

## National Bonds ‘Mudarabah’ - DEWS investment option

### Objective:

The objective of the investment option is to provide money market-like returns within a Shari’a compliant Mudarabah structure, with profits paid out on a monthly basis. **The profit rate is subject to change and will be reflected in this factsheet accordingly.**

### Strategy:

The investment option invests in a wide range of asset classes, benefiting from high diversification and follows a managed risk, Shari’a compliant strategy focused on capital protection and income distribution. This investment option is suitable for investors seeking to grow their savings in a Shari’a compliant manner with low risk tolerance, and with the aim of generating money market-like returns while protecting their capital at the same time.

### Profit rate:

Expected gross profit rate of the National Bonds Mudarabah pool currently stands at **3.75%** per annum with profit distribution on a monthly basis. The profit rate will be reset from time to time to reflect market conditions and will be communicated to investors accordingly. Such profit will be reinvested into member pots by way of additional units.

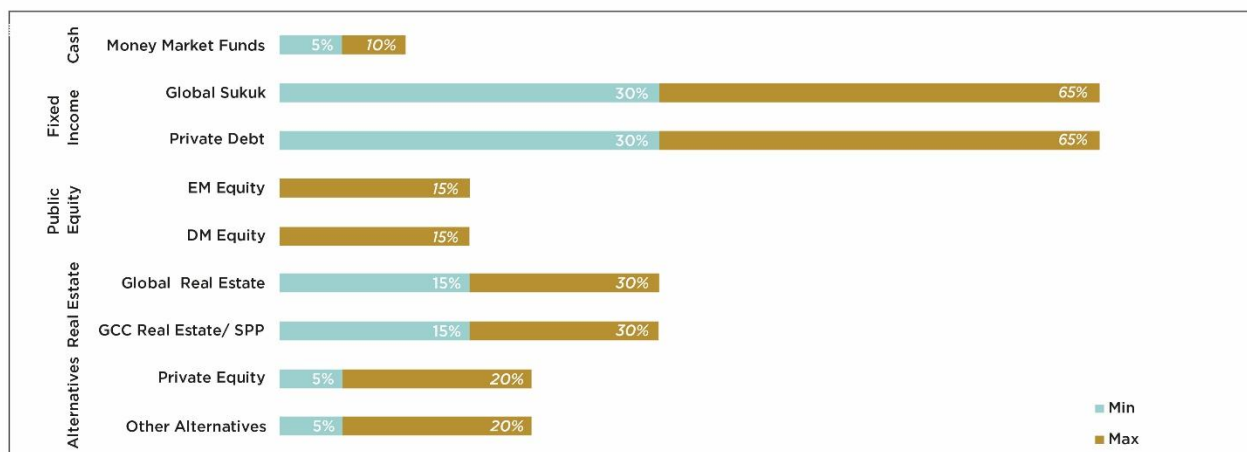
The net profit rate applied to member accounts will be impacted by provider fees. National Bonds accrues for and pays a fee of 1% per annum (plus VAT, if applicable) to the trustee.

### Rewards Program:

Investors in this investment option will also be eligible for the National Bonds Rewards Program. Any such rewards, if won, will be converted to a monetary value and allocated to the DEWS member account voluntary contribution pot. Click [here](#) to know more National Bonds rewards program.

Such rewards will be subject to the voluntary contribution withdrawal rules, including the ability to withdraw 30% of your voluntary contribution pot value, twice a year.

## Asset Allocation:



## Investment risk:

The National Bonds Mudarabah investment option is not constituted as a Fund but instead governed by Profit Sharing Investment Account regulatory requirements. Any members that select this option are offered an “expected profit rate” and therefore not directly exposed to the performance of the underlying investments. The National Bonds investment option is not without risk. There is no guarantee (explicit or implied) offered by National Bonds on this option, and so members should carefully consider their risk appetite and if in doubt seek independent financial advice.

## Investment charges and fees:

National Bonds manages a portfolio of assets within the Mudarabah pool. Contributions into the National Bonds DEWS investment option flow into that pool. National Bonds aims to achieve a positive return on the portfolio, and from that return they distribute a set return to unit holders (subject to change periodically) along with offering eligibility into the Rewards Program. There is no entry or exit charges or annual fees taken (except for National Bonds’ retained profit), however members will forfeit any accrued but unallocated monthly profit share should they switch or sell their investment prior to the monthly profit date.

