rights or rights of control or any other rights in the underlying assets, except as provided in this Prospectus.
Founder/Sponsor of the Fund:	National Bank of Abu Dhabi PJSC, Global Wealth Division.
Distributors of the Fund:	National Bank of Abu Dhabi PJSC – All Branches. Abu Dhabi National Islamic Finance Pvt. JSC (ADNIF). Abu Dhabi Financial Services Company L.L.C. (ADFS).
Investment Manager:	National Bank of Abu Dhabi PJSC, Asset Management Group.
Shari'ah Advisor:	Sheikh Nizam Yaquby.

Registrar & Transfer Agent:	National Bank of Abu Dhabi PJSC, Securities and Fund Administration Services Department.
Custodian:	Deutsche Securities and Services, Dubai Branch, UAE.
Administrator:	Deutsche Securities and Services, Dubai Branch, UAE.
Legal Consultant:	Allen & Overy LLP, Abu Dhabi, UAE.
Auditor:	KPMG Lower Gulf Limited, Abu Dhabi Branch, UAE.
The Investment Committee of the Investment Manager:	<p>The Investment Manager shall manage the Fund based on the Fund's Investment Objectives and Investment Guidelines and under the supervision of the Investment Committee. The Investment Committee shall initially consist of the following members whose names are set out below. The Investment Manager may from time to time appoint additional members in the Investment Committee or replace the members:</p> <ul style="list-style-type: none"> • Alan Durrant, Group Chief Investment Officer and General Manager of the Asset Management Group, NBAD. • Mark Watts, Head of Fixed Income at the Asset Management Group, NBAD. • Saleem Khokhar, Head of Equities at the Asset Management Group, NBAD. • Dr. Giyas Gökkent, Group Chief Economist at NBAD. <p>The Fund shall not bear any expenses, fees, or financial charges related to the Investment Committee or its members, and the Investment Manager shall bear all expenses, fees, or charges related to the Investment Committee and its current or future members.</p>
Advisory Board of the Fund:	<p>The Advisory Board shall review the activities and performance of the Fund, including its investment strategy, and make appropriate recommendations to the Investment Manager. It shall also deal with and make decisions in the circumstances where the Investment Manager may be considered to have, or may actually have, a conflict of interest.</p> <p>The Advisory Board consists of up to eleven (11) suitably experienced and independent persons nominated from time to time by the Investment Manager. The Advisory Board may include representatives from Founder Investors. The Advisory Board will initially consist of the following persons. The Investment Manager may from time to time supplement or replace members of the Advisory Board.</p> <p>Sheikh Ahmed Bin Mohammed Bin Sultan Al Dhaheri, Director, ETISALAT, Director, National Corporation for Tourism & Hotels, Director, Abu Dhabi Aviation and Director, NBAD.</p> <p>Khalaf Sultan Al Dhaheri, Chairman, ADNIF (Islamic Subsidiary of NBAD), Al Wathba Company for Central Services (AWCCS), and Islamic Financial Consultant (IFC), Board Member, Abu Dhabi Investment Company (Invest AD), and Al Rayan Bank-Doha, and Deputy Group Chief Risk Officer, NBAD.</p> <p>Mahmood Al Aradi, Senior General Manager, Financial Markets Division, NBAD.</p>

	<p>The Advisory Board will meet at least twice a year and more regularly if required, upon at least seven (7) days' notice. Advisory Board decisions may be effected by circulation so long as recorded in writing. The quorum for Advisory Board meetings is a simple majority of those appointed to the relevant Advisory Board at the time. All decisions of the Advisory Board will be by a majority of those participating.</p> <p>The Fund shall not bear any expenses, fees, or financial charges related to the Advisory Board or its members, and the Investment Manager shall bear all expenses, fees, or charges related to the Advisory Board and its current or future members.</p>
Fees, expenses and compensations:	The details of the fees, expenses and compensations are set out in this Prospectus under Chapter 8 (Fees and Expenses).
Subscription Fees:	Up to 2% of the total subscription amount, payable to the Founder/ Sponsor or relevant Distributor of the Fund.
Redemption Fees:	No Redemption Fees will be charged to the Investors for redeeming their units of the Fund.
Fund set-up costs:	Shall not exceed the amount of USD 200,000, which shall be borne by the Fund, and shall be amortised over a period of time as agreed by the Auditor according to international accounting standards.
Investment Manager Fees:	1% per annum of the NAV, calculated and accruing on a daily basis and payable to the Investment Manager on a quarterly basis.
Custodian Fees:	A custody fee of a maximum of 0.0175% per annum will be paid based on the Fund's assets under custody in its Euroclear account. The fee shall be calculated and accrued on a weekly basis and payable to the Custodian on a monthly basis. In addition to the above the Custodian will charge USD 15 per settlement instruction.
Administrator Fees:	An initial set-up cost of USD 10,000 and a yearly fee of USD 24,000 or 0.06% based on total assets under administration, whichever is higher, will be payable to the Administrator.
Registrar & Transfer Agent Fees:	A yearly fee of USD 10,000 or 0.05% of the NAV, whichever is higher, will be payable to the Registrar & Transfer Agent. Additionally a one-time fee of USD 25 per Investor will be paid as initial set-up cost. Further, USD 5 will be paid per transaction involving dividend processing and distribution.
Date and number of the licence issued to the Fund by the SCA:	02 May 2012, under the licence number 03/2012
Main address of the Fund:	Asset Management Group National Bank of Abu Dhabi PJSC, 6 th Floor, Khalidiya Branch Office Building, Tariq Bin Ziyad Street, P.O. Box 4, Abu Dhabi, United Arab Emirates, Tel: +971-24105675, Fax: +971-26672511 Email: AMG@nbad.com Website: www.nbad-amg.com
Risks that Fund is exposed to:	The Fund's portfolio is subject to market fluctuations, and is also affected by the risks inherent in the investment instruments that are described in the Investment Guidelines. There can be no guarantee of an increase in the value of the Fund or the absence of any losses; consequently, the value of Units and the revenues that the investment instruments achieve can decrease as well as increase. Investors may not be able to recover their original investment. For a detailed review of information on Risk Factors related to the Fund and its activities, please refer to Chapter 7 (Risk Factors and Conflicts of Interest).

MANAGEMENT OF THE FUND

Founder/Sponsor of the Fund:	National Bank of Abu Dhabi PJSC - Global Wealth Division P.O. Box 4, Abu Dhabi, United Arab Emirates Tel: +971-26111713, Fax: +971-26112980 Email: rosalyn.penaфуerte@nbad.ae Website: www.nbad.com
Distributors of the Fund:	1. National Bank of Abu Dhabi PJSC – All Branches 2. Abu Dhabi National Islamic Finance Pvt. JSC (ADNIF) P.O. Box: 40057 Golden Beach Tower Building, Corniche Street Abu Dhabi, United Arab Emirates Tel: +971-26115170, Fax: +971-26222619 Email: yassin.yousef@nbad.com Website : www.adnif.ae 3. Abu Dhabi Financial Services Company L.L.C. (ADFS) P.O. Box 28400, Corniche Road, H.H Sheikh Sultan Building Abu Dhabi, United Arab Emirates Tel: +971-26161600, Fax: +971-26262809 Email: Motasem.mustafa@nbad.com Website: www.adfs.nbad.com
Investment Manager:	National Bank of Abu Dhabi PJSC - Asset Management Group 6th Floor, Khalidiya Branch Office Building, Tariq Bin Ziyad Street P.O. Box 4, Abu Dhabi, United Arab Emirates Tel: +971-24105675, Fax: +971-26672511 Email: AMG@nbad.com Website: www.nbad-amg.com
Shari'ah Advisor:	Sheikh Nizam Yaquby P.O. Box 1522, Manama, Kingdom of Bahrain Tel: +973-17-210983, Fax: +973-17-210953 Email: issnad@gmail.com
Administrator:	Deutsche Securities and Services, Dubai Branch, Emirates Towers Office Building, Level 27, Office B, Sheikh Zayed Road P.O. Box 504902, Dubai, United Arab Emirates Tel: +971-43199564, Fax: +971-43199515 Email: mike.cowley@db.com
Custodian:	Deutsche Securities and Services, Dubai Branch, Emirates Towers Office Building, Level 27, Office B, Sheikh Zayed Road P.O. Box 504902, Dubai, United Arab Emirates Tel: +971-43199564, Fax: +971-43199515 Email: mike.cowley@db.com
Registrar & Transfer Agent:	National Bank of Abu Dhabi PJSC - Securities and Fund Administration Services Department, 9th Floor, Khalidiya Branch Office Building, Tariq Bin Ziyad Street P.O. Box 6865, Abu Dhabi, United Arab Emirates Tel: +971-26161906, Fax: +971-26396851 Email: SFAS-AMGServices@nbad.com
Auditor:	KPMG Lower Gulf Limited, Abu Dhabi Branch P.O. Box 7613, Abu Dhabi, United Arab Emirates Tel: +971-24014800, Fax: +971-26327612 Email: cyrusbalsara@kpmg.com Website: www.ae-kpmg.com
Legal Consultant:	Allen & Overy LLP, 5th Floor, Al Mamoura Building B, Muroor Road P.O. Box 7907, Abu Dhabi, United Arab Emirates Tel: +971-24180400, Fax: +971-24180499 Website: www.allenoverly.com

CHAPTER1: IMPORTANT DEFINITIONS AND INTERPRETATION

1.1 In this Prospectus unless the context otherwise requires the following terms and expressions have the following meanings:

Administrator:	means Deutsche Securities and Services, or such other person appointed by the Founder/Sponsor of the Fund from time to time as the administrator of the Fund to perform the duties set out in paragraph 6.5 of this Prospectus and any other responsibilities assigned to it by the Founder/Sponsor of the Fund from time to time.
Advisory Board:	means the advisory board of the Fund as constituted from time to time pursuant to paragraph 6 of this Prospectus.
AED:	means UAE Dirhams the lawful currency of the UAE.
AMG:	means the Asset Management Group of NBAD.
Annexures:	means the annexures to this Prospectus.
Annual Report:	means the annual report published by the Investment Manager in respect of the Fund, and made available to Investors at the appropriate time.
Associated Group:	means a group of companies that have an ownership relationship among them such as holding companies and subsidiaries and sister companies.
Auditor:	means KPMG Lower Gulf Limited, or such other person appointed by the Founder/Sponsor of the Fund from time to time as the auditor of the Fund to perform the duties set out in paragraph 6.7 of this Prospectus and any other responsibilities assigned to it by the Founder/Sponsor of the Fund from time to time.
Business Day:	means any day when the banks are open for business in the UAE (other than Fridays and Saturdays and any official public holidays).
Custodian:	means Deutsche Securities and Services, or such other person appointed by the Founder/Sponsor of the Fund from time to time as the custodian of the assets of the Fund to perform the duties set out in paragraph 6.4 of this Prospectus and any other responsibilities assigned to it by the Founder/Sponsor of the Fund from time to time.
Cut-off Date:	means 1:30 pm (UAE time) one (1) Business Day prior to the relevant NAV Day of each week (being Wednesday of each week for a NAV Day of Thursday of that week), which is the last day the Investment Manager can accept duly completed Subscription Agreements or Redemption Notices in order for Investors to subscribe for or redeem Units on the basis of the Unit NAV as of the relevant NAV Day. Any subsequent requests after the cut-off time will be automatically considered for the following NAV Day. The Investment Manager from time to time in consultation with the Administrator may substitute another specific day or date as the Cut-off Date.
Distributor of the Fund:	means any one of National Bank of Abu Dhabi PJSC – All Branches, Abu Dhabi National Islamic Finance Pvt. JSC (ADNIF), Abu Dhabi Financial Services Company L.L.C. (ADFS) or such other person appointed from time to time as a distributor of the Fund.
Dividend Announcement Date:	has the meaning given to that expression in paragraph 2.13.1 of this Prospectus.

Dividend Payout:	has the meaning given to that expression in paragraph 2.13.2 of this Prospectus.
Dividend Reinvestment:	has the meaning given to that expression in paragraph 2.13.2 of this Prospectus.
Eligible Investor:	has the meaning given to that expression in paragraph 3.1 of this Prospectus.
Ex-Dividend Date:	has the meaning given to that expression in paragraph 2.13.1 of this Prospectus.
Fatwa:	means a pronouncement, opinion or verdict issued by the Shari'ah Advisor in relation to matters of Shari'ah compliance.
First Closing Date:	means 04 June 2012, being the last day of the Initial Subscription Period, and the date on which the Investment Manager stops accepting initial Subscription Agreements from Investors relative to the first closing of the Fund.
Founder Investor:	means a professional investor being a bank or financial institution invited by the Investment Manager to invest in the Fund prior to its Launch Date.
Founder/Sponsor or Founder/Sponsor of the Fund:	means National Bank of Abu Dhabi PJSC, Global Wealth Division, in its capacity as the founder and sponsor of the Fund.
Fund:	means the NBAD Sukuk Income Fund offered in accordance with the terms of this Prospectus.
Fund Administration Agreement:	has the meaning given to that expression in paragraph 6.5 of this Prospectus.
Initial Subscription Period:	means the initial period for subscribing for Units beginning on 07 May 2012, and ending on 04 June 2012, the First Closing Date.
Interim Report:	means the interim report published by the Investment Manager in respect of the Fund, and made available to Investors at the appropriate time.
Investment Committee:	means the Investment Manager's investment committee in respect of the Fund as constituted from time to time pursuant to Chapter 6 of this Prospectus.
Investment Guidelines:	means the investment guidelines in respect of the Fund as stated in paragraph 2.15 of this Prospectus, as amended from time to time.
Investment Management Agreement:	has the meaning given to that expression in paragraph 6.1.1 of this Prospectus.
Investment Manager:	means National Bank of Abu Dhabi PJSC, Asset Management Group, in its capacity as manager of the Fund for and on behalf of the Investors, or such other person appointed by the Founder/Sponsor of the Fund as the manager of the Fund to perform the duties of the Investment Manager set out in this Prospectus from time to time.
Investment Manager Fees:	has the meaning given to that expression in paragraph 8.2 of this Prospectus.
Investment Objectives:	means the investment objectives of the Fund as stated in the Summary of the Prospectus, as amended from time to time.

