

TEMPLATE OF OFFERING MATERIALS FOR A NON-EXEMPT FUND



AFSA

Astana
Financial
Services
Authority

June 2023

Disclaimer

This TEMPLATE OF OFFERING MATERIALS FOR A NON-EXEMPT FUND (this “**Template**”) provides information on requirements applicable to Non-Exempt Funds in the Astana International Financial Centre (“**AIFC**”) and should be read in conjunction with the relevant legislation. This Template does not cover other requirements as set out in the relevant legislation. The Astana Financial Services Authority (“**AFSA**”) makes no representations as to accuracy, completeness, correctness or suitability of any information contained in this Template and will not be liable for any error in or omission to this Template. Information in this Template is not to be deemed, considered or relied upon as legal advice and should not be treated as a substitute for specific advice concerning any individual situation. AFSA is not liable for any losses and damages arising directly or indirectly in connection with the use of or reliance on information provided in this Template.

Introduction

The purpose of this Template is to provide existing and prospective Fund Managers with an understanding of content requirements applicable to a Collective Investment Scheme (“CIS”) in the AIFC, namely, the content requirements for the Offering Materials of a Non-Exempt Fund.

There are some matters in this Template which may or may not apply depending on the specific situation, CIS characteristics and other miscellaneous matters, so this Template should be read in conjunction with the AIFC requirements and rules relating to each specific case. For the purpose of this Template, the terms “CIS”, “Fund(s)” and “Non-Exempt Fund(s)” may be used interchangeably.

Collective Investment Scheme Legislation

Existing and prospective Fund Managers planning to establish and manage Funds in the AIFC must familiarise themselves and comply with certain requirements and rules, including, but not limited to the following:

- AIFC Financial Services Framework Regulations
- AIFC General Rules
- AIFC Conduct of Business Rules
- AIFC Collective Investment Scheme Rules (“CIS Rules”)
- AIFC Prudential Rules for Investment Firms
- AIFC Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Rules
- AIFC Companies Regulations
- AIFC Companies Rules
- AIFC Market Rules (for Funds listed on an Authorised Investment Exchange)

In addition, in respect of Non-Exempt Funds:

- The Units or other securities of a Non-Exempt Fund may not be Offered prior to the effective date of registration of that Non-Exempt Fund under the CIS Rules.
- Copies of any Offering Materials relating to a Non-Exempt Fund must be filed with the AFSA prior to their use (including any amendments to those Offering Materials) and must comply with the content requirements for Offering Materials specified by the CIS Rules.

Template of Offering Materials

The main content requirements are the same for all Funds, but each set of Offering Materials will be assessed on its own merits depending on the nature, scale and complexity of the Fund. In general, each set of Offering Materials must be clear, fair and not misleading.

Offering Materials represent a marketing document offered/circulated among potential investors which must allow them to make informed and weighted decision based on their investment objectives, risk appetites and sophistication. In this regard, Offering Materials should be written in detail and extensively to help investors make an investment decision, and Offering Materials should comprehensively disclose information with a sufficient level of detail in order to significantly assist potential investors in making an informed investment decision. It should be noted that Offering Materials for Non-Exempt Funds must have a greater degree of disclosure and detail, be more extensive and user-friendly, compared to Offering Materials for Exempt Funds, taking into account that in most cases retail investors do not possess relevant knowledge and experience of investing in Funds and/or may lack understanding of the financial sector as a

whole. Offering Materials should cover all aspects of the engagement between the Fund Manager, Fund and Investors.

The Offering Materials shall not contain any provisions unfairly prejudicial to the interests of shareholders/unitholders generally or to the shareholders/unitholders of any class of shares/units. Fund Managers shall ensure that (i) the Offering Materials do not contain any provision that conflicts with any applicable law and (ii) the Offering Materials do not contain any untrue or misleading statement or fail to include any matter required by applicable law.

Offering Materials may contain diagrams and graphics illustrating corporate structures, business process flows, governance arrangements, organisational design, clear reporting lines, control and IT systems and environments and other relevant aspects of the Fund.

Usually, Offering Materials' components can be summarised as follows (described in more detail in "Offering Materials checklist" and "Non-Exempt Fund Offering Materials Template" below):

- Summary information about and history of the Fund
- Products/services offered by the Fund
- Share/units offering details
- Management overview
- Deal structure
- Revenue allocation
- Financial information
- Risks associated with investments
- Exit strategy

Offering Materials checklist

No.	Content Requirements	Details/Clarifications
1	Opening statements	Statements should be displayed on the front page as required by rule 5.3(h) of the CIS Rules.
2	Table of Contents	Offering Materials should be structured by substance and be easy to navigate.
3	Definitions and Interpretations	Detailed explanations of all terms, abbreviations and technical/financial terms should be written in an understandable fashion.
4	Executive Summary	<p>Overview of the main details of the Fund may be given, including, but not limited to:</p> <ul style="list-style-type: none"> • Name of the Fund and its details (legal form, type, class, duration, size, base currency) • Key details of the Fund Manager • Description of the investment activities to be undertaken by the Fund.
5	Amendments to Offering Materials	Description of cases when and how the Offering Materials may be amended.
6	Investment objective/strategy/policy of the Fund	<p>Investment objective/strategy/policy should be described in detail, including type of investments, allocation of investments, restrictions applicable, whether investments may be made in other Funds and whether derivatives or stock lending/short selling may be used, procedures for amending the investment objective/strategy/policy, consequences and measures of breaching investment objective/strategy/policy.</p> <p>Description of Fund's valuation procedures for investments, including techniques, software, methodology, frequency of pricing and other investment related aspects should be described in detail.</p> <p>Please note that all terms should be explained in detail, including definitions of financial terms.</p>
7	Associated risks	Detailed description of all applicable risks of investing into Fund's Shares/Units should be