## Trustee:

Equiom Fiduciary Services (Middle East) Limited

## Plan Administrator:

Zurich Workplace Solutions (Middle East) Limited

National Bonds is a private joint stock shareholding company, established in March 2006 with a paid-up capital of AED 150 million. It is 100% owned by The Investment Corporation of Dubai, the investment arm of Dubai government.

National Bonds Corporation Sole Proprietorship PSC is licensed and supervised by the Securities and Commodities Authority and is audited by Dubai Government Financial Audit Authority, Shari’a Supervisory Board as well as reputable International external auditors.

## Supplementary information

Investment Overview	Investment Assets Allocation
<p data-bbox="204 506 579 533"><b>Investment Objectives (continued)</b></p> <ul data-bbox="252 577 823 1025" style="list-style-type: none"> <li>• The Mudarabah pool of assets seeks to provide bondholders and investors with a steady stream of returns through an optimal allocation of assets across a highly diversified investment strategy.</li> <li>• The broad investment return objective is to achieve consistent competitive returns across various market cycles, while often maintaining a conservative risk profile and preserving capital.</li> <li>• The core investment philosophy is built on the principle of supporting disciplined and regular savings amongst investors and bondholders in order to achieve their savings and investments objectives.</li> </ul> <p data-bbox="204 1070 296 1097"><b>Strategy</b></p> <ul data-bbox="252 1142 823 2020" style="list-style-type: none"> <li>• National Bonds follows a structured approach to investing with a focus on long term investment, whilst also being able to respond to tactical opportunities that may be present over the short term.</li> <li>• National Bonds aims to take into account a risk level commensurate with its long-term return objectives.</li> <li>• The company's long-term investment strategy is guided by the Strategic Asset Allocation ("SAA") decisions, through which it seeks to achieve competitive returns over the long term. Defining risk appetite is a priority to achieve an optimal Strategic Asset Allocation mix.</li> <li>• The Investment Committee periodically reviews the actual distribution ratio of the asset pool and whether there is a need for any fundamental changes in the investment environment that require a rebalancing of the strategic asset mix.</li> <li>• The Dynamic Asset Allocation ("DAA") process aims to produce investment benefits by departing from the Strategic Asset Allocation over the medium term, to achieve the highest possible returns across market periods, taking into account the associated risks and the basic assumptions on which the Mudarabah pool is based.</li> </ul>	<p data-bbox="858 506 1090 533"><b>Investment Principles</b></p> <ul data-bbox="906 577 1477 1227" style="list-style-type: none"> <li>• <b>Proper balance between Risk and Return:</b> National Bonds seeks an optimal balance between risk and targeted returns.</li> <li>• <b>Focus on Long Term Investment:</b> National Bonds invests with a long-term vision, looking beyond market cycles and short-term volatility to focus on long term trends that will drive sustainable returns for the investment pool over the long term.</li> <li>• <b>Sustainability of Earnings:</b> Generating a stable stream of recurring returns is a key priority at National Bonds.</li> <li>• <b>Flexibility:</b> National Bonds, aims to provide ultimate flexibility for bondholders and investors through a wide range of investment offerings with different time horizons and liquidity needs. In addition, with its investment expertise, National Bonds, has the ability to structure bespoke investment solutions tailored to investors' requirements.</li> </ul> <p data-bbox="858 1272 1337 1299"><b>Governance, IPS and Investment Committee</b></p> <p data-bbox="858 1321 1284 1348"><b>Regulatory Compliance and Regulation:</b></p> <p data-bbox="858 1370 1477 1527">National Bonds investment decisions follow a rigid investment process governed by the highest standards of corporate governance with strict oversight by the regulatory authorities governing the Company and the investment pool.</p> <p data-bbox="858 1550 1477 1650">The responsibilities of National Bonds' Board, committees and departments are defined within clear governance and regulatory rules.</p> <p data-bbox="858 1673 1477 1830">The Board delegates its authority with respect to investments to the Investment Committee that consists of four members, two of which being Board members, in addition to the Chief Executive Officer and one other independent member appointed by the Board.</p> <p data-bbox="858 1852 1477 1986">In addition to internal organizational rules, the investment portfolio is audited and regulated by various external bodies including UAE's ESCA, the Internal Audit Office of the Government of Dubai, and the Shari'a</p>