Investor:	means any person who submits a Subscription Agreement to subscribe for Units (the same subsequently being accepted by the Investment Manager) and resulting in such person becoming registered in the Register as a holder of Units (and therefore an Investor) from time to time.
Launch Date:	means the date upon which the Investment Manager launches the Fund, as certified by the Investment Manager.
Legal Consultant:	means Allen & Overy LLP, or such other legal consultant appointed by the Investment Manager in respect of the Fund from time to time.
Liquid Tradable Securities:	means Islamic liquid tradable securities which the Fund may invest in (other than those stated to be the Fund's primary investments pursuant to this Prospectus) either to hedge or protect the investment of Investors in the Fund or to ensure the maintenance of appropriate levels of liquidity in the Fund (in which event, to the extent compatible with prudence the same to be invested in sukuk, other Islamic money market instruments or any Islamic floating rate notes, commercial paper, promissory notes, bills of exchange, loans and corporate and sovereign sukuk, in all cases of an appropriate quality to ensure their ready liquidity).
Middle East and North Africa:	means the Middle East and North Africa region including the Gulf Co-operation Council States as presently constituted.
Multi Market Custody Agreement:	has the meaning given to that expression in paragraph 6.4 of this Prospectus.
NAV:	means the net asset value of the Fund calculated in accordance with the calculation details stated in paragraph 2.11 of this Prospectus, also detailing the basis of valuation at such time.
NAV Day:	means any Thursday of each week or the following Business Day in case Thursday is not a Business Day, or any other Business Day that is determined by the Investment Manager in its sole discretion in consultation with the Administrator from time to time.
NBAD:	means National Bank of Abu Dhabi PJSC, a public joint stock company of P.O. Box 4, Abu Dhabi, UAE.
Prospectus:	means this Prospectus, including the Annexures hereto, relating to the NBAD Sukuk Income Fund.
Record Date:	has the meaning given to that expression in paragraph 2.13.1 of this Prospectus.
Redemption Fees:	has the meaning given to that expression in paragraph 8.3 of this Prospectus.
Redemption Notice:	means a notice in the form set out in Annexure 2 to this Prospectus, with such amendments as the Registrar & Transfer Agent or the Investment Manager may require in their sole discretion, confirming that a particular Investor wishes to redeem its Units and being irrevocable, unless permitted by or agreed with the Investment Manager.
Register:	means the official register of the Units that the Investors own and which the Registrar & Transfer Agent maintains, and which shall state in detail: (1) all the subscriptions of Investors in the Units; (2) any Units that are transferred to other Investors; and (3) any redemptions of Units.

Registrar & Transfer Agent:	means National Bank of Abu Dhabi PJSC, Securities and Fund Administration Services Department, in its capacity as registrar and transfer agent in respect of the Fund, or such other person as the Founder/Sponsor of the Fund may appoint as the registrar and transfer agent in respect of the Fund from time to time, to perform the duties set out in paragraph 6.8 of this Prospectus and any other responsibilities assigned to it by the Founder/Sponsor of the Fund from time to time.
Registrar & Transfer Agent Agreement:	has the meaning given to that expression in paragraph 6.8 of this Prospectus.
Resolution:	means Resolution No. 164/8/94 that is issued by the Governing Council of the Central UAE Bank after its amendment.
Restricted Person:	means United States Persons (within the meaning of Regulation S of the United States Securities Act of 1933, as amended) and any investor who is not authorized to invest in the Fund as imposed by the laws and regulations of the country of its nationality or residence, or who is otherwise subject to similar restrictions.
Risk Factors:	means the risk factors to which Investors are exposed as stated in Chapter 7 (Risk Factors and Conflicts of Interest).
SCA:	means the Securities and Commodities Authority of the United Arab Emirates.
Shari'ah:	means the rules, principles and parameters of Islamic law as interpreted by the Shari'ah Advisor.
Shari'ah Advisor:	means Sheikh Nizam Yaquby, or such other person appointed by the Founder/Sponsor of the Fund from time to time as the Shari'ah advisor of the Fund to perform the duties set out in paragraph 6.2 of this Prospectus and any other responsibilities assigned to it by the Founder/Sponsor of the Fund from time to time.
Shari'ah Consulting Agreement:	has the meaning given to that expression in paragraph 6.2 of this Prospectus.
Subscription Agreement:	means an application in the form set out in Annexure 1 to this Prospectus, with such amendments as the Investment Manager or Registrar & Transfer Agent may require in their sole discretion, to subscribe for Units and being irrevocable.
Subscription Fees:	has the meaning given to that expression in paragraph 8.1 of this Prospectus.
Total Assets:	means the gross assets of the Fund at any relevant time without deduction of any liabilities the Fund may have at that time.
UAE:	means the federal state of the United Arab Emirates.
U.S. Dollar or USD:	means the lawful currency of the United States of America.
Unit:	means a unit in the Fund representing the participation of a particular Investor in the Fund.
Unit NAV:	means the NAV divided by the number of Units in the Fund in issue from time to time (and at any relevant time) calculated in accordance with this Prospectus.
Valuation Point:	means close of the Business Day being one (1) Business Day prior to the NAV Day when the Unit NAV will be calculated.

1.2 Interpretation:

- 1.2.1 references in this Prospectus to the singular include the plural and vice versa;
- 1.2.2 references in this Prospectus in any capacity to NBAD, the Founder/Sponsor of the Fund and/or the Investment Manager include its successors and assignees;
- 1.2.3 references in this Prospectus to persons include natural persons, bodies corporate, unincorporated associations and any other juridical persons, entities or bodies;
- 1.2.4 references in this Prospectus to periods of time are to be construed in accordance with the Gregorian calendar except where otherwise stated;
- 1.2.5 the words 'include' or 'including' are deemed to be followed by 'without limitation' or 'but not limited to', whether or not they are followed by such phrase or words of like import; and
- 1.2.6 references in this Prospectus to an agreement or document, including this Prospectus, shall be deemed to include such agreement or document as amended, varied, restated or supplemented from time to time.

CHAPTER 2: THE FUND

2.1 General:

- 2.1.1 The Fund is an investment vehicle designed to raise funds from Investors and to invest them collectively in a mix of sukuk and other Islamic money market instruments and in other collective investment schemes (investment funds) to achieve its Investment Objectives that are specified in this Prospectus, and this is done in consideration of the issuance of Units of equal value, in accordance with the applicable legislation of the UAE.
- 2.1.2 The Fund is an open-ended fund that is established in accordance with the provisions of the Resolution, and upon the approval of the SCA. The Units shall be issued as specified under Chapter 3 (Subscription for Units). There will be no restriction on the number of Units that can be issued, provided that number will not exceed the maximum limit as approved by the SCA concerning the size of the Fund.
- 2.1.3 The offer of investment in Units under this Prospectus shall apply only to the offering of investment in Units within the UAE; therefore, in case of offering investment in Units for subscription in any other country, it shall be the responsibility of the Founder/Sponsor of the Fund and the Investment Manager to follow all procedures and make all arrangements to obtain the necessary approvals from the relevant authorities of those countries before offering investment in Units for subscription, and provided that such offering for subscription would not lead to an adverse effect on the rights of the Investors in that country or to expose them to risk.

2.2 Investments of the Founder/Sponsor of the Fund in the Fund:

None as at the date of this Prospectus. The Founder/Sponsor of the Fund, and/or members of its Associated Group, may decide to participate in the Fund either before or after the First Closing Date, and will do so based on the suitability of the Fund's Investment Objectives to the Founder/Sponsor's, and/or the members' of its Associated Group, risk profile and prevailing market conditions at the relevant time.

2.3 The legal status of the Fund:

- 2.3.1 The Fund is an asset portfolio that is created and supervised by the Founder/Sponsor of the Fund for the benefit of the Investors. Although the Fund has not been established in accordance with the Companies Law of the UAE, it has been granted the status of an independent legal person according to the Resolution. Subscription in Units does not grant Investors any voting rights or other rights or any single right to obtain any share of profits or other allocations from the Fund or the underlying assets of the Fund, or any other rights relating to the underlying assets of the Fund, except as explicitly stated in this Prospectus.
- 2.3.2 The Fund's money is its property, and it has the required authority to use it within the limits of that authority. The Fund's money is for the benefit of the Investors, and the Units shall not be mortgaged or otherwise used to satisfy the obligations of the Founder/Sponsor of the Fund.
- 2.3.3 The Custodian, in accordance with the Multi Market Custody Agreement, shall open and maintain bank accounts for the custody transactions and settlements on behalf of and in the name of the Fund or through persons nominated by the Custodian, and it shall keep all of the receipts for the Fund's account in these accounts or in the accounts opened by such nominees on their standard terms, or in the manner that is recommended by the Investment Manager from time to time.

2.4 Ownership of the Units:

The Investors collectively own the assets of the Fund, and on a pro-rata basis according to the Units they own they share the increases or decreases of the value of the assets of the Fund resulting from the gains, losses, income, profits, and dividends, if any, as well as the costs that are associated with the activities of the Fund. Once a prospective Investor pays the subscription amount in full and the Subscription Fees, that prospective Investor will not be bound to contribute any additional capital to the Fund in respect of its Units.

2.5 Rights of the Investors:

The Units grant equal rights to the Investors, and each Investor participates in the profits and losses resulting from the activity of the Fund pro rata according to the Units owned by it compared with the total number of the Units.

2.6 Reports that are made available to Investors:

- 2.6.1 The Investment Manager shall provide an Annual Report to Investors in respect of the NAV, and therefore of the value of the Units that are attributable to it. The Annual Report shall include a brief summary of the performance of the Fund and a brief disclosure of the audited accounts of the Fund (supported by the Auditor's report). The Annual Report must be submitted to Investors within three (3) months from the end of the relevant financial year.
- 2.6.2 The Investment Manager shall provide the Investors with an Interim Report in respect of the NAV, and therefore of the value of the Units that are attributable to it. The Interim Report shall include a brief summary of the performance of the Fund and a set of management accounts in respect of the Fund which the Investment Manager shall prepare. The Interim Reports shall be prepared up to 30 June of each year provided that the Fund has been in operation for six (6) months at least up to that date. The Interim Reports shall be provided within forty-five (45) days from the end of the relevant financial period.
- 2.6.3 Weekly reports in respect of the NAV and the Units will be available on the website of the Investment Manager – www.nbad-amg.com.
- 2.6.4 The Investment Manager may provide reports to Investors from time to time as required by market conditions.
- 2.6.5 The Investment Manager may at its sole discretion satisfy the request of any Investor in preparing a particular report which is not referred to above in this paragraph, and the Investment Manager may collect fees from that Investor for the provision of that report.

2.7 Notices and communications:

- 2.7.1 Notices and communications in relation to the Fund are given to Investors in each case at the address or email address the details of which have been submitted by the Investor to NBAD in respect of its relevant account at NBAD, as may be updated from time to time by the Investor in accordance with the relevant procedures in respect of that account. Annual Reports will be emailed to that address upon request.
- 2.7.2 Annual and Interim Reports and other notices and information in relation to the Fund may be viewed at the Investment Manager's website – www.nbad-amg.com.

2.8 Transfer of the ownership of Units:

No Investor shall have the right to transfer the ownership of all of its Units or any part thereof to any other Investor except through the Registrar & Transfer Agent in coordination with the Investment Manager and only in cases of inheritance, gifts, the transfer of ownership to relatives of first degree and judicial rulings and any other cases that the Investment Manager deems as necessary and which the SCA approves of. The Investment Manager or Registrar & Transfer Agent shall not approve any transfer of ownership of the Units except in the case:

- 2.8.1 where the transferor provides sufficient written evidence to the Investment Manager and Registrar & Transfer Agent proving that the potential transferee is an Eligible Investor and that it is not a Restricted Person;
- 2.8.2 where there is no potential harm to any other Investor due to the process of transferring such ownership;

- 2.8.3 where the transferor sends a written application to transfer the ownership to the Registrar & Transfer Agent in the form that it requests; and
- 2.8.4 where the transferee provides the documents that may be requested by the Registrar & Transfer Agent.

The sale or transfer of Units to a Restricted Person shall lead to compulsory redemption of the relevant Units.

2.9 Switching between funds of NBAD:

- 2.9.1 Investors may switch units between the Fund and into other funds offered by NBAD at their respective unit net asset values, on preferred terms (as relates to subscription and redemption fees) subject however to guidelines for switching to be issued by NBAD from time to time. Switching out and in between such funds will occur on the same NAV day (in both cases applicable specifically to the funds in question). All switching between funds is subject to the minimum and maximum investment limits with respect to the Fund and the other relevant funds.
- 2.9.2 Investors will be allowed to switch once a year, for all their investments in all NBAD sponsored funds, with no fees charged. If switching between funds occurs more than once a year, only the first switch will be with no fees charged, while all other switches will be charged with 50% of the applicable redemption/subscription fees.

2.10 Listing on the stock market:

The Units will not be listed on any financial market unless the Investment Manager obtains the approval of the SCA and any other relevant authority for doing so and after obtaining the necessary consents and approvals.

2.11 Periodic valuation of the NAV and the Unit NAV:

2.11.1 Valuation bases:

- a) The valuation shall be done according to the international accounting standards.
- b) The NAV and the Unit NAV shall be calculated on a weekly basis by the end of the weekly NAV Day of Thursday, subject to it being a Business Day, by the Administrator.
- c) The Unit NAV is the NAV based on the relevant Valuation Point divided by the number of outstanding Units as of that Valuation Point.
- d) The NAV is the value of the Total Assets of the Fund less the total liabilities of the Fund.
- e) The assets of the Fund consist of the cash, profit and distributions that are due and the value of its investments. The liabilities of the Fund include the loans and expenses (including accrued expenses) and any other amounts that are provided for to cover unforeseen liabilities (including taxes) which shall require the establishment of provisions or reserves for them.
- f) The accrued expenses shall include all fees, expenses, and due amounts (not payable) to any party in respect of the Fund (including the service providers).