		provided in an understandable fashion.
8	Fees, charges and expenses	Description of all fees, charges and expenses and the maximum amounts thereof which are directly/indirectly borne by Shareholders/Unitholders. The entire structure of the fees, charges and expenses should be presented, along with calculations/formulas used.
9	Borrowing	Description of circumstances in which the Fund may use leverage, types and sources of leverage, associated risks, restrictions on use of leverage, collateral and asset reuse arrangements and maximum level of leverage.
10	Fund Shares/Units	<p>Description of each class of Shares/Units, rights attached to each class of Shares/Units, restrictions on the right to redeem Shares/Units, circumstances when Shares/Units may not be issued, details on responsible parties which will carry out calculation, transfer, allocation and distribution of income for each class of Shares/Units.</p> <p>Description of Fund's valuation procedures, including techniques and software used, frequency of valuation and others.</p> <p>Description of procedures for redemption/exchange of Shares/Units in both normal and exceptional circumstances.</p> <p>In case preferential treatment is given for certain class of Shares/Units, detailed description of such procedure.</p>
11	Fund Manager and Third-Party Service Providers	Names of the Fund Manager and Third-Party Service Providers as well as their credentials.
12	Listing of the Fund's Shares/Units	If the Fund is a Listed Fund, description of the listing arrangements and procedures for issue/sale of Shares/Units.
13	Client Money and Investments	Description of protection mechanisms, contractual arrangements for safekeeping and accounting methods and instruments employed.
14	Distribution policy	Description of distribution policy, waterfall, periodicity of distribution and types (dividend, re-investment, etc.).



15	Communication matters	Description of investor communication policy, procedures, channels, reporting, forms of communication and complaints handling.
16	Record-Keeping Policy	Description of record-keeping policy, types of info to be recorded and their retainment periods.
17	Other significant details and matters	<p>Description of all other matters which are not covered by the above points but (i) which are required to be included in the Offering Materials pursuant to rule 5.3 of the CIS Rules and (ii) that are important to the Fund’s operations and its Shareholders/Unitholders.</p> <p>These include, <i>inter alia</i>, the following matters:</p> <ul style="list-style-type: none"> • Description of material contracts entered into by the Fund; • Details on the availability of the Annual Report of the Fund; • Details on the net asset value and historical performance of the Fund; • Details of any arrangements made with a prime broker that acts for the Fund; • Details on the life of the Fund, the ability to terminate the Fund and the process by which the Fund may be terminated; • Details relating to a Foreign Fund (if applicable); • Details on how Shareholders/Unitholders will be notified of any material changes to the Offering Materials and details on how the Offering Materials will be provided in the English language and any other languages.

NON-EXEMPT FUND OFFERING MATERIALS TEMPLATE

THIS TEMPLATE IS A BASIC TEMPLATE STRUCTURED FOLLOWING THE SEQUENCE OF CIS RULES REQUIREMENTS AND CAN BE RESTRUCTURED/REARRANGED AS APPROPRIATE/REQUIRED SUBJECT TO THE MAKING OF ALL DISCLOSURES REQUIRED UNDER THE CIS RULES

[Name of fund manager], in its capacity as the fund manager of the Fund (as defined below) (the “Fund Manager”), is responsible for the information contained in this document. To the best of the knowledge and belief of the Fund Manager (who has taken due care to ensure that such is the case) the information contained in this document is accurate and does not contain material omissions likely to impact on the accuracy of the information provided in these Offering Materials. [Name of fund manager] has prepared these Offering Materials solely in its role as Fund Manager.

[Full name of the fund] (the “**Fund**”) is a Non-Exempt Fund. The Fund is organised as a [*describe type of company or organisation which the Fund is*], registered under the AIFC Collective Investment Scheme Rules (the “**CIS Rules**”). The Fund is registered and located at [*insert details of registration and location*]. As of the date of these Offering Materials, the Fund has [number] [Share]/[Unit] classes. [*also refer to any sub-funds if the Fund is an umbrella fund, and refer to the relevant details for each sub-fund in annexes to the Offering Materials*]. [The Fund may establish [further Sub-Funds in the future and may also establish] further [Share]/[Unit] classes [in relation to each of its Sub-Funds] at any time [which may also be denominated in different currencies].]

[insert full name of the Fund]
OFFERING MATERIALS

[insert date of Offering Materials]

IMPORTANT REGULATORY DISCLOSURE STATEMENTS:

These Offering Materials relate to a Non-Exempt Fund in accordance with the CIS Rules.

The Astana Financial Services Authority has no responsibility for reviewing or verifying any offering materials, particulars or other documents in connection with the Fund. Accordingly, the Astana Financial Services Authority has not reviewed, nor taken any steps to verify, this document, the information it contains, or any other documents relating to the Fund and has no responsibility for it. The securities to which this document relates may be illiquid or subject to restrictions on their resale, prospective purchasers should conduct their own due diligence. If you do not understand the contents of this document, you should consult an authorised financial adviser.