<ul style="list-style-type: none"> <li>• The Investment Team regularly seeks to identify market distortions that can be taken advantage of over the short term.</li> </ul> <p><b>Vision</b></p> <ul style="list-style-type: none"> <li>• To be a leading Islamic investment institution in the UAE by fulfilling bondholders' expectations and maximizing returns adjusted while taking into account an acceptable level of risk.</li> <li>• Promoting the culture of financial literacy in general, and establishing regular saving habits among its investors and bondholders.</li> </ul> <p><b>Process</b></p> <ul style="list-style-type: none"> <li>• The Investment Policy serves as the overarching strategic investment framework for managing the Mudarabah pool investments.</li> <li>• The Investment Policy seeks to encapsulate a robust structure for controlling the detailed operational and administrative aspects of the investment pool's assets.</li> <li>• This Policy defines the objectives of the investment pool and the means for achieving them, including the responsibilities of stakeholders and guidelines under which the investment activities of the Portfolio operate.</li> <li>• The Board of Directors, being the ultimate decision-making body in the company, each of NATIONAL BONDS' Board and committees stemming from it, have responsibilities in the overseeing and implementation of this Policy, within a clearly defined framework.</li> <li>• The Investment Committee is delegated with overseeing the strategy implementation and on-going monitoring of investment performance.</li> </ul> <p>Under the direction of the Chief Investment Officer ("CIO") and within well-defined guidelines, the company's Investment Department implements the Investment Policy and continuously oversees the pool's investments</p> <p><b>Risk Management and Compliance Framework</b></p> <ul style="list-style-type: none"> <li>• Following the investment pool's approach in avoiding all obstacles impeding the achievement of its strategic objectives, this Department works to manage risks more effectively, by raising the level of awareness in all Departments, and leading the investment, financial, operational and executive operations in an integrated manner.</li> <li>• National Bonds' risk framework establishes the general guidelines for the risk management of the investment pool.</li> </ul>	<p>Supervisory Board. It is also audited by reputable External Auditors.</p> <p><b>Shari'a Compliance:</b></p> <p>All the investment transactions and operational activities of the pool are regulated and reviewed by an independent and dedicated Shari'a Board chaired by leading Shari'a scholars in the region.</p> <p><b>Asset Allocation Strategies</b></p> <p>National Bonds has a diversified portfolio spanning various asset classes in the major financial markets, which enables the Investment Team to achieve balance between risks and returns, across market cycles, to the extent possible.</p> <p>Given the strict risk policy adopted by the Company, which protects it, where possible, in the event of any negative consequences, the allocation to "<b>Cash Investments</b>" and "<b>Income Instruments</b>" is the highest of the total allocation of investment assets in the Mudarabah pool.</p> <p>The Company has a diversified sectoral portfolio across Shari'a-compliant sectors.</p> <p><b>Cash and Liquidity Investments</b></p> <ul style="list-style-type: none"> <li>• This allocation of the investment pool's assets ensures the effective management of liquidity to meet the various financial obligations and make the most of investment opportunities when available.</li> </ul> <p><b>Fixed Income Investments</b></p> <ul style="list-style-type: none"> <li>• Depending on the existing business model, fixed income investments are considered a major part of the Mudarabah pool's investment portfolio.</li> <li>• The Team's active and dynamic approach to investments in fixed income markets helps decrease the overall portfolio risk while achieving promising and stable returns.</li> </ul> <p><b>Public Equity Investments</b></p> <ul style="list-style-type: none"> <li>• National Bonds manages a highly diversified portfolio of equities which focuses on quality, value and earnings growth potential.</li> </ul> <p><b>Real Estate Investments</b></p> <ul style="list-style-type: none"> <li>• Real estate investment enhances the diversification of the pool's investment portfolio</li> </ul>
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<ul style="list-style-type: none"> <li>• National Bonds 's risk framework seeks to capture all dimensions of risk including but not limited to market, credit, liquidity and operational risks.</li> <li>• The Risk and Compliance Department works closely with the Investment Team and the CIO to discuss potential risks, and how to manage and mitigate them during investment periods. The risk management system and the work of the Risk and Compliance Team is an integral part of the pool's investment process.</li> <li>• National Bonds's has adopted clear delegation powers to ensure that the investment process is conducted within several stages of checks and controls before final execution.</li> <li>• A comprehensive performance monitoring regime is maintained over the life of the investment.</li> </ul>	<p>while maintaining a consistent stream of returns across various market cycles.</p> <ul style="list-style-type: none"> <li>• National Bonds' portfolio includes residential, commercial and other real estate assets in the office sector, in addition to investing in various real estate funds, locally and globally.</li> <li>• National Bonds collaborates with a network of global partners to reach innovative and sustainable solutions.</li> </ul> <p><b>Alternatives</b></p> <p>The Investment Team attaches particular importance to exploring concepts beyond conventional asset classes, with a view to capture diversified, risk-adjusted returns.</p>
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