2.11.2 Asset valuation guidelines:

The Total Assets of the Fund will be valued at the Valuation Point in accordance with the following guidelines:

- a) The value of assets is determined on the basis of the last available market price on the relevant market. Where an asset is traded on more than one market, the Investment Manager may in its discretion select the principal market on which the asset in question is traded.
- b) For assets not quoted on a particular market, available valuation reports or other information will be used by the Investment Manager to estimate probable realisation value.

- c) Cash and Shari'ah-compliant debt/deposit instruments, receivables etc (including Liquid Tradable Securities) will be valued at their then current market value.
- d) All other assets will be valued at their attributable fair values as determined by the Investment Manager in accordance with International Financial Reporting Standards (IFRS) and other applicable principles or procedures.
- e) The Investment Manager may determine, in relation to the Fund or any part of the assets thereof and from time to time that some more suitable method of valuation be invoked where that method of valuation appears to the Investment Manager to be more appropriate.
- f) The NAV will be stated in USD. Where assets or liabilities are denominated in currencies other than USD the same will be translated into USD at market rates.
- g) All valuations produced by the Administrator are final and binding upon Investors, except in the case of manifest error.

2.11.3 Publication of prices:

The Investment Manager will publish the prices for units (NAV) on a weekly basis by way of sending SMS and E-mail messages to the investors in the Fund. Additionally the NAV prices are posted on the Investment Manager's website.

2.12 Suspension or deferral of NAV:

2.12.1 The Administrator in consultation with the Investment Manager may in certain circumstances suspend or defer the calculation of NAV (and therefore Unit NAV) and the issue and redemption of Units at any time as a consequence of any of the following:

- a) Where a market on which more than 1% of the assets of the Fund is invested is closed, or when dealings on it are suspended or restricted.
- b) The inability to complete the transfer of money related to purchasing or selling of assets at the exchange rates or at the regular prices provided that these assets are not less than 1% of the total assets.
- c) Where the price or value of the assets of the Fund cannot be ascertained with accuracy.
- d) Material change in the valuation of not less than 10% of the Total Assets of the Fund.
- e) The Founder/Sponsor of the Fund decides to terminate the Fund in accordance with the provisions of this Prospectus.
- f) The occurrence of significant interruption to or cessation of the business activities related to the Founder/Sponsor of the Fund or the Administrator or any other service provider to the Fund for any reason that is beyond the control of any of these entities.
- g) Any other reasons that the Administrator or the Investment Manager deems important and necessary. In that case, the Investment Manager shall be obliged to inform the SCA of these reasons and the period of suspension or deferral along with the ways of dealing and avoiding them in the future, and this shall be done in a period of not more than two (2) Business Days from the date of suspension or deferral.

2.12.2 In case of suspending or deferring the calculation of the NAV or the Unit NAV, the Founder/Sponsor of the Fund shall, in conjunction with the Administrator, notify the Investors of such suspension or deferral as soon as possible, and it shall use reasonable endeavours to end this period of suspension or deferral as soon as possible. No subscription in the Units or redemption of Units shall be made during this suspension or deferral period.

- 2.12.3 In the event of a suspension or deferral an Investor may withdraw Redemption Notice(s) provided the Investment Manager and Registrar & Transfer Agent receive notice of the same before the end of the suspension or deferral period. In the event that the relevant Redemption Notice(s) are not withdrawn, the applicable day on which Units may be redeemed will be the NAV Day immediately subsequent to the end of the period of suspension or deferral.

2.13 Fund's dividend policy:

- 2.13.1 It is the intention of the Investment Manager to distribute dividends to Investors as and when possible, pursuant to the following guidelines:
- a) Dividends are determined and are payable on a semi-annual basis.
 - b) No dividend will be payable where realised or accrued income from underlying securities does not make such payments possible.
 - c) Dividend Announcement Date: The date on which the Investment Manager announces that a dividend payment will be made (the 'Dividend Announcement Date').
 - d) Ex-Dividend Date: The NAV Day announced by the Investment Manager on the Dividend Announcement Date (the 'Ex-Dividend Date').
 - e) Record Date: The date on which an Investor must officially own Units to be entitled to a dividend (the 'Record Date'). The Record Date will be announced by the Investment Manger on the Dividend Announcement Date.
 - f) Investors that appear on the Register as of the Record Date shall be eligible for the relevant dividend distribution.
- 2.13.2 In all cases, the distribution of dividends shall be made in one of the two (2) following methods:
- a) Dividend Payout: the dividend proceeds will be paid within twelve (12) Business Days after the Ex-Dividend Date in the currency of the Fund, which is USD, by crediting the value of the cash distributions to the accounts of the relevant Investors ('Dividend Payout').
 - b) Dividend Reinvestment: the dividend proceeds will be reinvested in the Fund at the Unit NAV as of the relevant Ex-Dividend Date and Units will be issued to the relevant Investors within twelve (12) Business Days after the Ex-Dividend Date ('Dividend Reinvestment'). Investors will receive a receipt for the amount reinvested in the Fund, the same also stating the number of Units issued and the price per Unit. No Subscription Fees shall be applicable to the issue of such Units.
 - c) The choice of opting for either Dividend Payout or Dividend Reinvestment will be at the discretion of the Investor at the time of application.
- 2.13.3 The Investment Manager may, at its sole discretion, refrain from making any distributions to Investors if it deems it appropriate in the interests of the Investors.

2.14 Termination and liquidation of the Fund:

- 2.14.1 The activities of the Fund may be terminated and the Fund may be liquidated and dissolved if the Founder/Sponsor of the Fund decides to do so at its sole discretion if it determines that the termination of the activities of the Fund would be in the best interests of the Investors and after consulting with the SCA and obtaining its approval of the termination and liquidation.
- 2.14.2 The Fund is intended to have an unlimited duration unless specified in this Prospectus elsewhere, but, subject to paragraph 2.14.1, may be terminated on a selective, partial or total basis by the Founder/Sponsor of the Fund on giving at least thirty (30) days' notice to Investors. In particular, the Founder/Sponsor of the Fund shall reserve the right to terminate the Fund in any of the following cases:

- a) if the expectations of the market or the investment climate are negative when viewed from a macroeconomic basis; and/or
- b) if there is a material change in the legal, regulatory, or operational circumstances that are applicable to the Fund and which would result in a negative impact with regard to the performance of the Fund.

2.14.3 Upon taking the decision to terminate and liquidate the Fund, the Founder/Sponsor of the Fund in conjunction with the Investment Manager and the Administrator shall start the liquidation of assets and the payment of the liabilities of the Fund. During such process all Investors will be treated equally and any partial termination will be made on a pro-rata basis. The net liquidation proceeds shall be distributed to the Investors according to the Units that they own. After liquidating the Fund, the Founder/Sponsor of the Fund shall prepare a final set of accounts relating to the Fund that are properly audited in order to circulate them to the Investors.

2.15 The Investment Guidelines:

2.15.1 The service providers in respect of the Fund shall commit to the following general obligations:

- a) The money of the Fund and its assets are to be registered or kept in the name of the Fund and not in the name of any other party unless it is otherwise necessary and after obtaining the approval of the SCA.
- b) No investment shall be made in any legal entity where the liability of the shareholders is not limited.
- c) The money of the Fund shall not be invested other than in the investment instruments that are set out in these Investment Guidelines or other than within the investment limits that are set out in these Investment Guidelines, except in case of amending the Investment Guidelines in accordance with the terms that are set out in this Prospectus.

2.15.2 **Investment tools:** The Fund aims to provide attractive levels of income with some prospect of capital gains over the medium term through actively investing in a mix of corporate and sovereign sukuk and other Islamic money market instruments, including but not limited to the following Islamic instruments: money market instruments, certificates of deposits, collateralised murabaha, convertible sukuk, murabaha deposits, ijarah and investments in other Islamic collective investment schemes (investment funds) with objectives that the Investment Manager believes are appropriate in light of the Fund's objectives.

2.15.3 **Investment markets:** The Fund will invest primarily in a mix of sukuk and other Islamic money market instruments issued predominantly by entities in the Middle East and North Africa.

2.15.2 **Investment restrictions:**

- a) The Fund's investment in the total securities issued by one (1) company shall not exceed 15% of the Fund's Total Assets, and in those issued by an Associated Group company of such company shall not exceed in aggregate 20% of the Fund's Total Assets, with the exception of securities issued or explicitly guaranteed by governments where there shall be no such investment restriction. In all cases, the Fund's investment in any individual type of instrument (shares or Shari'ah-compliant debt/deposit instruments) shall not exceed 10% of the Fund's Total Assets. Further, in all cases, the Fund's investment shall not exceed 15% of the total securities issued by the relevant company.
- b) The Fund's investment in other collective investment schemes (investment funds), including Shari'ah-compliant exchange traded funds and other Islamic collective investment schemes (investment funds) sponsored by NBAD, shall not exceed 20% of the Fund's Total Assets, with a maximum of 10% of the Fund's Total Assets permitted for investment in one collective investment scheme (investment fund), and not exceeding 15% of the total money invested in the relevant collective investment scheme (investment fund). The Fund shall not be liable

for the payment of any Investment Manager Fees to the Investment Manager related to the money of the Fund invested in other collective investment schemes (investment funds) sponsored by NBAD, as such money will be deducted from the NAV for the purposes of calculating the Investment Manager Fees.

- c) Without prejudice to the provisions of both paragraphs 2.15.4(a) and (b), up to 60% of the Fund's Total Assets may be invested in non-UAE securities.
- d) Up to 50% of the Fund's Total Assets may be invested in any single economic sector (with the exception of sovereign or sovereign backed securities for which there shall be no such investment restriction).
- e) No investments rated below B- (or equivalent) will be permitted, in the case of split ratings, the highest rating shall apply; in the case of unrated securities, the Investment Manager's internal rating shall apply. Where investments are made in collective investment schemes (investment funds), the average rating of the relevant collective investment scheme (investment fund) shall apply.
- f) From time to time, the Investment Manager may maintain up to 100% of the Fund's Total Assets in cash or in the form of Liquid Tradable Securities in order to provide funding for redemptions, other investment opportunities as required or as a defensive strategy to counter a potential adverse phase in the market.
- g) The Fund may utilise Islamic derivative instruments for the purpose of efficient portfolio management either to reduce risk on the portfolio or to establish positions where it is more efficient to do so in the best interests of the Investors. These instruments must be approved by the Shari'ah Advisor prior to being utilised. Such derivative instruments will not be used for speculative purposes.

2.15.5 Terms of amendment of the Investment Guidelines:

- a) The Investment Guidelines that are set out in this Prospectus shall remain in force from the date of the initial offering for subscription of the Units, and may be amended from time to time, if in the opinion of the Investment Manager (and subject to prior approval of the Shari'ah Advisor) it is required to do so in order to take advantage of the market opportunities or other changing circumstances.
- b) No amendment to the Investment Guidelines is to be made unless the written approval of the SCA is obtained by the Investment Manager.
- c) Any amendment to the Investment Guidelines must be announced to all Investors before making the amendment, with at least twenty (20) Business Days' notice or as otherwise determined by the SCA.

2.15.6 **Borrowing Restrictions:** The Fund may borrow no more than 10% of its NAV for a period not exceeding one (1) year and only to meet redemption requests. The Fund's assets may be charged as security for such borrowings. The Fund may only utilise Shari'ah-compliant forms of borrowing to meet redemptions. The Fund may establish a separate facility for such purpose and will be able to borrow, repay and re-borrow amounts under such facility subject to approval of the Shari'ah Advisor.

2.16 Shari'ah-Compliance:

The Shari'ah Advisor shall provide ongoing supervision and guidance to the Investment Manager and monitor the investments of the Fund to ensure that such investments are in compliance with the principles of Shari'ah and issue a Fatwa as and when necessary in accordance with the Shari'ah Consulting Agreement.

Following the guidance of the Shari'ah Advisor, the Investment Manager will use reasonable endeavours to ensure that the Fund follows its Investment Objectives and Investment Guidelines in a Shari'ah-compliant manner in respect of the Fund's investments. Where appropriate, the Investment Manager will seek Shari'ah advice and/or approval in connection with the Investment Guidelines or any other matter related to Shari'ah compliance of the investments of the Fund.

Subject to the Fund's investments being in compliance with Shari'ah, the Shari'ah Advisor may be required by the Investment Manager in its sole discretion to issue an annual Fatwa for the Fund's investments.

Conflicts of interest relating to the investment of the Fund's assets may arise between the Shari'ah Advisor and the Fund. In the event that a conflict of interest does arise, the Shari'ah Advisor will endeavour, so far as he is reasonably able, to ensure that it is resolved fairly and that investment opportunities are allocated on a fair and equitable basis. Subject to the foregoing, the Shari'ah Advisor may effect transactions where those conflicts arise and shall not be liable to account for any profit, commission or other remuneration arising therefrom.

2.17 Language:

If any ambiguity or discrepancy arises between the Arabic and English texts of this Prospectus, including the Annexures to this Prospectus, the Arabic text shall prevail.

2.18 Law:

This Prospectus shall be subject to the laws of the Emirate of Abu Dhabi and the federal laws of the UAE, and the UAE federal courts of law shall be competent authority to settle all disputes or conflicts that arise due to or out of or in connection with this Prospectus.

2.19 Zakat:

The payment of zakat shall remain the sole responsibility of the Investors. The Investment Manager or the Fund shall not calculate, pay or be responsible for the calculation or payment of zakat on the Investor's investment or on any capital appreciation derived therefrom.

2.20 Additional Information:

The Founder/Sponsor of the Fund and the Investment Manager accept no liability for the consequences of any delay or losses arising from the same whether relative to delays in communications, documents, refunds, redemption, or payments upon termination or liquidation of the Fund. Except in the case of palpable negligence the Founder/Sponsor of the Fund and the Investment Manager accept no liability which may arise from the management of the Fund or from investment in the Fund.