This document is a part of a financial promotion of the Fund. The full package of the Fund's financial promotion includes:

- A. [Constitution] and/or [Articles of Association] and/or [Partnership Agreement] and/or [Shareholders Agreement]
- B. Offering Materials**
- C. *[list out any other financial promotion documents, e.g., subscription agreement, investment management agreement, share certificate, fund valuation policy and procedure, etc.]*

[insert full name of the Fund]
OFFERING MATERIALS

IMPORTANT NOTICE
PLEASE READ THESE OFFERING MATERIALS THOROUGHLY BEFORE CONSIDERING
INVESTMENT

[consider including information on onboarding of clients/investors by disclosing procedures and requirements for classification of applicants as clients/investors including by referencing applicable laws, describing assessment processes and listing required documents and information of applicants]

Reliance on Offering Materials

In accordance with the CIS Rules, these Offering Materials will expire on [date] at which date the Fund Manager intends to replace this with an updated version. No [Shares]/[Units] in the Fund will be issued on the basis of these Offering Materials after such expiry date.

The information contained in these Offering Materials will be supplemented by the financial statements and further information contained in the latest annual report of the Fund, copies of which may be obtained free of charge from [*describe physical location and website from where this information can be obtained*].

Recipients of these Offering Materials should not interpret any financial information contained herein as a promise of the performance of the Fund. The Fund and the Fund Manager cannot (and do not) guarantee the performance or success of the Fund. Each prospective investor should carefully review the risks associated with an investment in the Fund, which are summarised in the section of these Offering Materials headed "Risk Factors".

Restrictions on Distribution, Promotion and Subscription

The distribution of these Offering Materials and the offering of [Shares]/[Units] in certain jurisdictions may be restricted and accordingly persons into whose possession these Offering Materials may come are required by the Fund and the Fund Manager to inform themselves of, and to observe, any such restrictions.

These Offering Materials do not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

It is the responsibility of any person or persons in possession of these Offering Materials and wishing to make application for [Shares]/[Units] to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective subscribers for [Shares]/[Units] should inform themselves as to all legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Investment Considerations

Investment in the Fund carries substantial risk. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Prospective subscribers should carefully

consider whether an investment in [Shares]/[Units] is suitable for them in light of their circumstances and financial resources (see further under “Risk Factors” below).

Annexes

The Annexes to these Offering Materials form an integral part of these Offering Materials.

TABLE OF CONTENTS

[fill in the table of contents]

Title	Pages
[•]	[•]
[•]	[•]

DEFINITIONS AND INTERPRETATIONS

The following terms have the meaning specified below in this Offering Materials unless the context otherwise requires:

[list out all definitions of terms to be used in Offering Materials, e.g., “Shares”, “Shareholder”, “Unit”, “Unitholder”, “AIFC”, “COB”, “CIS Rules”, etc.]

“Shares”	means ...
[•]	means ...

[All references herein to “**U.S. Dollars**”, “**dollars**”, or “**\$**” are to United States dollars. All references to “**euro**”, “**EUR**” or “**€**” are to European euro. All references herein to “**KZT**”, “**Tenge**” or “**tenge**” are to Kazakhstan tenge.]

All references to the provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted, revised or replaced from time to time.

All references to any document, agreement or Offering Materials are to such document, agreement or Offering Materials as it may be amended, restated, supplemented or replaced from time to time.]



DIRECTORY

[fill in the Directory as applicable]

<p>Directors <i>[insert full names, full address details]</i></p>	<p>Registered Office <i>[insert full address details]</i></p>	<p>Fund Manager <i>[insert full names, full address details]</i></p>
<p>Custodian <i>[insert full names, full address details]</i></p>	<p>Administrator <i>[insert full names, full address details]</i></p>	<p>Secretary <i>[insert full names, full address details]</i></p>
<p>Auditors <i>[insert full names, full address details]</i></p>	<p>Legal Advisers <i>[insert full names, full address details]</i></p>	<p>etc.</p>

I. EXECUTIVE SUMMARY

The Fund: The Fund is a Non-Exempt Fund. The Fund is organised as a *[describe type of company or organisation which the Fund is]*, registered under the CIS Rules. The Fund is registered and located at *[insert details of registration and location]*. As of the date of these Offering Materials, the Fund has *[number]* *[Share]/[Unit]* classes. *[also refer to any sub-funds if the Fund is an umbrella fund, and refer to the relevant details for each sub-fund in annexes to the Offering Materials]*. *[The Fund may establish [further Sub-Funds in the future and may also establish] further [Share]/[Unit] classes [in relation to each of its Sub-Funds] at any time [which may also be denominated in different currencies].]*

Base currency: [insert base currency of the Fund].

Capital: The current authorised share capital of the Fund is *[USD/EUR/KZT]* *[insert total nominal monetary value of Fund's share capital]* and is divided into *[number]* of *[Shares]/[Units]* with a nominal par value of *[USD/EUR/KZT]* *[insert nominal par value of each Share/Unit]*. *[split out this description of the Fund's capital per each class of Shares/Units if there are more than one class of Shares/Units]* *[if relevant, insert maximum and minimum sizes of Fund's capital]*.

[refer to the extent to which each class of Shares/Units have voting rights]

[No application has been made for the listing of the Fund on any stock exchange but an application for any such listing(s) may be made on (an) exchange(s) in the future at the sole discretion of the Fund Manager.]
[amend as appropriate]

[There is no limit on the number of investors who may invest in the Fund.] *[amend as appropriate]*

The Fund Manager: The Fund Manager, *[insert name of Fund Manager]*, is a fund management company that holds the *[insert details of a Fund Manager's licence, i.e., number, date of issue and issuing authority]* for managing a Collective Investment Scheme. *[insert name of Fund Manager]* is located at *[insert Fund Manager's address details, e.g., country, city, postcode, street, building, office, etc.]*. *[insert name of Fund Manager]'s investor relations team can be reached via e-mail at [insert email address], and via phone number(s) at [insert phone number(s)].* Additional information on *[insert name of Fund Manager]* can be found on its corporate website at *[insert website address]*, and the *[public register]* of *[insert details of Fund Manager's regulator]* at *[insert URL address with details on Fund Manager on regulator's website]*.

