

# THARAWAT SUKUK FUND INFORMATION SHEET



## The Fund

The Fund is a Sharia'a compliant open-ended Exempt Collective Investment Undertaking (CIU). The Fund is domiciled in Bahrain and is established as an absolute return fund focusing on Sukuk and similar instruments with its primary focus on the GCC region. Units are offered to Accredited Investors only.

## Investment Objective and Strategy

The Fund's investment objective is to generate returns by investing in a diversified portfolio of Sharia'a compliant income-producing Sukuks, investments and securities. The Fund will invest across the entire spectrum of MENA Islamic financial instruments. The Fund has no benchmark and will pursue an absolute return (total return) strategy with initial targeted profits of 2 percent above 3 month USD LIBOR per annum. The Fund intends to maximize total investment profit, consisting of a combination of income, capital appreciation and currency gains, consistent with prudent investment management.

## Investment Rationale

The Sukuk segment is the fastest growing segment of the Islamic finance market. The demand for Sukuk by non-Islamic financial institutions resulted in a flurry of Islamic securitization transactions, with the issuance of Sukuk increasing seven fold from USD 7.2 billion in 2004 to approximately USD 50 billion as of 2008. However, due to the international financial crisis, lower lending activity and lack of liquidity, international investors sold off their Sukuk holdings in a fire sale and at a deep discount. The rapid sell-off resulted in a number of Sukuk issues trading at attractive yields to maturity. The fund aims to capture this opportunity and to deliver it to its investors.

Going forward, as global financial markets stabilize and liquidity returns to the market, Sukuk yields should return to historically normal levels and the high yields currently being experienced will moderate. However, on a risk-reward basis, Sukuk will continue to offer attractive and safe returns in comparison to other asset classes.

## Minimum Investment Amount and Further Increments

The minimum investment by investors is USD100,000 and thereafter in increments of USD 10,000.

## Distribution Policy

Some or all income received from Investments of the Fund may be distributed to Unit holders on a semiannual basis. Unit holders will have the choice to receive the distribution in cash or through issuance of additional Units based on Unit valuation as of the Valuation Date.

## Redemptions

Subject to a six-month initial lock up period and on a best efforts basis, the Unit holders may request the Fund Company to redeem their Units on a monthly basis.

## Management Fee

1.5% per annum calculated on monthly Net Asset Value in arrears.

## Performance Fee

20% per annum of returns exceeding 2% above 3-month USD Libor as published by the British Banker's Association.

## The Investment Manager & Seed Investor

Tharawat Investment House B.S.C. (closed) is the Investment Manager and a seed investor in the Fund. Tharawat has committed seed capital to the Fund in an amount not less than USD 5,000,000.