This Prospectus may be revised at any time to comply with the requirements of the SCA. The readers should therefore check that it represents the current issue before placing reliance upon it.

CHAPTER 3: SUBSCRIPTION FOR UNITS

3.1 Eligible Investors to subscribe:

An eligible investor is any person who is not a Restricted Person and who has a USD-denominated account or is eligible to open a USD-denominated account at NBAD before or upon its subscription for Units (an 'Eligible Investor'). All subscription payments and redemption proceeds will be debited from and credited to such an account. The account of the Eligible Investor will be subject to the same terms and conditions that apply to other similar accounts at NBAD. A prospective Investor belonging to any of the following categories may apply for subscription to the Fund by submitting its Subscription Agreement to the Registrar & Transfer Agent with the documentary evidence of it being an Eligible Investor as set out in the Subscription Agreement and including the following:

- 3.1.1 **Individual persons:** Individual persons must submit a proof of identity such as an identity card that is issued by the UAE or relevant passport(s) and any other documents to prove the identity as the Registrar & Transfer Agent may determine to be sufficient to prove the identity of the applicant;
- 3.1.2 **Companies or other legal entities:** Companies or other legal entities must submit a certified copy of the certificate of incorporation (and any change of name) and the memorandum of association and the articles of association (or any other constitutional documents) and a copy of the commercial license or a power of attorney proving the powers vested within the authorised signatory on behalf of the Company or other legal entity;
- 3.1.3 **Joint applicants:** The Investment Manager will operate joint investments in accordance with instructions in the relevant Subscription Agreement subject to having a joint account and in line with the signing powers of the joint account; and
- 3.1.4 **Minors:** Subscription Agreements in the names of minors (that is, persons under the age of twenty one (21) Hijrah years (approximately twenty (20) years and one (1) month Gregorian)) should be presented by their parents/legal guardians (and if the latter then due evidence of such appointment should be provided).

3.2 Registrar & Transfer Agent to receive Subscription Agreements:

Subscription will be made through the branches and other sales channels of NBAD in the UAE on any Business Days. All Subscription Agreements shall be submitted to the Registrar & Transfer Agent either on or before the First Closing Date, or if subsequent, on or before the weekly Cut-off Date.

All Subscription Agreements by prospective Investors or Investors wishing to subscribe for additional Units shall be in the form set out in Annexure 1 to this Prospectus with such amendments as the Registrar & Transfer Agent or the Investment Manager may require in their sole discretion. Applicants are expected to complete Subscription Agreements accurately and to enclose any relevant documentation, including in respect of NBAD's 'Know Your Client' procedures, as the Registrar & Transfer Agent may request.

3.3 Number of Units offered for subscription:

The maximum number of Units that may be issued is four hundred million (400,000,000) with total a nominal value of USD two billion (USD 2,000,000,000). Increases above this amount shall be subject to regulatory approval.

3.4 Minimum and maximum amount for subscription:

The minimum amount for subscribing in the Fund for the first time is USD five hundred (USD 500), and any increase in the subscription shall be in multiples of USD two hundred and fifty (USD 250). There is no maximum amount for subscription.

3.5 The Initial Subscription Period:

The Initial Subscription Period begins on 07 May 2012 and ends on 04 June 2012, the First Closing Date. In case the Fund's minimum capital does not reach USD1 million by the close of 04 June 2012, the initial subscription period will be extended by an additional 4 weeks period ending on 02 July 2012. In the event that the Fund's minimum capital is still not achieved by the end of the extended period, the Founder/Sponsor

will return the total subscription amounts back to the applicants along with an interest rate based on the prevailing rates for the period of holding the money idle from the date of receipt in cleared funds pertaining to each applicant until the Business Day before the return of the excess money. All applicants will receive equal treatment.

3.6 Ongoing subscription period:

Following the First Closing Date, Subscription Agreements may be submitted to the Registrar & Transfer Agent on any Business Day in order to be processed. All of the accepted Subscription Agreements on the weekly Cut-off Date, i.e. Wednesday (subject to the Cut-off Date being a Business Day), shall be subscribed at the price of the Unit NAV which the Administrator calculates on the relevant NAV Day, i.e. Thursday (subject to the NAV Day being a Business Day), and adding the Subscription Fees of up to 2% of the total subscription value. The Subscription Fees shall be payable to the Founder/Sponsor or relevant Distributor of the Fund. Any Subscription Agreements that are received after the weekly Cut-off Date shall be deferred until the next Cut-off Date.

3.7 Allocation to the subscribers:

3.7.1 In case the total subscription amount of the Fund exceeds the maximum allowable subscription amount of USD two billion (USD 2,000,000,000), the Registrar & Transfer Agent shall have the right to issue the Units on a pro-rata basis among the applicants. Any excess application money shall be returned to the accounts of applicants along with an interest rate based on the prevailing rates in accordance with applicable UAE banking rules for the period of holding the money idle from the date of receipt in cleared funds until the Business Day before the return of the excess money. All applicants will receive equal treatment.

3.7.2 Applications once made are irrevocable except with the Investment Manager's consent in writing. Upon acceptance of a Subscription Agreement to subscribe for Units or an application to transfer Units, Investors will receive a confirmation of the amount invested in the Fund, the same also stating the number of Units purchased and the price per Unit paid. This confirmation serves only as evidence of the purchase of Units; final proof of 'ownership' of Units from time to time will be determined in accordance with the Register maintained by the Registrar & Transfer Agent. In either event written confirmation should be issued to Investors within thirty (30) days of their Subscription Agreements being received with appropriate monies or of receipt of an application to transfer.

3.7.3 Fractions of Units (rounded down to three (3) decimal places) may be issued where the amount subscribed does not entitle an Investor to whole Units.

3.8 The Unit price of the Fund:

3.8.1 Until the First Closing Date, each Unit shall be issued with an initial Unit price of USD five dollars (USD 5).

3.8.2 After the First Closing Date, the Unit price shall be calculated by the Administrator at the Valuation Point for the relevant NAV Day. Subscription Fees of up to 2% of the total subscription value will be charged in addition. The Subscription Fees shall be payable to the Founder/Sponsor or relevant Distributor of the Fund. The NAV is the value of the Total Assets less the total liabilities of the Fund. The assets of the Fund include cash, accrued profit and the value of its investments. The liabilities of the Fund include borrowing and fees and expenses (including accrued expenses) and any contingencies (including taxation) for which provisions or reserves are required, in accordance with international accounting standards as prescribed in the International Financial Reporting Standards (IFRS) and other applicable principles or procedures.

3.8.3 The NAV shall be determined by the Administrator, and it shall be calculated after the deduction of all of the liabilities of the Fund from the Total Assets. The NAV and the Units shall be denominated in USD, and in case there are any items that are denominated in other currencies, they shall be converted into USD at the applicable exchange rates at the time of the valuation as determined by the Administrator.

3.9 Investment of the subscription money:

- 3.9.1 No investment by the Fund shall be made with regard to the initial subscription money accumulated until the First Closing Date and subject to having received total subscriptions exceeding the minimum amount of USD one million (USD 1,000,000) and after obtaining the approval from the SCA to commence the investment of the subscription money.

- 3.9.2 After the First Closing Date, the Investment Manager shall have the right to use all of the amounts that are received from Investors for the purposes of the Fund, whether or not the Units have yet been issued to the Investors. Where appropriate, part or all of the paid subscription amount shall be returned at the time of the return of Subscription Agreements that have not been completely or partially accepted by the Registrar & Transfer Agent. Applicants in this case shall receive an interest rate on the returned amounts according to the prevailing rates in accordance with the applicable UAE banking rules.

CHAPTER 4: REDEMPTIONS OF UNITS

4.1 The redemption of Units:

- 4.1.1 An Investor may apply for a full redemption of the total value of all Units that it owns or part of its Units by sending a Redemption Notice in the form set out in Annexure 2 to this Prospectus, with such amendments as the Registrar & Transfer Agent or the Investment Manager may require in their sole discretion, to the Registrar & Transfer Agent by the Cut-off Date of the relevant week, i.e. one (1) Business Day prior to the NAV Day. Any Redemption Notice received after the Cut-off Date will be considered in respect of the next NAV Day.
- 4.1.2 Redemption Notices should be for a minimum value of USD five hundred (USD 500) or, if lower, in the amount of all the relevant Investor's then outstanding Units. Partial redemptions of an Investor's Units will not be permitted if, subsequent to redemption, the value of that Investor's then remaining Units would be less than USD five hundred (USD 500). If such a situation arises, the Investor may choose to redeem all of its Units, or amend or withdraw its Redemption Notice.
- 4.1.3 An Investor may require redemption of its Units by delivering a Redemption Notice pursuant to the terms of this Prospectus. All Units to be redeemed shall be valued at the Valuation Point on the relevant NAV Day and the Registrar & Transfer Agent will distribute amounts of the redemption proceeds, according to the timing of redemption, due to redeeming Investors pursuant to the terms of this Prospectus.
- 4.1.4 No Redemption Fees shall be deducted for any Units that are redeemed.
- 4.1.5 The redemption amounts for the Units which are redeemed shall be deposited in the account of the Investor who is making the redemption within five (5) Business Days of the relevant NAV Day. Payment of redemption proceeds in all cases will be made in USD by crediting the relevant Investor's account with NBAD.

4.2 Compulsory redemption by the Investment Manager:

- 4.2.1 The Investment Manager can initiate compulsory redemption for any Investor who owns Units directly, or indirectly for the beneficial interest of any other person, who in either case is deemed to be any one of the following:
 - a) a Restricted Person;
 - b) any person which the Investment Manager suspects of violation of any law or laws or regulation of any country or governmental authority or any of the policies or procedures and/or guiding principles of the Founder/Sponsor of the Fund or the Investment Manager or the Administrator or any governmental authority including, for example, but not limited to, entities associated with money laundering or terrorism or financing terrorism; or
 - c) any person whose ownership or continuous ownership of such Units may cause or is likely to cause, in the Investment Manager's opinion, an exposure to legal or regulatory sanction or financial taxation, or to cause material administrative damage to the Fund or the Investors in general or to the Founder/Sponsor of the Fund; or
 - d) if any of the undertakings or warranties that are listed in the Subscription Agreement become inaccurate or invalid.
- 4.2.2 In case of compulsory redemption, the Investor shall be informed in advance in writing by the Investment Manager, and he shall be granted a period of ten (10) Business Days to clarify his status and to correct the mistake which has caused the potential for compulsory redemption. If the Investor does not reply within such period or if the Investment Manager is not satisfied by what is presented as justification, then the Investment Manager shall have the right, in its sole discretion, to redeem the Units compulsorily and according to the price of the Units at the Valuation Point for the relevant NAV Day following the date of the end of the period that was granted to the Investor.

The Fund or the Investment Manager shall not bear, in any way or form, any responsibility toward any Investor due to the compulsory redemption of any Units. The relevant Investor has the right of recourse against the Investment Manager by way of the competent judicial authorities in the UAE.

4.2.3 No Redemption Fees shall be due as a result of any compulsory redemption.

4.3 Deferring the redemption of Units:

4.3.1 If the total redemption amount on a single NAV Day exceeds 10% of the NAV, the Investment Manager, in its sole discretion, shall have the right to stop the excess redemptions with a maximum weekly redemption limit in order to avoid losses that may result from the compulsory liquidation of assets, while dealing fairly with all Redemption Notices. The Investment Manager shall inform concerned Investors of the foregoing circumstances.

4.3.2 In the case where:

- a) there are Redemption Notices to redeem large amounts in a limited period of time, where it may be difficult for the Fund to obtain sufficient liquidity to satisfy such Redemption Notices without liquidating assets of the Fund at short notice or at a time that is not appropriate or in uncontrolled circumstances;
- b) the Investment Manager is unable to liquidate the assets of the Fund for reasons that are beyond its control; or
- c) the values of the Fund's assets drop sharply and suddenly, the Investment Manager is permitted to coordinate with the Founder/Sponsor of the Fund to defer Redemption Notices for a period that exceeds two (2) NAV Days provided that it puts a plan in place with the approval of the SCA to execute all of the Redemption Notices, dealing fairly with all of them.

4.3.3 In the event that an Investor, having issued a Redemption Notice is, as a consequence of liquidity constraints unable to redeem its then Units on the subsequent NAV Day the Investment Manager will sympathetically consider (but in light of any action or commitment entered into by the Investment Manager in consequence of the Redemption Notice in question) a request by such Investor to cancel its Redemption Notice and in particular in circumstances where there has been a significant decrease in that Investor's Unit NAV.

CHAPTER 5: FOUNDER/SPONSOR OF THE FUND

National Bank of Abu Dhabi PJSC, Global Wealth Division, is the Founder/Sponsor of the Fund. NBAD is licensed by the UAE Central Bank.

NBAD is a full-service bank and one of the largest banks established in the UAE. NBAD provides a range of banking and related financial services including shari'ah-compliant finance through an Islamic window and through its Abu Dhabi National Islamic Financial Company. NBAD has been listed on the Abu Dhabi Securities Exchange, the ADX, since the inception of the ADX in November 2000 (stock symbol NBAD).

NBAD's paid-up capital is AED 2.870 billion (USD 781.38 million) and shareholders' total rights are AED 26.389 billion (USD 7.18 billion), as at 31 December 2011. Ranked by assets and earnings NBAD is the second largest UAE bank with total assets of approximately AED 256 billion (USD 70 billion) and a market value of the bank's equity of AED 31.4 billion (USD 8.6 billion) as at 31 December 2011. NBAD employed 5,669 people as at 31 December 2011.

Mr. Michael H. Tomalin heads NBAD as its chief executive officer. He joined NBAD in 1999. With the supervision and guidance of the Board of Directors of NBAD, Mr. Tomalin led NBAD to its current status rated by Global Finance as one of the "World's 50 Safest Banks" and the "Safest Bank in the Middle East", three times consecutively as of 2011. NBAD has also been named the "Best Bank in the UAE" as of 2011 for three consecutive years and for the fifth time in a decade by Euromoney.

