

**SUPPLEMENT TO  
PRIVATE PLACEMENT MEMORANDUM**

**ADS SMART FUNDS OEIC ICC LTD**

An Incorporated Cell Company incorporated in the Abu Dhabi Global Market and registered as a Qualified Investor Fund and classed as an Umbrella Fund under the regulations of the Financial Services Regulatory Authority

Relating to the Incorporated Cell:

**FTSE ADS SAUDI MINIMUM VARIANCE FUND OEIC IC**

**April 2019**

## IMPORTANT NOTICES

This supplement (“**Supplement**”) to the private placement memorandum of ADS Smart Funds OEIC ICC Ltd, as amended and/or supplemented from time to time (the “**Memorandum**”) is intended solely for the use on a confidential basis by those persons to whom it has been delivered for the purpose of enabling the recipient to evaluate an investment in the Participating Shares (as defined below) referable to FTSE ADS Saudi Minimum Variance Fund OEIC IC (the “**Cell**”). Unless the context otherwise requires, capitalized terms not defined herein shall have the meaning set out in the Memorandum.

This Supplement forms part of, and should be read together with, the Memorandum including but not limited to the general description of (a) the Company, the cells and their management and administration; (b) the risk factors and potential conflicts of interest; and (c) the subscription and redemption policies and restrictions.

This Supplement contains information which is specific to the Cell. The Memorandum of the Company contains further important information that applies to the Company as a whole and to each cell, including the Cell. This Supplement should be read in conjunction with the Memorandum and the Articles of Association of the Cell (the “**Cell Articles**”).

An investment in the Participating Shares involves a high degree of risk and is suitable only for investors who fully understand and who can bear the risks of such an investment for an indefinite period and who can afford a total loss of their investment. In addition, potential investors should be aware that there will be occasions when the Director, the Fund Manager and/or their respective Affiliates directors, officers and/or affiliates may encounter conflicts of interest in connection with the Cell. All potential investors must carefully read the Section entitled “Certain Risk Factors and Potential Conflicts of Interests” in this Supplement and the Memorandum.

The Cell reserves the right to modify, withdraw or cancel any offering made pursuant to this Supplement at any time prior to consummation of the offering and to reject any subscription, in whole or in part, in its sole discretion.

No offering materials will or may be employed in the offering of Participating Shares except for this Supplement and the Memorandum and the documents summarized herein. No person has been authorized to make representations or give any information with respect to the Cell or the Participating Shares except for the information contained in this Supplement and the Memorandum. Potential investors should not rely on information not contained in this Supplement, the Memorandum or the documents summarized herein.

Recipients, by their acceptance and retention of this Supplement, acknowledge and agree to preserve the confidentiality of the contents of this Supplement and the Memorandum and all accompanying documents and to return this Supplement and all such documents to the Fund Manager or the Administrator if the recipient does not purchase any Participating Shares. Neither this Supplement nor any of the accompanying documents may be reproduced in whole or in part, nor may they be used for any purpose other than that for which they have been submitted, without the prior written consent of the Cell.

None of the Cell or the Fund Manager is making any representation to any offeree or investor in the Cell regarding the legality of investment by such offeree or investor under applicable investment or similar laws.

This Supplement is based on the law and practice currently in force in the ADGM and is subject to changes therein. This Supplement must be read in conjunction with the Memorandum and the Cell Articles.

Investors are not to construe the contents of this Supplement as legal, business or tax advice. Each prospective investor should consult its own attorney, business advisor and tax advisor as to legal, business, tax and related matters concerning this offering.

Certain statements in this Supplement are forward-looking statements. In some cases, they may be identified by terms such as “anticipates”, “believes”, “could”, “estimates”, “expects”, “targets”, “intends”, “may”, or “will” or the negative of those terms or comparable terms. In particular, the Cell’s target return, its expectation as to whether and when investments will be realized and its expectation of the performance of the economies in which the Cell proposes to invest are all forward-looking statements.

Forward-looking statements are based on the Cell’s present beliefs, expectations, intentions and projections regarding the Cell’s future performance, anticipated events or trends and other matters that are not historical facts. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Given the risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as at the date of this Supplement. Except as required by applicable law, the Cell and the Fund Manager do not undertake, and expressly disclaim, any obligation to update or revise publicly any forward-looking statement in this Supplement, whether as a result of new information, future events or otherwise.

The distribution of this Supplement and the offer and sale of the Participating Shares in certain jurisdictions may be restricted by law. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of Participating Shares, and any foreign exchange restrictions that may be relevant thereto. This Supplement does not constitute an offer to sell or a solicitation of an offer to buy Participating Shares in any jurisdiction to any person to whom it is unlawful to make such an offer or sale. Prospective investors should review Appendix B to the Memorandum for a list of offering restrictions in certain jurisdictions.