Investment activity: The Fund is to pool *[Shareholders']/[Unitholders']* funds and invest those pooled funds into *[insert general description of assets in which the Fund will carry out investment activities]*. Investment into the Fund's *[Shares]/[Units]* will allow an investor to spread the risk related to each *[Share]/[Unit]* in the Fund across a number of instruments held in the Fund's investment portfolio through ownership of the Fund's *[Shares]/[Units]*. Please note that the Fund is going to raise funds through placement of *[insert information on securities, e.g., Shares/Units]*. All references to a *["Share"]/[“Unit”]* and/or *["Shareholder"]/[“Unitholder”]* in the AIFC Acts shall be applied to a *["Share"]/[“Unit”]* and/or *["Shareholder"]/[“Unitholder”]* within these Offering Materials and all accompanying documentation of the Fund.

PLEASE NOTE – BEFORE YOU READ THIS MATERIAL, PLEASE FAMILIARISE YOURSELF WITH THE FUND'S *[CONSTITUTION AND/OR ARTICLES OF ASSOCIATION AND/OR PARTNERSHIP*

AGREEMENT AND/OR SHAREHOLDERS AGREEMENT] FIRST. THE FUND'S [CONSTITUTION AND/OR ARTICLES OF ASSOCIATION AND/OR PARTNERSHIP AGREEMENT AND/OR SHAREHOLDERS AGREEMENT] IS AN INTEGRAL PART OF THE FINANCIAL PROMOTION PACKAGE RELATED TO THE OFFERING OF THE FUND'S [SHARES]/[UNITS]. THE FUND'S [CONSTITUTION AND/OR ARTICLES OF ASSOCIATION AND/OR PARTNERSHIP AGREEMENT AND/OR SHAREHOLDERS AGREEMENT] SHALL BE TREATED AS A STARTING DOCUMENT THAT WOULD PROVIDE YOU WITH A PROPER UNDERSTANDING OF THIS PRODUCT.

As used herein and unless otherwise required by context, (i) the term "Offering Materials" refers to this document as amended and supplemented and (ii) the terms "the offering," "this offering" and "the primary offering," refer to the offering of the Fund's [Shares]/[Units] on a "best efforts basis". To understand this offering fully, you should read the entire Offering Materials carefully, as well as all accompanying materials including the Fund's [Constitution and/or Articles of Association and/or Partnership Agreement and/or Shareholders Agreement], Subscription Agreement and Investment Management Agreement, before making a decision to invest in the Fund's [Shares]/[Units]. Except where the context suggests otherwise, the terms "company", "we", "us" and "our" refer to [*insert full name of the Fund*] (abbreviated as [●] or the Fund), an investment company duly registered under laws of [*insert jurisdiction of the Fund*], together with its Fund Manager – [*insert name of Fund Manager*], a company holding a licence of the ([*insert details of a Fund Manager's licence, i.e., number, date of issue and issuing authority*])).

II. OFFERING MATERIALS OF THE FUND

(A) AS PER CIS RULE 5.3 (b)

- (i) a description of the investment objective, policy and strategy of the Fund, information on where any master fund is established and where the underlying funds are established if the Fund is a fund of funds, a description of the types of assets in which the Fund may invest, the techniques it may employ and all associated risks, any applicable investment restrictions, the circumstances in which the Fund may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which the Fund may utilize:

INVESTMENT OBJECTIVES

The Fund investment objectives are to *[list out the investment objectives of the Fund, e.g., protection of clients'/investor's capital contributions, providing stable cash flow, etc.]* by investing in *[insert short description of how the objectives are planned to be achieved, e.g., by investing in particular assets, whether such assets will generate income or capital gains, and how risks associated in investing in such assets will be spread (e.g. by some form of diversification, etc.)]*. The Fund *[does not have]/[has]* a benchmark, *[but]/[and]* has an annual absolute return target of *[●]*% net of fees.

INVESTMENT POLICY AND INVESTMENT STRATEGY (THE INVESTMENT PROCESS)

Investment Process – Team

[Prior to any investment being made by the Fund a detailed analysis of the investment will be made by the fund management team. This team will always have a lead portfolio manager who is dedicated to the Fund and accountable for the performance of the Fund. Any changes to investment policies, investment limits and restrictions, etc. will have to be approved by the Fund's board prior to being proposed/notified to the [Shareholders]/[Unitholders].] [amend as appropriate]

Investment Process - Overview

The investment policy is built to deliver a *[describe main characteristics of portfolio – e.g. “diversified” within any particular geographical area]* through investment in *[describe types of assets to be invested in]*.

[provide description of Fund's investment strategy, including investment techniques, e.g., explain how liquidity of investments will be provided while targeting income for certain period of time, what will be the allocation of portfolio, description of tools and arrangements the Fund Manager would propose using to mitigate risks associated with the investments, explanation of events when those tools and arrangements would typically be applied and their possible consequences for investors, etc.]