The members of the Board of Directors of NBAD as of 31 December 2011 are as follows:

H.E. Nasser Ahmed Khalifa Alsowaidi	Chairman
H.E. Dr. Jauan Salem Al Dhaheri	Deputy Chairman
H.E. Mohammed Omar Abdulla	Board Member
Mr. Khalifa Sultan Al Suwaidi	Board Member
Mr. Hashim Fawaz Al Kudsi	Board Member
Mr. David Beau	Board Member
Mr. Sultan Bin Rashed Al Dhaheri	Board Member
Sheikh Ahmed Mohammed Sultan Al Dhaheri	Board Member
Sheikh Mohammed Saif Mohammed Al Nahyan	Board Member
Mr. Matar Hamdan Al Ameri	Board Member

The Founder/Sponsor shall allocate various functions in respect of the Fund to NBAD internal departments specialised in such activities. The Founder/Sponsor shall appoint and remove advisers in respect of the Fund as required, including investment managers, shari'ah advisors, custodians, administrators, trustees, lawyers, auditors and any other service providers, and shall liaise with the Advisory Board and the concerned regulatory authorities, including the SCA.

The Founder/Sponsor, and/or members of its Associated Group, may decide to participate in the Fund either before or after the First Closing Date, and will do so based on the suitability of the Fund's Investment Objectives to the Founder/Sponsor's, and/or the members' of its Associated Group, risk profile and prevailing market conditions at the relevant time.

The Founder/Sponsor, in its capacities as Investment Manager and Registrar & Transfer Agent in respect of the Fund, will be entitled to the receipt of the relevant fees set out in Chapter 8 (Fees and Expenses).

CHAPTER 6: THE FUND'S SERVICE PROVIDERS

6.1 Investment Manager:

- 6.1.1 NBAD is the Investment Manager of the Fund, for further details of NBAD please refer to Chapter 5 of this Prospectus. The management of the Fund is carried out by NBAD's Asset Management Group ('AMG'), part of the NBAD Global Wealth Division, pursuant to a service level agreement between the Founder/Sponsor and the Investment Manager dated 25 April 2012 (the 'Investment Management Agreement'). AMG is currently one of the largest local mutual fund managers in the Middle East and North Africa supporting total assets, including non-discretionary mandates, in excess of AED 5 billion (USD 1.36 billion) as of 31 December 2011 and providing investment expertise through managing several regional and offshore funds and numerous portfolios and structured products for a range of institutional investors and high-net-worth individuals.
- 6.1.2 The AMG, being an internal department of the Founder/Sponsor, is not a separate legal entity and does not have its own share capital.
- 6.1.3 NBAD is licensed by the UAE Central Bank.
- 6.1.4 The role of the Investment Manager towards the Fund includes, but is not limited to, the following:
- a) to invest the Total Assets of the Fund in all such investments which comply with the Investment Guidelines;
 - b) to keep under continuous review investments in relevant markets and to analyse the same, whether generally or relative to particular investments; and
 - c) to borrow (on a Shari'ah compliant basis) on behalf of the Fund in accordance with the Investment Guidelines and to charge as security for such borrowings the Fund's assets.
- 6.1.5 The Investment Manager follows a robust investment process designed to deliver robust and repeatable performance in a risk-controlled fashion. The investment process takes a top-down approach to ascertain the macro framework, supplemented by in-depth "grass roots" analysis of individual positions in order to build portfolios. Trades are executed in the market using dedicated trading expertise and the Investment Manager's global network of contacts.
- 6.1.6 The Investment Manager is committed:
- a) to following its investment process while investing the Fund's assets;
 - b) exercising due care while managing the Fund's assets according to the manner that is expected from a person who is specialized in the investment management of funds of the type and size of the Fund and who has a wide experience in this field;
 - c) to take due care to avoid any act which may lead to a conflict of interest when investing the assets of the Fund, and not to obtain for itself, any member of NBAD's board of directors, its managers or employees any gains or privileges from the Investment Manager's operations in respect of the Fund; and
 - d) to adhere to all of the restrictions that are specified in the laws and regulations that are applicable in Abu Dhabi, and in particular those that are related to investment funds.
- 6.1.7 The Fund will be managed by the Investment Manager on the basis of the Investment Objectives and Investment Guidelines as the same may be varied from time to time subject to the prior approval of the Shari'ah Advisor and the SCA (upon due notification to the Investors), subject to the supervision of the Investment Manager's Investment Committee. The Investment Committee will initially consist of the following persons. The Investment Manager may from time to time supplement or replace members of the Investment Committee.

Members of the Investment Committee

Alan Durrant – Group Chief Investment Officer and General Manager of Asset Management Group. Mr. Durrant holds a degree in Economics from Loughborough University (Hons). He enjoys a wealth of experience gained from holding senior positions in a number of international and regional asset management and investment firms. Prior to joining the NBAD Asset Management Group, he was Head of Asset Management at Gulf Finance House in Bahrain from 2007 to 2009.

Mr. Durrant began his investment career in 1993 with Hargreaves Lansdown, one of the UK's leading investment brokers, culminating in his appointment as Investment Director. From 2004 to 2007, he was Chief Investment Officer and Chairman of the Investment Committee at Skandia Investment Management. During his tenure at Skandia, the group won the coveted Financial Adviser Multi-Manager of the Year Award for three consecutive years and was amongst the fastest growing fund management businesses in Europe. He had overall responsibility for asset allocation and investment selection across equities, fixed interest, property, private equity and alternative asset classes and personally managed assets of circa USD 10 billion.

Mark Watts – Head of Fixed Income at NBAD Asset Management Group. He is responsible for the Fixed Income business and Structured Products. He has over 24 years' experience in the fund management industry. Mr. Watts has a global fixed income and macro investment background and has been responsible for numerous currencies and emerging market mandates throughout his career. His most recent position was Head of Asset Management for a Qatari backed shari'ah-compliant bank based in London where he gained broad multi asset class experience spanning Equities, Commodities, Real Estate and Alternatives. He has served as the head of global fixed income at Aviva Investors, one of the largest insurers in the world and worked for 18 years at Baring Asset Management, a leading UK fund management group, in the UK and the US.

His experience also encompasses the field of Structured Products and he has regularly utilised derivatives on behalf of clients to protect investments and alter payoff profiles. Mr. Watts is a CFA charter holder, holds the Securities Institute and ISMA diplomas, and the Islamic Finance Qualification.

Saleem Khokhar – Head of Equities at NBAD Asset Management Group. He has over 21 years of experience in the Asset Management Industry.

Prior to joining NBAD Asset Management Group he was the Head of Asset Management Group at EFG - Hermes KSA (Riyadh, KSA) his role was to establish and run the asset management department of EFG - Hermes in Riyadh, Saudi Arabia. His overall responsibility was for equity selection, trading, financial modelling and buy side research. He was also responsible for mandates of EFG - Hermes Saudi Arabia Equity Fund (launch date June 2008), discretionary portfolios and advisory on the Saudi Arabia equity allocation of EFG - Hermes regional equity funds most notably the EFG - Hermes MEDA fund. Mr. Khokhar also worked in Saudi telecom Company (Riyadh, KSA) in International Mergers & Acquisitions. His role was to formulate M&A strategy and to identify and evaluate prospective mergers and acquisitions. Mr. Khokhar was also a Fund Manager with Abu Dhabi Investment Authority where he was responsible for equity selection, trading, financial modelling and buy-side research. Emphasis was placed on fundamental and technical analysis, modelling of individual stocks and presentations to the Board. Mr. Khokhar served as a Fund Manager with Mitsubishi UFJ (London, UK) for over 9 years, he was responsible at a micro level for individual equity selection and trading, currency and bond selection and trading, financial modelling, economic analysis and research.

Mr. Khokhar holds a BSc (Hons), ACA and AIIMR.

Dr. Gıyas Gökıent – Group Chief Economist at NBAD. He joined NBAD in June 2006. Dr. Gökıent's experience spans academia, insurance, and banking. More recently, Dr. Gökıent worked at the Strategic Planning Department of Garanti Bank, Turkey as an Economist where he also served as a

member of an advisory body for Volkswagen–Dogus Finance Company. Dr. Gökçent has also served as an active member of the banking sector advisory body at the Turkish Industrialists' and Businessmen's Association.

He has held a number of academic positions since 1997 in the US, Turkey, and the UAE. He had been an acting department head at Abu Dhabi University prior to joining NBAD.

Dr. Gökçent holds a Ph.D. in Economics from Florida International University and is a recognized expert in regional economics and the banking sector.

The members of the Investment Committee will meet and confer regularly and in any event no less frequently than quarterly. The Investment Manager may from time to time supplement or replace members of the Investment Committee. The quorum for Investment Committee meetings is a simple majority of those appointed to the relevant Investment Committee at the time. All decisions of the Investment Committee will be by a majority of those participating. The Investment Committee may make and record its decisions by circulation.

The Investment Manager shall be liable for any fees, other financial compensation or expenses related to the Investment Committee, and the Fund shall not be liable for them.

The Investment Manager may from time to time appoint suitably qualified advisers to the Investment Committee and may delegate and revoke powers of management in respect of assets of the Fund to such persons and on such terms and conditions as the Investment Manager sees fit and appropriate. The Investment Manager will not pass on any additional management fees, other than those set out in this Prospectus, to the Fund nor shall the delegation of powers absolve the Investment Manager from its fundamental management responsibilities, provided that the Investment Manager and the Investment Committee shall incur no liability in respect of any act or omission taken or omitted by such advisers unless due to the gross negligence or wilful misconduct of the Investment Manager or the Investment Committee.

6.1.8 The Advisory Board:

The purpose of the Advisory Board is to review the activities and performance of the Fund, including its investment strategy, and to make appropriate recommendations to the Investment Manager.

The Advisory Board consists of up to eleven (11) suitably experienced and independent persons nominated from time to time by the Investment Manager. The Advisory Board may include representatives from Founder Investors. The Advisory Board will initially consist of the following persons. The Investment Manager may from time to time supplement or replace members of the Advisory Board.

Sheikh Ahmed Bin Mohammed Bin Sultan Al Dhaheri, Director, ETISALAT, Director, National Corporation for Tourism & Hotels, Director, Abu Dhabi Aviation and Director, NBAD.

Khalaf Sultan Al Dhaheri, Chairman, ADNIF (Islamic Subsidiary of NBAD), Al Wathba Company for Central Services (AWCCS), and Islamic Financial Consultant (IFC), Board Member, Abu Dhabi Investment Company (Invest AD), and Al Rayan Bank-Doha, and Deputy Group Chief Risk Officer, NBAD.

Mahmood Al Aradi, Senior General Manager, Financial Markets Division, NBAD.

The Advisory Board will meet at least twice a year and more regularly if required, upon at least seven (7) days' notice. Advisory Board decisions may be effected by circulation so long as recorded in writing. The quorum for Advisory Board meetings is a simple majority of those appointed to the relevant Advisory Board at the time. All decisions of the Advisory Board will be by a majority of those participating.

The Advisory Board will also deal with and make decisions relative to circumstances in which the Investment Manager may be considered to have, or may actually have, a conflict of interest: for example, as between the different funds managed by the Investment Manager, when the Investment Manager will endeavour to act fairly in the context of both or all funds concerned. The functions of the Advisory Board include ensuring fairness and transparency for Investors in all matters relating to the Fund.

The Investment Manager shall be liable for any fees, other financial compensation or expenses related to the Advisory Board, and the Fund shall not be liable for them.

6.1.9 The Founder/Sponsor, and/or members of its Associated Group, may decide to participate in the Fund either before or after the First Closing Date, and will do so based on the suitability of the Fund's Investment Objectives to the Founder/Sponsor's, and/or the members' of its Associated Group, risk profile and prevailing market conditions at the relevant time.

6.1.10 Investment Manager Fees:

The Investment Manager Fees of 1% per annum of the NAV are payable quarterly to the Investment Manager by the Fund, calculated and accruing on a daily basis.

For details of other fees and expenses payable to the Investment Manager please refer to Chapter 8 (Fees and Expenses).

6.2 The Shari'ah Advisor:

Sheikh Nizam Yaquby has been appointed by the Founder/Sponsor as the shari'ah advisor to the Fund pursuant to a shari'ah consulting agreement between the Founder/Sponsor and the Shari'ah Advisor dated 13 February 2012 (the 'Shari'ah Consulting Agreement'). The Shari'ah compliance of the Fund's investments shall be determined and advised by the Shari'ah Advisor in accordance with the Shari'ah Consulting Agreement. The Shari'ah Advisor is a shari'ah scholar with expertise in Islamic investing.

The Shari'ah Advisor's role includes, but is not limited to, the following:

- a) to advise on the Shari'ah compliance of the Fund's investments;
- b) to issue an opinion, by way of a Fatwa, ruling or guidelines as to whether the investments of the Fund comply with Shari'ah;
- c) to make recommendations or issue guidance as to how the Fund's investments could be made Shari'ah-compliant;
- d) to determine in individual cases what form of security is appropriate to be held by the Fund;
- e) to advise on the purification of investments of the Fund to ensure Shari'ah compliance; and
- f) to provide regular reporting and undertake such other tasks and work as shall be agreed between the Investment Manager and the Shari'ah Advisor.

The Investment Manager will rely upon the Shari'ah Advisor's advice and guidance in using responsible endeavours to ensure that the Fund's investments are Shari'ah-compliant.

The Shari'ah Advisor will not be responsible for matters relating to:

- a) the management and supervision of the Fund, operations or other service providers (not pertaining to Shari'ah);
- b) the Shari'ah compliance of the Fund itself (as opposed to the Shari'ah compliance of the Fund's investments); or
- c) the application of UAE law.