### **THE ABU DHABI GLOBAL MARKET**

This Supplement relates to a Qualified Investor Fund established and existing in accordance with the Funds Rules issued by the Financial Services Regulatory Authority (FSRA).

The FSRA has no responsibility for reviewing or verifying any Memorandum, Supplement or other documents in connection with this Cell. Accordingly, the FSRA has not approved this Supplement or any other associated documents nor taken any steps to verify the information set out in this Supplement, and has no responsibility for it.

The Participating Shares to which this Supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Participating Shares offered should conduct their own due diligence on the Participating Shares. If you do not understand the contents of this Supplement you should consult an authorised financial adviser.

This Supplement is intended for only Professional Clients who can make a minimum subscription of US\$500,000 (or equivalent in another currency) as specified in the FSRA Rules and must not therefore, be delivered to, or relied upon by, a Retail Client or a Professional Client not able to make that minimum subscription.

No offer or promotion of the Cell or the Participating Shares has been or will be made in or from the ADGM except by an “Authorised Firm” on a private placement basis in accordance with the laws and regulations of the ADGM.

## **INVESTOR INFORMATION REQUESTS**

Each prospective investor will be afforded the opportunity to ask questions of, and receive answers from, the Cell and the Fund Manager concerning the terms and conditions of the offering, the Participating Shares and the information set forth herein, and to obtain any additional information or documents, including a copy of the Memorandum and the Cell Articles. Inquiries should be directed to:

### **ADS Investment Solutions Limited**

Office 2481, Level 24  
Al Sila Tower  
Abu Dhabi Global Market Square  
Al Maryah Island, Abu Dhabi

## SUMMARY OF TERMS

The following is a summary of the terms of the Cell and should be read together with the Memorandum. To the extent that the information contained in this Supplement conflicts with information contained in the Memorandum, the information contained in this Supplement will take priority. Further, to the extent that the information contained in this Supplement conflicts with information contained in the Cell Articles, the Cell Articles will take priority. The Memorandum, the Supplement, the Cell Articles and the Subscription Agreement should be read in their entirety by investors prior to any decision to invest in a Cell.

<b>Cell</b>	FTSE ADS Saudi Minimum Variance Fund OEIC IC (the “ <b>Cell</b> ”), an incorporated cell of the ADS Smart Funds OEIC ICC Ltd (the “ <b>Company</b> ”) an incorporated cell company incorporated as a company limited by shares in the Abu Dhabi Global Market (the “ <b>ADGM</b> ”). The Cell is registered as a Qualified Investor Fund with the Financial Services Regulatory Authority (the “ <b>FSRA</b> ”).
<b>Investment Objectives and Strategy</b>	<p>The principal investment objective of the Cell is to generate capital appreciation by investing in equities listed on the Saudi Arabian stock exchange (Tadawul).</p> <p>The Cell will invest in liquid Saudi equities through a systematic process based on modern financial theory. The fund will track a custom benchmark, FTSE-ADS Saudi Arabia Min Vol Index, created with an aim to minimize volatility of investing in the Saudi Arabian equity market using advanced statistical methods, rebalanced on a semi-annual basis.</p>
<b>Fund Manager</b>	ADS Investment Solutions Limited, a company limited by shares incorporated in the ADGM has been appointed to act as the fund manager of the Cell (the “ <b>Fund Manager</b> ”).
<b>Participating Shares</b>	<p>The Cell is offering non-voting, participating, redeemable Participating Shares in the capital of the Cell to Eligible Investors.</p> <p>Each person that is issued Participating Shares will become a shareholder of the Cell (each, a “<b>Participating Shareholder</b>”) and shall be bound by the terms of the Cell Articles. Participating Shares do not confer any right to receive notice of, attend, speak or vote at general meetings of the Cell.</p>
<b>Share Capital</b>	The share capital of the Cell shall be divided into one hundred (100) Management Shares of par value US\$1 each and ten million (10,000,000) Participating Shares of par value US\$1 each. Participating Shares shall be issues in Series.
<b>Dividends</b>	The Cell may pay dividends to Participating Shareholders.
<b>Minimum Initial Subscription</b>	USD 500,000 (or its equivalent in another currency) per investor subject to the ability of the Director in its sole discretion to accept a

lesser amount subject to applicable regulations.