Investment Restrictions

[describe any restrictions on types of investments that can be made – e.g. a list of assets that may be invested in by the Fund]

Policy of Spreading Risk

[describe guidelines and restrictions for spreading of risk and diversification that the Fund should adhere to when making investments]

Leverage

[describe the policy regarding exercise of powers to borrow cash and use leverage (for example, nature of the cash borrowing, including whether it is short- or long-term, temporary or otherwise, purposes for which cash borrowing and leverage may be used, types and sources of leverage permitted and the associated risks, any

restrictions on the use of leverage (including any maximum amount of leverage) and any collateral and asset reuse arrangements, etc.)]

Derivatives

[describe the policy regarding the use or not of derivatives and, if derivatives can be used, in specifically which circumstances they can be used]

Other Funds

[describe the policy on whether the Fund may invest in other funds]

Stock Lending/Short Selling

[describe whether stock lending/short selling is permitted and, if so, in specifically which circumstances this is allowed]

Investment horizon

[confirm of the Fund is an appropriate vehicle for medium to long-term investment, rather than short-term investment]

Consequences of breach of investment policy and strategy

[describe the consequences for the Fund, Shareholders/Unitholders and the Fund Manager if the above mentioned investment policy and strategy is breached]

Monitoring

The Fund Manager shall monitor the Fund's compliance with the investment policies and restrictions set out above.

[INFORMATION ON MASTER FUND/UNDERLYING FUNDS

[insert information on jurisdiction of master fund and of underlying funds where the Fund is fund of funds]]

TYPES OF ASSETS / THE FUND'S INVESTMENT INCOME

The Fund carries out investment activity in the following type of assets:

[insert list and description of assets into which the Fund invests capital received from clients/investors, e.g., commodities (energy, precious metals, industrial metals), other funds (e.g., REITs)]

The Fund receives investment income in form of:

[insert list of forms in which income is received, e.g., capital gain on assets that are bought and sold, interest, dividends or rent earned from investments, etc.]

RISK FACTORS

There can be no assurance that the Fund's investments will be successful or that the investment objectives of the Fund will be achieved. Investors should be aware of the risks of the Fund including, but not limited to, the risks set out below. An investment in the Fund is suitable only for persons who are in a position to take such risks. These risks are not intended to be exhaustive and potential investors should review these Offering Materials carefully and consult with their professional advisers before purchasing [Shares]/[Units].

[Guide:

Risk factors in Offering Materials are primarily included to ensure that investors make an informed assessment of such risks and then take investment decisions in full knowledge of the facts. It is advisable for risk factors to

be limited to risks which are material and specific to the Fund and its Shares/Units and which are supported by the content of the Offering Materials. Offering Materials should not contain risk factors which are generic and only serve as disclaimers: such risk factors could obscure more specific risk factors that investors should be aware of, thereby preventing the Offering Materials from presenting information in an easily analysable, concise and comprehensible form.

The risk factors must be specific and material, enabling assessment of its quality of disclosure. Funds must assess risk factors based on the probability of their occurrence as well as the expected magnitude of any negative risks. The Fund may (but is not obliged to) assess the risk factors on a scale of low, medium and high.

Risk factors should include qualitative information and the impact of the risk should be described using a qualitative approach, risk factors being presented in a limited number of categories. This means that AFSA may challenge a Fund where more than ten categories and sub-categories are used in the Offering Materials. However, there are instances when further categories and sub-categories may be justifiable—for instance, if the Offering Materials is a multi-product base prospectus.

Risk factors should be presented in order of importance, with the most material being set out first in each category and should include specific risk factors relating to the guarantor.]

[Examples of risk factors include the following:

- 1. Risks related to market fluctuations (e.g., description of how market fluctuations may affect investments of [Shareholders/Unitholders])*
- 2. Risks related to exchange rate fluctuations*
- 3. Risks related to investments in [●] (e.g., description of risks associated with assets into which the Fund invests, e.g., credit risk, interest rate risk, inflation risk, liquidity risk, etc.)*
- 4. Risks related to taxation (e.g., description of how taxation issues may affect investments of [Shareholders/Unitholders])*
- 5. Risks related to an investment in [Shares/Units] of the Fund (e.g., description of risks that may be associated with investments of clients/investors, e.g., market risk, operational risk, cybersecurity risk, Fund Manager related risk, [Share/Unit] price risk, risk associated with [Shareholders'/Unitholders'] rights in [Shares/Units], [Shares/Units] liquidity risk, Fund bankruptcy risk, etc.)*
- 6. Risks related to conflicts of interest (e.g., description of risks associated with conflicts of interests arising, for example, from the Fund Manager and its affiliates, Fund Manager fees, etc.)*
- 7. Risks related to “This Offering and Our Corporate Structure” (e.g., description of risks associated with the offering and the Fund’s corporate structure, e.g., regulatory risks, some provisions of the Constitution and/or Articles of Association and/or Partnership Agreement and/or Shareholders Agreement that give rise to risks borne by [Shareholders/Unitholders], payments to Fund Manager and third-party service providers, etc.)*
- 8. Risks related to third-party service providers (e.g., description of risks associated with such third-party service providers as, for example, custodian, broker, registrar, etc. (e.g. risk of such third-party service providers becoming bankrupt))*
- 9. Other risks, such as for example market disruption risk, political risk, emerging markets risk factors, legal risks associated with making investments in certain countries with relatively unsophisticated legal systems or risks that capital gains or income generated on certain investments in certain countries may be subject to currency repatriation or capital controls, any other risks specific to investment activity of the Fund, risks related to use of leverage, derivatives or stock lending/short selling, risks related to unforeseen events, etc.)]*

and,

(ii) a description of the procedures by which the Fund may change its investment strategy or investment policy, or both:
[insert description of procedures by which the Fund can change its investment strategy or investment policy as contained in its documents, e.g., Constitution and/or Articles of Association and/or Partnership Agreement and/or Shareholders Agreement, policies, procedures, etc.]