The Investment Manager reserves the right to appoint more than one Shari'ah Advisor to form a Shari'ah Board who will collectively advise on the Shari'ah aspects of the Fund. Pursuant to the Shari'ah Consulting Agreement, the Fund shall pay to the Shari'ah Advisor an annual fee of USD 10,000 for the services performed. The annual fees shall be payable on a quarterly basis in arrears for each calendar year of service. The Shari'ah Advisor will also be reimbursed by the Fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties. Fees are subject to change over time due to market conditions.

Sheikh Nizam Yaquby

Sheikh Nizam Yaquby is one of the world's leading scholars in Islamic law with specialization in Banking and Finance. He has been trained in both traditional Islamic sciences by world-renowned Islamic scholars from many parts of the Muslim world, and modern Economics and Business and Finance (BA Economics and Comparative Religion from McGill University, Montreal, Canada).

He has participated in many forums and conferences around the world and lectured widely in his field. Besides his knowledge in Islamic law of Banking and Finance, Sheikh Nizam Yaquby is also one of the leading scholars and experts today in Arabic manuscripts, and has contributed to editing many original manuscripts.

Sheikh Nizam Yaquby is a member of numerous shari'ah supervisory boards for a number of financial institutions such as HSBC Amanah, Standard Chartered Saadiq, Abu Dhabi Islamic Bank, Al Hilal Bank and NBAD.

Sheikh Nizam Yaquby is a native of the Kingdom of Bahrain.

6.3 Distributors of the Fund:

National Bank of Abu Dhabi PJSC – All Branches

Abu Dhabi National Islamic Finance Pvt. JSC (ADNIF)

ADNIF is the Islamic subsidiary of the National Bank of Abu Dhabi PJSC having the vision to be the leading Shari'ah compliant Financial Institution in the region. Products at ADNIF include Murabaha, Ijara, Istisnaa and Trade Finance, as well as other selected Shari'ah compliant products. The Corporate and Commercial Division provides Islamic structured services through ADNIF-HO. Their clientele includes high-net-worth individuals, SMEs to MNCs, Government, Semi-Government and Oil Services. Customers are offered Shari'ah compliant products and services through Corporate, Retail, Treasury and Investment divisions which are managed by a dedicated team. ADNIF's Shari'ah Supervisory Board consists of three renowned scholars - Sheikh Nizam Yaquby, Professor Jassim Ali Salem Al Shamsi and Dr. Abdul Sattar Abu Ghuddah. Sheikh Nizam Yaquby has also been formally appointed as the Shari'ah Advisor for the Fund.

Abu Dhabi Financial Services Company L.L.C. (ADFS)

Abu Dhabi Financial Services Company L.L.C. (ADFS), a wholly-owned subsidiary of NBAD, is one of the top five primary brokerage service providers in the UAE.

ADFS commenced business in 1986 and has since evolved into an independent entity which is regulated by the SCA. The company is a market focused, process centered institution that offers retail, High-Net-Worth Individuals (HNWI) and both local and foreign institutional clients innovative and professional services across the brokerage business.

ADFS's trading platforms offer local and regional brokerage execution across the Local, GCC and MENA regions including:

- (a) Local - Abu Dhabi Securities Exchange and the Dubai Financial Market;
- (b) Regional – Saudi Arabia, Qatar, Bahrain; and
- (c) MENA – Cairo market through ADFS's affiliate, Abu Dhabi Securities Egypt.

In addition, ADFS offers clients the convenience of internet trading through its innovative and secure online trading platform.

6.4 The Custodian:

Deutsche Securities and Services, Dubai Branch has been appointed by the Founder/Sponsor as the Fund's custodian pursuant to a custody agreement between the Founder/Sponsor and the Custodian dated 26 October 2011 (the 'Multi Market Custody Agreement'). Deutsche Securities and Services is part of Deutsche Bank Aktiengesellschaft ('Deutsche Bank AG') and has no separate legal personality. Deutsche Bank AG's paid-up capital is Euro 2.37 billion (USD 3.18 billion) and shareholders' total equity is Euro 50.4 billion (USD 67.63 billion), as at 31 December 2010.

The Custodian will provide safe custody for the Fund's assets, which will be held under the control of the Custodian, and may in turn appoint sub-custodians as circumstances require.

The Custodian shall not have any investment decision-making role in relation to the Fund.

The Custodian's role includes, but is not limited to, the following:

- a) to be responsible for ensuring the preservation of the assets of the Fund, and for the collection of dividends and other distributions relative to the same, and for accounting for the foregoing;
- b) to settle relevant investments on behalf of the Fund;
- c) to open and operate separate bank account(s) for the Fund on the instruction of the Investment Manager; and
- d) on the instruction of the Investment Manager, to transfer from the Fund's available cash, the payment of liabilities and expenses of the Fund and to transfer the redemption amount to the Registrar & Transfer Agent for distributing the relevant amounts to Investors, whether on liquidation of the Fund or otherwise.

Custodian Fees: Pursuant to the Multi Market Custody Agreement, the Custodian will receive from the Fund fees for custodial services. The Custodian will also be reimbursed by the Fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties. A custody fee of a maximum of 0.0175% per annum will be paid to the Custodian based on the Fund's assets under custody in its Euroclear account. The fee shall be calculated and accrued on a weekly basis and payable to the Custodian on a monthly basis. In addition to the above the Custodian will charge USD 15 per settlement instruction. Fees are subject to change over time due to market conditions and based on the number of transactions.

6.5 The Administrator:

Deutsche Securities and Services, Dubai Branch has been appointed by the Founder/Sponsor to be the Fund's administrator pursuant to a fund administration agreement between the Founder/Sponsor and the Administrator dated 26 October 2011 (the 'Fund Administration Agreement'). The Administrator will have the responsibility for performing the day-to-day administration of the Fund, including the calculation of the NAV and the Unit NAV. Deutsche Securities and Services is part of Deutsche Bank AG and has no separate legal personality. Deutsche Bank AG's paid-up capital is Euro 2.37 billion (USD 3.18 billion) and shareholders' total equity is Euro 50.4 billion (USD 67.63 billion), as at 31 December 2010.

The Administrator's role includes, but is not limited to, the following:

- a) to maintain accurate books and records;
- b) to determine the NAV and the Unit NAV at any time;
- c) to maintain accounting records relative to the Fund (independently of those maintained for itself) treating the Fund as an independent investment unit and to procure that the Annual Report for the Fund is duly audited by the Auditor at the relevant time; and
- d) to do such other acts and things as may be necessary to fulfil the responsibilities and obligations of the Administrator pursuant to the Fund Administration Agreement, applicable laws or otherwise, relative to the Fund.

Administrator Fees: Pursuant to the Fund Administration Agreement, the Administrator will be compensated by the Fund for its services performed and the facilities and personnel provided by the Administrator. The Administrator will also be reimbursed by the Fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties. The current Administrator will be paid a fee which shall consist of a fixed sum of USD 10,000 as the initial set-up cost and a variable component of 0.06% based on total assets of the Fund under administration or USD 24,000 per annum, whichever is higher. Fees are subject to change over time due to market conditions.

6.6 The Legal Consultant:

The Investment Manager's legal consultant in respect of the Fund is Allen & Overy LLP, Abu Dhabi. Allen & Overy LLP is a limited liability partnership registered in England and Wales with registered number OC306763. It is regulated by the Solicitors Regulation Authority of England and Wales, and registered in Abu Dhabi by the Department of Economic Development of Abu Dhabi under registration number 1008705.

The Legal Consultant is legal adviser to the Investment Manager in respect of the Fund in relation to the laws of Abu Dhabi and the federal laws of the UAE.

6.7 The Auditor:

KPMG Lower Gulf Limited, Abu Dhabi has been appointed by the Founder/Sponsor of the Fund as the auditor for the Fund. The Auditor shall carry out an audit examination of the financial statements of the Fund as at the end of each financial year. The scope of the examination will be designed to enable the Auditor to report whether the financial statements present fairly in all material respects the Fund's financial position and the result of operations of the Fund in conformity with International Financial Reporting Standards.

The Auditor shall conduct a review of the Fund in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor'. A review is substantially lesser in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable the Auditor to obtain assurance that it would become aware of all significant matters that might be identified in an audit. The review will be conducted on a semi-annual basis.

Auditor Fees: The Auditor's fees will be borne by the Fund. The Auditor will also be reimbursed by the Fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties. The fees are currently set at a flat fee of approximately USD 14,000 per annum plus any out-of-pocket expenses. Fees are subject to change over time due to market conditions.

6.8 The Registrar & Transfer Agent:

The Securities and Fund Administration Services Department of NBAD has been appointed as the Fund's registrar and transfer agent pursuant to the service level agreement between the Founder/Sponsor and the Registrar & Transfer Agent dated 25 April 2012 (the 'Registrar & Transfer Agent Agreement'). The Registrar & Transfer Agent will be responsible for maintaining the Register, dealing with the Fund's subscription and redemption applications, and for communicating with Investors.

Registrar & Transfer Agent Fees: The Registrar & Transfer Agent will be compensated by the Fund for its services performed and the facilities and personnel provided by it. The fees are currently set at USD 25 per Investor as initial set-up cost. In addition to this the Registrar & Transfer Agent will receive an annual fee the higher of USD 10,000 or 0.05% of the NAV, and USD 5 for each transaction involving dividend distribution and processing. Fees are subject to change over time due to market conditions.

CHAPTER 7: RISK FACTORS AND CONFLICTS OF INTEREST

7.1 Risk Factors

Prospective Investors in the Fund should take into account, amongst others, the following Risk Factors:

7.1.1 No guarantee of return:

The Units represent an investment linked to the Middle East and North Africa and international fixed income and money markets. The price of Units and the income from them can go down as well as up and an Investor may not get back all of the initial investment. The Investor should, therefore, regard the investment as medium- to long-term. The value of an investment in the Fund may fluctuate. There is no guarantee nor can any assurance be given that the Fund will perform, that any other strategic objectives of the Fund will be achieved, or that the Investors will receive a return on part or all of their investment.

7.1.2 Risks relating to market events:

Investment in the Fund is subject to risks associated with the Middle East and North Africa and international fixed income and money markets in which the Fund invests. These risks include, but are not limited to, market risk, political risk, corporate risk and country risk as well as to risks arising out of unforeseen events (including changes in law and/or regulatory requirements) and acts of God, such as earthquake, fire or flood. An investment in the Fund involves a degree of risk. Such investment is suitable for persons who possess suitable financial means, and should not be made by any person who cannot afford the loss of his or her investment.

7.1.3 Investment in emerging financial markets:

To the extent the Fund may invest in sukuk or other Islamic securities and other transferable securities traded in a newly created or emerging financial market then the Fund may do so in the absence of detailed financial information and/or reporting in respect of the securities in question. The level of liquidity, volatility and the efficiency with which such markets operate is not necessarily of the order of more developed markets, nor do such markets necessarily operate in the same way as the more developed markets. Particularly liquidity in such sukuk or other Islamic securities may be low. In consequence of the foregoing the purchase or sale of certain sukuk or other Islamic securities may not be possible at the time the Fund wishes to deal and/or may involve dealing at unfavourable prices.

7.1.4 Clearing and settlement:

Clearing, settlement and share registration processes and procedures vary widely, and the same may affect the NAV and the liquidity of the Fund.

7.1.5 Investment restrictions:

There may be circumstances in which the Fund may not invest in particular Islamic instruments or securities, and where the purchase of the same may be impracticable. These circumstances may restrict investment opportunities for the Fund.

7.1.6 Medium-to long-term Investment:

An Investor who redeems Units after a short period should realise that the amount originally invested (by that Investor) in the Fund may be the subject of relevant charges and fees both at the time of subscription and redemption. Investors should view investment in the Fund as being one for (at least) the medium term.

7.1.7 Potential loss of investment:

The investment in the Fund is not a deposit or other obligation of the Investment Manager or any other financial institutions and is not guaranteed by the Investment Manager or any other financial institutions. An investment in the Fund is therefore subject to investment risks including the possible loss of the principal amount invested.

7.1.8 Risk of non-diversification:

Although it may be the policy of the Fund to diversify its investment portfolio, the Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

7.1.9 Risk of litigation:

The Fund's investment activities are subject to the normal risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgements will be borne by the Fund.

7.1.10 Cross-currency risk:

Investors should be aware that any investment in the Fund will be denominated in USD and therefore will be subject to any fluctuation in the rate of exchange between USD and the currency of the Investor's own jurisdiction. Such fluctuations may have an adverse effect on the value or income of an investment in the Fund.

As the Fund is investing in securities across the Middle East and North Africa and international fixed income and money markets there will be an increased exchange rate risk as the Fund is denominated in USD. Such fluctuations may have an adverse effect on the value or income of an investment in the Fund.

7.1.11 Default in payments from the Fund's investments:

The Fund's income will be derived in part from payments of profit on sukuk and other Islamic money market instruments. In some cases, the issuers of such instruments rely upon the receipt of payments from underlying obligors in order to make payments of profit. Adverse changes in the financial condition of the issuers, the underlying obligors or the borrowers under the loans, the sovereign entity, the industries or regions in which they operate or in general economic conditions may adversely affect their ability to make profit payments or other payments. Any defaults will have a negative impact on the NAV and will reduce the income that the Fund receives from its investments. A number of the Fund's investments may be either below investment grade or unrated. The risk that payments on the Fund's investments could be adversely affected by defaults on debt obligations may be increased to the extent that the Fund's investments are concentrated in any one industry, region or country (within the limits of the Investment Guidelines) as a result of the increased potential for correlated defaults in respect of a single industry, region or country.

7.1.12 Risk of borrowing:

The Fund may borrow (on a Shari'ah compliant basis) for a limited period in order to meet redemptions. The Fund may obtain the Islamic borrowing facility in a variety of ways, including pledging the assets of the Fund or using Islamic derivative instruments or short selling techniques. The amount of borrowing will vary and may at times be important in relation to the Fund's capital. Under certain circumstances, a lender may demand an increase in the collateral that secures the Fund's obligations and if the Fund were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the Fund's obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Fund's borrowings and the profit rates on those borrowings, which will fluctuate, may have a significant effect on the Fund's profitability.