<b>Initial Offering Period</b>	The period commencing and ending on such dates as the Director may from time to time determine (the “ <b>Initial Offering Period</b> ”).
<b>Subscriptions</b>	Participating Shares will be issued at the subscription price of US\$1,000 per Participating Share during the Initial Offering Period and thereafter, will be offered on each Subscription Day at a price (the “ <b>Subscription Price</b> ”) equal to the Net Asset Value per Participating Share of the Initial Series as at the immediately preceding Business Day (the “ <b>Valuation Day</b> ”). A new Series of Participating Shares will be issued on each Subscription Day. Subscriptions may only be made in US\$.
	The <b>Initial Offering Period</b> shall commence on 28 <sup>th</sup> April 2019 and end on 30 <sup>th</sup> April 2019, or such other period as the Directors may determine.
<b>Subscription Day</b>	Each day (other than a Friday or a Saturday) on which banks in Abu Dhabi and Riyadh are authorized to open for normal banking business and/or such other day or days as the Director may determine, either generally or in any particular case (each, a “ <b>Subscription Day</b> ”).
<b>Valuation Day</b>	Each day (other than a Friday or a Saturday) on which banks in Abu Dhabi and Riyadh are authorized to open for normal banking business and/or such other day or days as the Director may determine, either generally or in any particular case (each, a “ <b>Valuation Day</b> ”).
<b>Business Day</b>	Each day (other than a Friday or a Saturday) on which banks in Abu Dhabi and Riyadh are authorized to open for normal banking business and/or such other day or days as the Director may determine, either generally or in any particular case (each, a “ <b>Business Day</b> ”).
<b>Subscription Procedure</b>	Prospective investors will be required to complete and return a Subscription Agreement. The duly completed and executed Subscription Agreement must be sent to the Administrator, with a copy to the Fund Manager, and must be received together with subscription monies in cleared funds, in the case of subscriptions during the Initial Offering Period, no later than 1pm (UAE time) on the last Business Day of the Initial Offering Period or such earlier or later time as determined by the Director either generally or in any particular case, and thereafter, no later than 1pm (UAE time) one Business Day prior to the relevant Subscription Day on such earlier or later time as determined by the Director either generally or in any particular case.

The Director reserve the right to reject or accept subscriptions in

whole or in part in their absolute discretion and without assigning any reason therefore, in which event subscription monies shall be refunded, without interest.

<b>Redemptions</b>	A Participating Shareholder may redeem some or all of his or her Participating Shares on each Redemption Day at the relevant Net Asset Value per Participating Share as at the relevant Redemption Day, provided that a redemption notice, in a form approved by the Directors (the “ <b>Redemption Notice</b> ”), is received by the Administrator at least one (1) Business Days prior to the proposed Redemption Day.
<b>Redemption Day</b>	Each day (other than a Friday or a Saturday) on which banks in Abu Dhabi and Riyadh are authorized to open for normal banking business and/or such other day or days as the Director may determine, either generally or in any particular case (each, a “ <b>Redemption Day</b> ”).
<b>Redemption Procedure</b>	Redemption Notices will (save as determined by the Director or the Fund Manager) be irrevocable and must be sent by facsimile, email, registered post or courier to the Administrator at its address set out in the Redemption Notice, with a copy to the Fund Manager.
<b>Redemption Proceeds</b>	The Cell will generally pay a redeeming Participating Shareholder the redemption proceeds due to such redeeming Participating Shareholder within three (3) Business Days after the relevant Redemption Day, based upon the Net Asset Value per Share of the relevant Series. Redemption payments will be made in US\$ or in the sole discretion of the Fund Manager, in another currency. Cash payments will be remitted by wire transfer to the account designated by the Participating Shareholder in the Redemption Notice. No interest will accrue on the redemption proceeds pending payment. Third party payments will not be made.
<b>Restrictions on Redemptions</b>	If Redemption Notices are received by the Administrator in respect of any Redemption Day in relation to Participating Shares of any Series with an aggregate Net Asset Value of more than 20% of the Net Asset Value of the Cell, the Fund Manager may, in its discretion, reduce each request for redemptions pursuant to such Redemption Notices pro rata, as between those Participating Shares sought to be redeemed, so that only Participating Shares with an aggregate Net Asset Value equal to 20% (or such higher percentage as the Fund Manager in their discretion may determine) of the Net Asset Value of the Cell are redeemed on any Redemption Day. A redeeming Participating Shareholder whose request for a redemption of Participating Shares is reduced will be deemed to have submitted a Redemption Notice to have the remaining balance of the Participating Shares as specified in the original Redemption Notice redeemed on the following Redemption Day without the need to submit a further Redemption Notice. Such deemed submitted

Redemption Notice shall not have priority over other submitted Redemption Notices, provided always that redemptions on any such subsequent Redemption Day shall always be subject to the discretion of the Fund Manager to reduce each request for redemptions pursuant to each Redemption Notice on a pro rata basis as aforesaid to ensure that no more than 20% of the Net Asset Value of the Cell shall be redeemed on any Redemption Day, unless the Fund Manager determines otherwise.