and

(iii) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Fund is established:
[insert information relating to every contractual relationship entered into for the purpose of investment, e.g., contracts with owners of underlying assets of portfolio, third-party service provider contracts, contracts on acquisition of any assets in connection with investments, for example, property, securities, etc. In the case of each such contract refer to the governing law of that contract and the method for dispute resolution (e.g. local court enforcement or international arbitration) set out in such contract, and the extent to which such governing law and any such court judgment or arbitral award will be capable of being recognised and enforced in AIFC.]

and

(iv) the identity of the Fund Manager, custodian or depositary, auditor and any other service providers for the Fund and a description of their duties and [Shareholder's]/[Unitholder's] rights in respect of those persons:

[insert information on Fund Manager, e.g.:

- 1. name and corporate form;*
- 2. jurisdiction of incorporation;*
- 3. date of incorporation, duration of corporate status (if limited);*
- 4. name of its holding company and jurisdiction of holding company incorporation, if Fund Manager is subsidiary;*
- 5. address of registered office/head office/principal place of business;*
- 6. amount of issued share capital and information on its paid up part;*
- 7. names (and brief biography) of directors of the Fund Manager and the Fund;*
- 8. description of Fund Manager's duties and scope of its liability;*
- 9. information on any conflicts of interest;*
- 10. description of the activities that the Fund Manager is licensed to perform;*
- 11. description of the documents that the Fund Manager will act in accordance with (e.g. the [Constitution] and/or [Articles of Association] and/or [Partnership Agreement] and/or [Shareholders Agreement], the Management Agreement, the Offering Materials and the CIS Rules);*
- 12. description of circumstances under which the Fund Manager may resign its position;*
- 13. etc.]*

[insert information on depositary/custodian, e.g.:

- 1. name and corporate form;*
- 2. jurisdiction of incorporation;*
- 3. address of registered office/head office/principal place of business;*
- 4. description of depositary/custodian's duties and scope of its liability;*
- 5. information on any conflicts of interest;*
- 6. description of the documents that the depositary/custodian will act in accordance with (e.g. the Custodian Agreement);*
- 7. description of circumstances under which the depositary/custodian may delegate any of its functions;*
- 8. etc.]*

[insert information in relation to other service providers, e.g., broker, auditor and any other service providers,

by disclosing their full names, registration and licence information, general business activity description, duties in relation to the Fund, information on any conflicts of interest, etc.]

and

- (v) a description of any functions that have been delegated by the Fund Manager and any other of the Fund's service providers, the identification of each such delegate and any conflicts of interest that may arise from such delegations:

[insert description of any functions delegated by Fund Manager to service providers or by any of the service providers to a third party, disclosing with respect to each entity to which functions have been delegated to their full name, registration and licence information, general business activity description, duties in relation to the Fund, information on any conflicts of interest, etc.]

and

- (vi) a description of the Fund's valuation procedure and of the pricing methodology for valuing assets:

[insert description of the Fund's valuation procedure and pricing methodology, by disclosing full names of documents, aims and objectives of such procedure and methodology (including techniques and software used), instruments described therein, etc., e.g.:

- 1. how frequently and at what times of the day the Fund's property (and hence the Fund's net asset value) will be regularly valued to determine the price at which Shares/Units in the Fund may be purchased from or redeemed by the Fund Manager and a description of any circumstance where the Fund's property may be valued on an exceptional basis;*
- 2. in relation to each purpose for which the Fund's property must be valued and each category of asset held in the Fund's property, the basis on which it will be valued, identifying any codes of good practice used by the external valuer (where relevant) or the Fund Manager;*
- 3. how the price of Shares/Units of each class will be determined, including a statement that a forward price basis is to be applied;*
- 4. how the Fund will value and evaluate potential investments that it considers making (including details on the applicable valuation techniques, software, methodology, frequency of pricing and other investment related aspects);*
- 5. etc.]*

and

- (vii) a description of the Fund's liquidity risk management, including the redemption rights both in normal and in exceptional circumstances, and the existing redemption arrangements with [Shareholders]/[Unitholders]:

[insert description of liquidity risk management procedure and measures to be taken to mitigate such liquidity risk, description of how and under what circumstances [Shareholders/Unitholders] are able to voluntarily redeem their [Shares/Units] under both normal and exceptional circumstances (including any prior notice period, minimum holding periods or amounts, method of calculation of redemption price and procedure for payment of redemption proceeds), (if relevant) description of how and under what circumstances [Shareholders/Unitholders] are required to redeem their [Shares/Units] on a mandatory basis under both normal and exceptional circumstances, description of how redemption collection accounts are to be operated and inclusion of all other information pertinent to redemption]

and

- (viii) a description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by [Shareholders]/[Unitholders]:

[insert description of all fees, charges and expenses, e.g., (a) the maximum amounts directly or indirectly borne by investors; (b) the payments that may be made out of the Fund's property to any person whether by way of remuneration for services, reimbursement of expense, or charge or other payment and for each category of remuneration, expense, charge or payment the following should be specified:

- 1. the person to whom the remuneration, charge, expense or payment is payable or made;*