7.1.13 Ownership of the Fund's assets:

The Fund is established in accounting terms in the books of the Founder/Sponsor of the Fund as separate and discrete sums of money managed and held by the Founder/Sponsor of the Fund for and on behalf of the Investors. Investors should note that efforts have been made by the Founder/Sponsor of the Fund to establish fiduciary relationships and duties with the Investors so as to endeavour to ring fence and protect the Fund from the effects of UAE insolvency laws. Investors have nevertheless to recognize that there is no established concept of trust under UAE law and

therefore despite the best efforts of the Founder/Sponsor of the Fund, courts may not rule for the assets to be protected from liquidators of the Founder/Sponsor of the Fund in the unlikely event of the Founder/Sponsor of the Fund becoming insolvent.

7.1.14 No independent legal counsel for the Investors:

The Investors will not be represented by the Legal Consultant in connection with any offer and sale of the Units. No independent legal counsel has been or will be retained to represent Investors. Prospective Investors should seek their own legal advice in relation to any investment or proposed investment in Units.

7.1.15 Market risk

Underlying sukuk prices may fluctuate due to adverse market movements. Such market risks, which can cause the value of the Fund's investments to fall or rise will be borne by Investors. The Fund will invest predominantly in the MENA sukuk market, which may be deemed immature and emerging and thus could display higher volatility characteristics and lower liquidity than wider international markets in conventional debt markets. The investments of the Fund will focus on sukuk with appropriate characteristics that offer an attractive level of income and some potential for capital gains in the medium term. The Investment Manager cannot give assurance that these goals will be achieved and Investors may receive back an amount which is less than that originally invested. The value of investments of the Fund may be influenced by many factors including, but not limited to dampened market sentiment, poor performing underlying investments of a sukuk issuer, unfavourable exchange rates and the general economic and political environment. There may be a situation where the investments of the Fund may not be readily realisable and no market may formally exist. It might therefore be difficult for an Investor to obtain reliable information about the value of the Fund's investments. While the sukuk market has grown significantly in recent years, Investors should note that there may be times when the market is illiquid and it is difficult to realise an investment. Thinly traded sukuk might have higher trading costs in comparison to conventional debt instruments. The imposition of restrictions by the Shari'ah Advisor and AAOFI standards may further limit the sukuk universe for investments of the Fund.

7.1.16 Credit risk

There may occur a fall in price of a sukuk directly resulting from the deterioration in the underlying health of the sukuk issuer or its guarantor. This risk can largely be mitigated by focusing a portfolio of investments on higher rated sukuk issuers but nevertheless remains subject to issues resulting from rating agencies lagging the market and being reactive.

7.1.17 Interest rate risk

If interest rates fall, the value of the Units will tend to rise as sukuk prices are inversely related to interest rates. If interest rates rise, the value of the Units will tend to fall. Depending on the Fund's holdings and overall portfolio duration, short-term interest rates can have a different influence on the NAV than long-term interest rates. For example, if the Fund invests primarily in sukuk with longer-term maturities, the biggest influence on the NAV will be the potential changes in the general level of long-term interest rates. And in the same way shorter-term interest rates influence the sukuk with short-term maturities.

7.18 Shari'ah risk:

Shari'ah compliance of the Fund:

Prospective Investors should note that a Fatwa does not address the Shari'ah compliance of the Fund, rather it addresses the Shari'ah compliance of the Fund's investments. Accordingly, there may be features of the administration and other aspects of the Fund that do not comply with the principles of Shari'ah.

Further, the ongoing guidance from the Shari'a Advisor and any Fatwas issued from time to time will relate solely to the Shari'ah compliance of the Fund's investments and not the Shari'ah compliance of the Fund itself.

Prospective Investors should consult their own shari'ah advisors as to whether the Fund is compliant with their individual standards of compliance with shari'ah principles.

Shari'ah compliance of the Fund's investments:

Prospective Investors should not rely on the Fatwa of the Shari'ah Advisor as to the compliance of the Fund's investments with Shari'ah in deciding whether to become an Investor. Prospective Investors should consult their own shari'ah advisors as to whether the investments of the Fund are compliant with their individual standards of compliance with shari'ah principles.

The investments of the Fund are to be "Shari'ah-compliant". This means that the investments will be selected on the basis, among other things, of Shari'ah and the Investment Manager and/or the Founder/Sponsor makes no representation or warranty, express or implied, as to how this selection process might have a positive or negative impact on the value of the investment or with respect to the performance of such Shari'ah compliance strategy. Shari'ah may require the Investment Manager to dispose of investments in circumstances that are less advantageous than might otherwise be the case.

Representation by Investors:

By becoming an Investor, each Investor shall be deemed to have represented that it is satisfied that the Fund and the Fund's investments do not and will not contravene shari'ah and that it will not claim any dispute on the grounds of shari'ah compliance of the Fund or the Fund's investments.

7.2 Conflicts of interest:

Due to the widespread operations undertaken by NBAD and its respective members of its Associated Group and agents, conflicts of interest may arise. In such circumstances the Investment Manager will use its best efforts to resolve any such conflict fairly and in the interests of the Investors.

The Advisory Board will deal with and make decisions relative to circumstances in which the Investment Manager may be considered to have, or may actually have, a conflict of interest: for example, as between the different funds managed by the Investment Manager, when the Investment Manager will endeavour to act fairly in the context of both or all funds concerned. The functions of the Advisory Board include ensuring fairness and transparency for Investors in all matters relating to the Fund.

Conflicts of interest relating to the investment of the Fund's assets may arise between the Shari'ah Advisor and the Fund. In the event that a conflict of interest does arise, the Shari'ah Advisor will endeavour, so far as he is reasonably able, to ensure that it is resolved fairly and that investment opportunities are allocated on a fair and equitable basis. Subject to the foregoing, the Shari'ah Advisor may effect transactions where those conflicts arise and shall not be liable to account for any profit, commission or other remuneration arising therefrom.

CHAPTER 8: FEES AND EXPENSES

The Investment Manager reserves the right to charge Investors for providing valuation reports (in respect of the Units held by an Investor) outside those which the Investment Manager will provide on a periodic basis and/or for the Investment Manager's provision of other services to Investors relative to the Fund. Following are details of the total fees and expenses relating to the Fund:

8.1 Subscription Fees:

Investors subscribing for Units will pay a subscription fee of up to 2% of the value of their subscribed Units to the Founder/Sponsor or relevant Distributor of the Fund in its own right at the time of subscription (the 'Subscription Fees').

8.2 Investment Manager Fees:

The Investment Manager will be paid a management fee of 1% per annum of the NAV that will be paid quarterly to it by the Fund, calculated and accruing on a daily basis (the 'Investment Manager Fees').

8.3 Redemption Fees:

No Redemption fees will be charged to Investors wishing to redeem Units of the Fund.

8.4 Switching Fees:

Investors will be allowed to switch once a year, for all their investments in all NBAD managed funds, with no fees charged. If switching between funds occurs more than once a year, only the first switch will be with no fees charged, while all other switches will be charged with 50% of the applicable redemption/subscription fees.

8.5 Expenses:

The Fund will bear all costs related to its proper setting-up, administration and operation, as determined by the Investment Manager. The following will be charged to the Fund:

8.5.1 Set-up costs will be amortized over a period as agreed by the Auditor and shall not amount to more than USD 200,000.

8.5.2 Ongoing costs will include costs relating to the purchase, holding or sale of investments, dealing and commission expenses, foreign exchange costs, bank charges, registration fees on investments, insurance and security costs, fees and expenses relating to audit, legal and other costs relating to the set-up, promotion, administration, amendment and operation of the Fund.

8.5.3 The Fund will also bear the costs of preparing, printing and distributing Annual Reports, Interim Reports and other notices and communications to Investors. Some of these costs may be depreciated over such period as the Investment Manager considers appropriate after consultation with the Auditor.

8.5.4 Shari'ah Fees: Pursuant to the Shari'ah Consulting Agreement, the Fund shall pay to the Shari'ah Advisor an annual fee of USD 10,000 for the services performed. The annual fees shall be payable on a quarterly basis in arrears for each calendar year of service. The Shari'ah Advisor will also be reimbursed by the Fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties. Fees are subject to change over time due to market conditions.

8.5.5 Administrator Fees: Pursuant to the Fund Administration Agreement, the Administrator will be compensated by the Fund for its services performed and the facilities and personnel provided by the Administrator. The Administrator will also be reimbursed by the Fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties. The current Administrator will be paid a fee which shall consist of a fixed

sum of USD 10,000 as the initial set-up cost and a variable component of 0.06% based on total assets under administration or USD 24,000 per annum, which-ever is higher. Fees are subject to change over time due to market conditions.

- 8.5.6 **Custodian Fees:** Pursuant to the Multi Market Custody Agreement, the Custodian will receive from the Fund fees for custodial services. The Custodian will also be reimbursed by the Fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties. A custody fee of a maximum of 0.0175% per annum will be paid to the Custodian based on the Fund's assets under custody in its Euroclear account. The fee shall be calculated and accrued on a weekly basis and payable to the Custodian on a monthly basis. In addition to the above the Custodian will charge USD 15 per settlement instruction. Fees are subject to change over time due to market conditions and based on the number of transactions.
- 8.5.7 **Registrar & Transfer Agent Fees:** The Registrar & Transfer Agent will be compensated by the Fund for its services performed and the facilities and personnel provided by it. The fees are currently set at USD 25 per Investor as initial set-up cost. In addition to this the Registrar & Transfer Agent will receive an annual fee of USD 10,000 or 0.05% per annum based on NAV which ever is higher, and USD 5 for each transaction involving dividend distribution and processing. Fees are subject to change over time due to market conditions.
- 8.5.8 **Auditor Fees:** The Auditor's fees will be borne by the Fund. The Auditor will also be reimbursed by the Fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties. The fees are currently set at a flat fee of approximately USD 14,000 per annum plus any out-of-pocket expenses. Fees are subject to change over time due to market conditions.

ANNEXURE 1: TEMPLATE SUBSCRIPTION AGREEMENT

NBAD Sukuk Income Fund Subscription Agreement

I/we, the undersigned applicant (the 'Subscriber'), declare that I/we have received and reviewed a copy of the prospectus (the 'Prospectus'), which is approved by the Securities and Commodities Authority in the United Arab Emirates on the date of 02 May 2012 under number 03/2012, regarding the establishing and managing of the NBAD Sukuk Income Fund (the 'Fund').

The words and expressions that are not defined in this Subscription Agreement shall have the meanings ascribed to each of them in the Prospectus.

The Subscriber wishes to apply to subscribe into the Fund in accordance with the terms and conditions of this Subscription Agreement and according to what is listed below:

The Subscriber wishes to invest an amount of USD _____ (the 'Subscription Amount'). (The minimum Subscription Amount is USD 500 and thereafter in multiples of USD 250 with no maximum limit).

The total payment: the Subscription Amount + Subscription Fees:

USD _____

In words: _____

Payment Instructions:

Name(s) of the Investor(s): _____

Telephone: _____ / Fax: _____ / Mobile: _____

E-mail: _____

Communication method with the Investor:

letter to the correspondence address fax E-mail. ('tick' as appropriate)

Debit my/our NBAD Account No.:

I/We authorize NBAD to credit any dividends/ payouts/ redemption proceeds to the above mentioned account.

Dividend Policy Instructions:

The Subscriber authorises the Investment Manager to distribute dividends in respect of the Fund to the Subscriber by way of the following method:

Dividend Payout; or Dividend Reinvestment. ('tick' one box as appropriate)

In support of this application, the Subscriber encloses the following with this Subscription Agreement:

- a) if the Subscriber is an individual person, a proof of identity such as an identity card that is issued by the United Arab Emirates or relevant passport(s) and any other documents to prove the identity as the Registrar & Transfer Agent may determine to be sufficient to prove the identity of the Subscriber(s); or
- b) if the Subscriber is a company or another legal entity, a certified copy of the certificate of incorporation (and any change of name) and the memorandum of association and the articles of association (or any other constitutional documents) and a copy of the commercial license or a power of attorney proving the powers vested within the authorized signatory on behalf of the company or other legal entity.

Important Note:

By signing this Subscription Agreement, the Subscriber undertakes to the Fund and the Investment Manager and the Founder/Sponsor of the Fund that it has reviewed the Prospectus and agreed to the terms and conditions of the Fund as set out in the Prospectus.

Terms and Conditions of the Subscription and the Allocation:

It is essential that the Subscriber has reviewed the Prospectus and obtained a specialized consultation concerning any of its terms which it does not understand. It is agreed that the subscription of the Subscriber in the Fund and the allocation of the Units to the Subscriber shall be subject to the following terms and conditions:

1. The Subscriber hereby warrants and undertakes to the Investment Manager and the Founder/Sponsor of the Fund the following:
 - a) the Subscriber is an Eligible Investor, and shall notify the Registrar & Transfer Agent and the Investment Manager immediately if it no longer remains an Eligible Investor;
 - b) the Subscriber has reviewed and understood the contents of the Prospectus including Chapter 7 (Risk Factors and Conflicts of Interest) prior to signing this Subscription Agreement, and the Subscriber agrees and undertakes to adhere to the terms and conditions of this Subscription Agreement;
 - c) the Subscriber has the required power, authority and legal capacity, and if the Subscriber is a company or other legal entity, the Subscriber must be duly incorporated and exist validly and legally in the jurisdiction where it was established, and that it has obtained all of the required authorizations, if any, for such company or such other legal entity to enter into this Subscription Agreement and to acquire the Units according to the terms and conditions of this Subscription Agreement and according to the Prospectus; and
 - d) the Subscriber has determined for itself that it is satisfied that both the Fund and the Fund's investments do not and will not contravene Shari'ah and will not raise any objections on the grounds of Shari'ah compliance of the Fund or the Fund's investments.
2. The Subscriber agrees and understands that the subscription to the Fund shall be subject to the provisions set out in the Prospectus, which are an integral part of this Subscription Agreement, and the following terms and conditions:
 - a) the minimum Subscription Amount is USD 500 and any additional subscriptions by the Subscriber shall be in multiples of USD 250;
 - b) each Investor shall pay to the Founder/Sponsor or relevant Distributor of the Fund Subscription Fees of up to 2% of the value of the Units that it has subscribed for according to the Subscription Amount as set out above in this Subscription Agreement, and which shall be due at the time of the subscription;
 - c) the Investors' records shall be maintained by the Registrar & Transfer Agent. The records of the Investors set out in the Register shall be the sole definitive evidence of ownership of Units. The Investment Manager shall not acknowledge any procedure relating to the ownership of Units or to any transfer of the ownership of Units unless the procedure or transfer is carried out according to the provisions of the Prospectus and this Subscription Agreement;
 - d) the Units shall be non-transferable, subject to the exception that it shall be permitted to transfer Units by an Investor of the Units only in the circumstances set out in the Prospectus, which are inheritance, gifts, transferring the ownership to relatives of first degree, judicial rulings and in the cases where the Investment Manager deems it necessary after obtaining the approval of the relevant authorities. If the Investment Manager agrees to such a transfer, the transferring of such ownership shall be done appropriately and in the form and content acceptable to the Investment Manager and in a manner that does not contradict the Prospectus or this Subscription Agreement;

- e) all of the limitations, restrictions, and provisions that are set out in this Subscription Agreement and in the Prospectus which are related to the transfer and the registration of transfer of the Units shall apply to any transfer of the Units, or any transfer of the Units due to operation of law or in executing a court order;
 - f) subject to the below, any individual person or legal entity which becomes eligible to own Units in the Fund as a result of the death or bankruptcy of any owner of the Units or due to operation of law or a court order, and based on any evidence that is presented as legally required by the Investment Manager, shall be permitted to apply to the Investment Manager in writing to register itself as an owner of the Units;
 - g) any individual person or legal entity which becomes eligible to own Units as a result of the death or bankruptcy of any owner of the Units or due to operation of law or a court order, in respect of the Units, shall not have the right to exercise any of the rights or privileges of the owner of the Units until that individual person or legal entity is registered as the owner of the Units in the Register; and
 - h) this Subscription Agreement shall form an irrevocable offer by the Subscriber for subscribing for the Units that are set out herein. The Investment Manager shall have the right in its sole discretion to make the determination in accepting or rejecting this offer for subscription, wholly or partially, and it shall not have any obligation to provide reasons before or after receiving the Subscription Amount and making the allocation of Units to and for the owner of the relevant Units as shall be determined by the Investment Manager in its sole discretion. The Subscriber shall not have the right to demand any compensation in any form for the acts that are taken by the Investment Manager or for the period or the results of the allocation. In the event the Subscriber is not satisfied with the results of the allocation, it shall have the right to withdraw its entire subscription. This offer for subscription in the Units, if accepted by the Investment Manager, shall form a legally binding and enforceable agreement between the Subscriber, the Investment Manager and the Founder/Sponsor of the Fund.
3. At the time of executing this Subscription Agreement, the Subscriber accepts and declares that it is aware of the following:
- a) there is no secondary market that is established for the Units at the time of the subscription, and the Units were not and will not be registered or listed in any stock market in any country; and
 - b) transferring of Units shall be permitted only in the cases that are referred to above, by providing a notification of transfer to the Investment Manager and by obtaining the prior written approval of the Investment Manager, and the transferee validly completing and signing a transfer agreement in form and content acceptable to the Investment Manager, and which shall contain undertakings, guarantees, and agreements that are similar to those that are set out in this Subscription Agreement. The Subscriber understands that the Investment Manager reserves the right, according to its sole discretion, in making a decision to reject any proposed transfer of Units without providing any reasons.
4. The Subscriber explicitly and irrevocably appoints the Investment Manager to act as attorney for the Subscriber, and authorizes the Investment Manager in its capacity as the Investor's attorney to invest the following, subject to the provisions of the Prospectus: (A) the money that is subscribed by the Subscriber hereby in addition to the money that is subscribed by the other Investors, and (B) the income which results from those investments.

Without limitation to the above, the Investment Manager shall be authorized and empowered to do and conduct the following on behalf of the Subscriber:

- a) to represent the Subscriber as an Investor in all matters before all authorities, departments, and competent regulatory and governmental agencies;
- b) to invest the assets of the Fund and the income that results from the assets of the Fund for the benefit of the Investors;

- c) to review the performance of the Fund's assets on behalf of the Investors;
 - d) to the extent that is reasonably possible under the law, to protect the assets of the Fund and the interests of the Investors in the assets and as investors in the Fund;
 - e) if necessary, to obtain financing from banks on behalf of the Investors within the limits and for the purposes that are specified in the Prospectus and the assets of the Fund may be charged as security for such financing;
 - f) to take all necessary actions in relation to the ownership of the Fund and to own and/or manage and/or act in the assets;
 - g) to present before any court or any other competent authority and to appoint attorneys regarding the claims and the demands that arise out of or those that are related to the ownership of the Fund or the assets of the Fund;
 - h) to appear before the competent authorities and to accept and sign the agreements of sale and/or disposal and/or security documents and/or transfers and any other documents and instruments that are related to owning or selling or taking any other action in relation to the assets of the Fund;
 - i) to deal with and authorize and appoint attorneys to deal with the claims and the demands that are related to the ownership of the Fund and/or the assets of the Fund; and
 - j) to do all such other necessary acts, actions, matters that are consequential to those which have been mentioned above.
5. The Subscriber agrees that it is not required by the Investment Manager to take any legal action or legal procedures unless it is fully indemnified by the Fund or by the Investors.
 6. The Subscriber authorizes and empowers explicitly and irrevocably the Founder/Sponsor of the Fund, the members of the Investment Committee and the Advisory Board to exercise the authorities and to take the actions that are set out in the Prospectus.
 7. The Subscriber authorizes and empowers explicitly and irrevocably the Shari'ah Advisor, the Custodian, the Administrator and the Registrar & Transfer Agent and any other service providers to exercise the authorities and to take the actions with the duties that are set out in the Prospectus.
 8. The Investment Manager, the Founder/Sponsor of the Fund, the members of the Investment Committee and of the Advisory Board, the Shari'ah Advisor, the Custodian, the Administrator and the Registrar & Transfer Agent shall not bear any responsibility with regard to taking any action or refusing to take any action that is made because of reliance on any document, which is believed in good faith to be true or signed by authorized persons contrary to the reality.
 9. The Subscriber agrees and undertakes to ratify and to commit to all decisions that are made by the Investment Manager or the Founder/Sponsor of the Fund within the limits of the Investment Guidelines and observing the interests of Investors in accordance with the Prospectus, including as an example, but not limited to, the decisions that are related to the following:
 - a) terminating and liquidating the Fund;
 - b) timing and manner of owning and/or selling and/or taking action with respect to the assets of the Fund;
 - c) restructuring the ownership of the Fund to protect the interests of the Investors; and
 - d) the type, nature, location, and value of the assets of the Fund.

10. Only the Subscriber which is referred to in the first page of this Subscription Agreement or the individual person or the legal entity that is registered in the Register (except in the case of a joint account and according to the conditions that are mentioned in the term below) shall be considered by the Investment Manager as the absolute owner and the beneficiary of the Units that are allocated in accordance with this Subscription Agreement and:
 - a) the Investment Manager shall have the absolute authority in respect of all amounts payable and payments that are paid to that individual person or legal entity and according to the limitations that are specified in the Prospectus; and
 - b) the Investment Manager shall commit, within the Investment Guidelines, to act upon the instructions of such individual person or legal entity.
11. Conditions and terms of the joint account:
 - a) the ownership of the joint account among the Subscribers that are referred to in the Payment instructions which are set out at the beginning of this Subscription Agreement shall be on an equal basis among the Subscribers unless an agreement is made otherwise and according to separate instructions issued and signed by the Subscribers and delivered to the Registrar & Transfer Agent to register them among the terms and conditions of this Subscription Agreement;
 - b) subscription for the Units shall be made by the Subscribers in person, and no authorization issued by another of the Subscribers to subscribe shall be accepted;
 - c) the Subscribers for the Units shall be dealt with in the same way, and the Subscribers shall commit to the terms and conditions that are referred to in this Subscription Agreement;
 - d) the instructions on how to manage the Units by the Subscribers are as follows:
 - i) by all of the Subscribers; or
 - ii) by appointing one of the Subscribers on behalf of all of the Subscribers: _____;
 - e) the other Subscriber(s) shall be notified by the Investment Manager regarding any procedure of sale or purchase of the Units; and
 - f) in case of death or loss of eligibility of any of the Subscribers, the other Subscriber(s) shall notify the Investment Manager about the incident of death or loss of eligibility within ten (10) Business Days from that date. Then, any management operations regarding the Units or redemption shall be withheld until presentation of a court order or an inventory of inheritance which is duly attested to the Investment Manager for making the transfer of Units. Then, the Subscriber(s) who is still alive shall receive his share of the Units, while the share of the deceased Subscriber or Subscriber with loss of eligibility shall be distributed according to the court order or the inventory of inheritance.
12. This Subscription Agreement and the Prospectus shall be subject to the laws of the Emirate of Abu Dhabi and the federal laws of the United Arab Emirates, and the United Arab Emirates federal courts of law shall be the competent authority to settle all disputes or conflicts that arise due to or out of or in connection with this Subscription Agreement and/or the Prospectus.
13. The Subscriber undertakes to provide any other documents that the Investment Manager requests reasonably on behalf of the Fund.

Signature

Signing is made by/in the name of and on behalf of:

The Subscriber/authorized signatory (for legal entities)

Name: _____

Signature: _____

Capacity of the authorized signatory (for legal entities): _____

Date and place: _____

The joint Subscriber:

Name: _____

Signature: _____

Date and place: _____

The joint Subscriber:

Name: _____

Signature: _____

Date and place: _____

FOR BANK USE ONLY:

I/we hereby confirm that i/we explained the product to the investor, based on the terms and conditions set in the prospectus for NBAD Sukuk Income Fund.

Staff Name: _____ Title: _____

Contact Number: _____ Date: _____

ANNEXURE 2: TEMPLATE REDEMPTION NOTICE

NBAD Sukuk Income Fund Redemption Notice

To:
Securities and Fund Administration Services Department
National Bank of Abu Dhabi PJSC
9th Floor, Khalidiya Branch Office Building
Tariq Bin Ziyad Street
P.O. Box: 6865, Abu Dhabi, United Arab Emirates
Tel.: +971-26161906
Fax: +971-26396851

I/we _____ an Investor which is registered under Investor number _____ with the number of _____ Units in the NBAD Sukuk Income Fund (the 'Fund'), would like to redeem the number of _____ Units in the Fund at the redemption price at the Valuation Point for the NAV Day which follows receipt of this Redemption Notice by the Registrar & Transfer Agent provided that this Redemption Notice has been sent to the Registrar & Transfer Agent by the Cut-off Date, i.e. not less than one (1) Business Day before the relevant NAV Day.

The words and expressions that are not defined in this Redemption Notice shall have the meanings ascribed to each of them in the prospectus of the Fund (the 'Prospectus').

Instructions for Redemption:

Please transfer the money to my/ our NBAD account No.: _____
The above mentioned banking details must be in the name(s) of the registered owner(s) of the Units.

Notes:

1. If this Redemption Notice is not completed correctly, it may be rejected by the Registrar & Transfer Agent or the Investment Manager provided that the rejection is based on reasons that do not contradict with the conditions of redemption set out in the Prospectus.
2. The Units that were subscribed for during the Initial Subscription Period shall not be redeemable before the First Closing Date, and this redemption may occur from the first NAV Day following the First Closing Date.
3. When sending the Redemption Notice by fax, the original Redemption Notice must be sent by post, and the redeemed amount shall not be paid if the original is not received. The Registrar & Transfer Agent and the Investment Manager shall not bear any responsibility for any loss due to non-receipt of the original Redemption Notice.
4. A joint application for Redemption Notice must be signed by all the owners of the Units in case of having more than one owner in order for the Redemption Notice to be valid unless there were instructions stipulating otherwise within the terms and conditions of the joint account in the Subscription Agreement. Investors that are companies or other legal entities must submit the Redemption Notice signed by all parties who are authorized signatories along with a certified copy of the trade license.
5. In case of having a power of attorney, it must be attested before a notary public, and it must be stipulated in it that the attorney is permitted to submit a Redemption Notice and to sign it, and a copy of the power of attorney must be provided along with the Redemption Notice and a declaration by the attorney that the power of attorney is valid and that it has not been cancelled by the grantor.
6. If the number of Units is not specified, all of the outstanding Units (including the Units that were obtained through reinvesting, if any) shall be redeemed.

7. The approved currency for paying the net value of the redemption of the Units is USD. In case of making the redemption in a currency other than the approved currency, the net value of the redemption shall be used in the foreign exchange transactions. The Investor must be aware that the value of the currency and the time of the transfer will affect the exchange price. The Registrar & Transfer Agent and the Investment Manager shall not bear the responsibility for any losses that may be incurred due to fluctuations in the values of currencies.
8. The date of redemption shall be _____ or in the case that that date is not a Business Day, it shall be the Business Day which is either preceding or subsequent to that date as determined by the Investment Manager or Registrar & Transfer Agent and notified to Investors in advance.
9. No Redemption Fees will be charged to the Investors for redeeming units of the Fund.
10. The redemption value of the redeemed Units shall be paid within five (5) Business Days from the relevant weekly NAV Day.

Name of the signatory(ies) _____

Signature(s) _____

Date: _____

FOR BANK/DISTRIBUTOR USE ONLY

() Accepted () Not Accepted [Reason for Rejection] _____

Value Date of Redemption _____

Branch Signature _____

Redeemed at Unit Price _____

Value of Redeemed Units _____

Less Redemption Fees (if any) _____

Less Loan/Accrued Interest (if any) _____

Net Proceeds _____

Registrar Signatures _____



Asset Management Group

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