2. *what that payment is for;*
 3. *the current rates or amounts of such remuneration, charge, expense or payment;*
 4. *how the remuneration, charge, expense or payment will be calculated (including any calculations/formulas to be used for such calculations);*
 5. *when it will be paid; and*
 6. *where a performance fee is taken, whether by the Fund Manager or any other person providing services to the Fund Manager;*
- etc.]*

and

- (ix) a description of how the Fund ensures a fair treatment of [Shareholders]/[Unitholders] and, whenever a [Shareholder]/[Unitholder] obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment, the type of [Shareholders]/[Unitholders] who obtain such preferential treatment and, where relevant, their legal or economic links with the Fund or the Fund Manager:

[insert description of how Fund Manager ensures fair treatment of investors and any situation in which a [Shareholder/Unitholder] may obtain preferential treatment, e.g., when Fund issues different classes of Shares/Units, and any information relating to such preferential treatment, e.g. procedures of obtaining such preferential treatment, types of investors who obtain preferential treatment, legal and economic implications for the Fund or the Fund Manager, description of rights of investors, etc.]

and

- (x) the latest annual report for the Fund, if applicable:

[insert information on latest annual report of the Fund, including information on when it will be published and where its copies are/will be available for examining]

and

- (xi) the procedure and conditions for the issue and sale of units or shares of the Fund:

[insert information on procedure and conditions for Share/Unit issue and sale, e.g., number of Shares/Units to be issued initially, their par value, where they will be marketed, procedures on issue of any additional Shares/Units, form of payment for Shares/Units by Shareholders/Unitholders (cash/non-cash consideration), Share/Unit purchasing/sale/disposal procedure, description of how subscription collection accounts will be operated, anti-money laundering checks related to any subscriptions, initial offer period (if relevant), minimum initial subscription and ongoing holding amounts (if relevant), details of any subscription fees, etc.]

and

- (xii) where available, the latest net asset value of the Fund and its units or shares or the latest market price per unit or share of the Fund:

[insert information on latest net asset value of the Fund, its Shares/Units, latest market price, including information on where such information is available for examining]

and

- (xiii) where available, information regarding the historical performance of the Fund:

[insert information on historical performance of the Fund, including information on where such information is available for examining]

and

- (xiv) if relevant, the identity of any prime broker for the Fund and a description of any material arrangements with that prime broker and the way the conflicts of interest in relation thereto are managed, information about the possibility of transfer and reuse of the Fund's assets by the prime broker, and information about any transfer of liability to the prime broker that may exist:

[in case there will be public market for the Fund's Shares/Units after the placement, insert information on any

prime broker for the Fund, including all material arrangements, management of conflicts of interests, etc.]

and

- (xv) the total amount of leverage employed by the Fund:

[insert information on Fund's leverage disclosing its total amount, procedures for approval of borrowings and threshold of such borrowing expressed in proportion to its NAV]

and

- (xvi) the life of the Fund, the ability to terminate the Fund and the process by which the Fund may be terminated:

[insert information on lifetime of the Fund and describe circumstances under which the Fund may be wound up, terminated or dissolved, the procedure under which this can occur and the order of application of proceeds of any such winding-up or dissolution, Shareholders/Unitholders rights on termination/winding-up of the Fund, Fund Manager's duties on termination/winding-up, etc.]

and

- (xvii) a description of the arrangements in place for the safekeeping of cash held by or on behalf of the Fund pending investment or distribution to [Shareholders]/[Unitholders]:

[insert description of applicable laws with which the Fund Manager must comply and how the compliance is observed, custodian's and broker's systems and controls, interaction of Fund Manager with custodians and brokers over Fund's assets and accounts, information on the place of holding of the assets, Fund Manager's due diligence of custodian and broker, information on instruments available for protection of Shareholders'/Unitholders' protection of money, etc.]

- (c) all Offering Materials relating to a Foreign Fund must include information on the jurisdiction and regulatory regime applicable to the Foreign Fund and its fund manager:

[n case of a Foreign Fund, disclose all information relating to jurisdiction and regulatory regime of the Foreign Fund and its fund manager]

- (d) If a Fund is a Listed Fund, the Fund Manager must provide in the Fund's Offering Materials a description of the arrangements for listing of the [Shares]/[Units] and the listing venues on which [Shares]/[Units] of the Listed Fund may be traded:

[state if the Fund is a Listed Fund, If so, insert description of all arrangements (all pre-listing and ongoing disclosures of the Fund, engagement of third-parties for listing/trading procedures, etc.) for listing of Shares/Units and markets where the listing and trading takes (or will take) place]

- (e) If a Foreign Fund is required to provide a summary or key information document to investors in any jurisdiction, that document must also be provided to potential investors in the AIFC:

[in case of a Foreign Fund, insert information on any summary or key information document pertinent to investors in foreign jurisdiction and how the information is made available for examining by investors from the AIFC]

- (f) If at any time, there is a material change affecting any matter contained in the Offering Materials for a Fund or a significant new matter arises, the Fund must either before or promptly following the effective date of such material change or new matter, issue updated Offering Materials which clearly explain the material change or significant new matter:

[insert information on how clients/investors will be informed of any material change affecting any matter contained in the Offering Materials or a significant new matter, and how such matters will be disclosed by the Fund. Also describe any other circumstances under which these Offering Materials may be amended]

- (g) All Offering Materials relating to a Fund, including the information required under these Rules (as applicable) must be made available in the English language:

[insert statement on the languages used for these Offering Materials and any information required by applicable laws of any jurisdiction, and the fact that these Offering Materials must also be provided in the English language, with the English language version prevailing in the case of any conflict with any version in

another language]

(B) OTHER ITEMS RECOMMENDED TO BE INCLUDED (IN ADDITION TO THE ITEMS EXPRESSLY REFERRED TO IN CIS RULE 5.3(b))

DISTRIBUTION POLICY

[describe how, when and under which circumstances the Fund will decide to make distributions to the holders of its Shares/Units and, if a distribution is made, which holders of Shares/Units will be eligible to receive such (and in which order – i.e. will this be on a pro rata or other basis) and how (e.g. by bank transfer net of bank transfer fees), or if amounts will be or can be reinvested into the Fund. Also state if distributions will be forfeited if they are not claimed within a certain period of time. Also describe responsible parties which will carry out calculation, transfer, allocation and payment of distributions for each class of Shares/Units]

TAXATION AND REPORTING

On the basis of current law and practice, the Fund will be subject to the following taxation: *[describe any taxation that the Fund (and income and capital gains generated by the Fund) will be subject to]*. Prospective investors in the Fund should consult their own advisers as to the effect on their own particular tax circumstances of an investment in the Fund.

[describe any sharing of information for tax matters that the Fund is required to comply with us, for example under FATCA]

LIMITED LIABILITY

[Investors invest in the Fund with limited liability and cannot lose more than the amount of their investment. [Shareholders]/[Unitholders] will have no further liability for the debts of the Fund.] [amend as appropriate – this assumes the Shareholders/Unitholders will not provide any guarantees on behalf of the Fund]

MEETINGS OF THE DIRECTOR(S)

[describe the frequency of meetings of directors]

MEETINGS OF SHAREHOLDERS/UNITHOLDERS

[describe the frequency of meetings of Shareholders/Unitholders, the procedure for calling of such meetings and the quorum requirements for such meetings to take place]

ALTERATIONS TO THE FUND

[describe how different types of changes to the Fund or classes of Shares/Units can be made, and which voting thresholds (e.g. Shareholder/Unitholder 75% or 50% majority) are required in order to make such changes]

RESTRICTIONS ON SALE, TRANSFER AND ASSIGNMENT OR SWITCHING BETWEEN CLASSES OF [SHARES]/[UNITS]

[describe any restrictions on the freely transferable nature of the Shares/Units, and describe any restrictions on switching between different classes of Shares/Units]

FUND FINANCIAL STATEMENTS

The financial statements of the Fund will be prepared in accordance with International Financial Reporting Standards (IFRS) and will be audited annually by [a registered auditor appointed by the Fund Manager]. *[amend as appropriate]*

COMMUNICATIONS TO [SHAREHOLDERS]/[UNITHOLDERS]

Communications to [Shareholders]/[Unitholders] will be sent to their registered addresses recorded in the [Shareholders]/[Unitholders] register by [registered post or by email]. *[amend as appropriate]*

[describe the Fund's investor communication policy, procedures, channels, reporting, forms of communication and complaints handling]

COMMUNICATIONS TO THE FUND

[Communications to the Fund should be addressed to the Fund Manager.] *[amend as appropriate]*

MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Fund and are, or may be, material: *[describe relevant contracts, including e.g. fund management agreement and custodian agreement]*

[Any of the above agreements may be amended by the mutual consent of the parties, consent on behalf of the Fund being given by the Fund Manager.] *[amend as appropriate]*

DOCUMENTS AVAILABLE FOR INSPECTION AND RECORD KEEPING

Copies of the following documents are available for inspection during business hours on each Business Day at the registered office of the Fund in the AIFC: *[amend as appropriate] [describe relevant documents, including e.g. the [Constitution] and/or [Articles of Association] and/or [Partnership Agreement] and/or [Shareholders Agreement], these Offering Materials, the above mentioned material contracts, the relevant Shareholders'/Unitholders' entry in the Shareholders/Unitholders register and the latest annual report of the Fund].*

[describe the Fund's record-keeping policy, types of information to be recorded and their retainment periods]

OTHER SIGNIFICANT DETAILS AND MATTERS

[describe all other matters which are not covered by the above points but which are important to the Fund's operations and its Shareholders/Unitholders]

GOVERNING LAW

The governing law of the Fund and these Offering Materials shall be the laws of the AIFC.

ANNEXES

[Note: You may consider including relevant annexes to the Offering Materials specifying, inter alia:

- 1. Share/Unit class details (names of the classes of Shares/Units in issue or available for issue and the rights attached to them in so far as they vary from the rights attached to other classes, how Shareholders/Unitholders may exercise their voting rights, events when mandatory redemption, cancellation or conversion of Shares/Units from one class to another may be required, etc.),*
- 2. dealing information (e.g., dealing days and times, procedure for effecting the issue and cancellation of Shares/Units, procedure for effecting the sale and redemption of Shares/Units and the settlement of transactions, days and times in the day for recalculation of the price will commence, dealing contact details, dealing/settlement currency, Fund base currency, settlement deadline, Share/Unit price, Share/Unit price publication, valuation point, etc.),*
- 3. details for valuation of assets (e.g., Share/Unit price and dilution and swing pricing, subscription procedure, redemption procedure, compulsory redemption procedure, etc.),*

4. *efficient portfolio management techniques and instruments, investment and borrowing restrictions (e.g., permitted investments, investment restrictions, borrowing restrictions, etc.),*
5. *etc.]*