### **Compulsory Redemptions**

Upon written notice to a Participating Shareholder, the Cell has the right to compulsorily redeem all or some of the Participating Shares held by a Participating Shareholder at the Net Asset Value per Participating Share as at the day of redemption, if the Fund Manager for any reason determine in their discretion to do so. Without prejudice to its general powers to redeem compulsorily for any reason, the Fund Manager intends to compulsorily redeem Participating Shares where:

- (a) the Participating Shares are held by or for the benefit (directly or indirectly) of any Restricted Person;
- (b) the value at the Net Asset Value per Participating Share as at the last Valuation Day of all the Participating Shares held by a Participating Shareholder is less than the Minimum Holding; or
- (c) any of the representations given by a Participating Shareholder in its Subscription Agreement were not true or have ceased to be true.

### **Suspension of Redemptions and Subscriptions**

The Fund Manager may postpone or suspend (a) the determination of the Net Asset Value of the Participating Shares of any one or more Classes and/or Series (and the applicable Valuation Day), (b) the issue of Participating Shares of any one or more Classes and/or Series (and the applicable Subscription Day), (c) the redemption by Participating Shareholders (in whole or in part) of Participating Shares of any one or more Classes and/or Series (and the applicable Redemption Day), and (d) the payment (in whole or in part) of any redemption proceeds (even if Valuation Days and Redemption Days are not postponed or suspended), upon the occurrence of any of the following circumstances (and in each case for the whole or any part of a period):

- (a) when any stock exchange on which investments held by the Cell are quoted is closed except for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended;
- (b) during the existence of any state of affairs as a result of which in the opinion of the Fund Manager, the disposal of investments held by the Cell would not be reasonably



practicable or might prejudice the non-redeeming Participating Shareholders of the Cell;

- (c) during any breakdown in the means of communication normally employed in determining the price or value of any investments held by the Cell or of current prices in any stock market on which investments held by the Cell are quoted, or when for any other reason the prices or values of any investments held by the Cell cannot reasonably be promptly and accurately ascertained;
- (d) when the transfer of funds involved in the realisation or acquisition of any investments held by the Cell cannot, in the opinion of the Fund Manager, be effected at normal rates of exchange;
- (e) during which the Fund Manager determine in good faith that there exist any circumstances that render the calculation of the Net Asset Value, acceptance of subscriptions for Participating Shares, redemptions, repurchases or payment of the Redemption Price, impracticable or undesirable; and
- (f) when any investment fund (in which the Cell holds a substantial position) makes a similar postponement or suspension.

The Cell may withhold payment to any person whose Participating Shares have been tendered for redemption until after any suspension has been lifted. If a redemption request is not withdrawn by a Participating Shareholder following declaration of a suspension, the redemption will be completed (subject to any restrictions on redemption) on the first Redemption Day after the suspension is ended, unless the Fund Manager determine otherwise, on the basis of the Net Asset Value per Participating Share as at such Redemption Day.

#### **Transfers**

No Participating Shares may be transferred, assigned or disposed of without the prior written consent of the Director which shall not be withheld unreasonably.

#### **Management Fee**

The Cell shall pay the Fund Manager a management fee (the “**Management Fee**”), calculated on each Valuation Day and payable quarterly in arrears, in an amount equal to 0.4% per annum of the Net Asset Value per Participating Share (before any accruals for the Management Fee for the current valuation). The Management Fee shall be calculated based on the Net Asset Value as at the end of each Valuation Day after adjustment for subscriptions and redemptions and any profits and losses for the current valuation period. All payments of the Management Fee shall be grossed up to include value added tax.

<b>Performance Fee</b>	No performance fee is payable by Participating Shareholders.
<b>Redemption Fee</b>	No redemption fee is payable by Participating Shareholders.
<b>Subscription Fee</b>	No subscription fee is payable by Participating Shareholders.
<b>Operating Expenses and Organizational Expenses</b>	The Cell will bear all Operating Expenses and Organizational Expenses associated with, or allocated to, the Cell as more fully described in the Memorandum.
<b>Fiscal Year</b>	The first Fiscal Year of the Cell will end on December 31, 2018 and thereafter each Fiscal Year shall end on December 31 of each following calendar year or such other date determined by the Director from time to time.
<b>Reports to Shareholders</b>	The Cell will provide Participating Shareholders with an annual audited financial report of the Cell as soon as practicable and in any event within 120 days following the end of each Fiscal Year. The Cell will provide Participating Shareholders with certain monthly reports as set out in the relevant Supplement. The Cell's financial statements will be prepared in accordance with IFRS.
<b>Parallel Funds</b>	In order to facilitate investments by certain investors, the Cell may create parallel and other alternative investment entities (each a " <b>Parallel Fund</b> "), the structures of which may differ from that of the Cell but which will generally invest proportionately in some or all investment opportunities on substantially similar terms and conditions as the Cell, subject to applicable investment restrictions.
<b>Alternative Investment Vehicle</b>	If the Cell determines that for legal, tax, regulatory or other reasons that an investment should be made through an alternative investment vehicle (" <b>Alternative Investment Vehicle</b> "), the Cell may structure the making of all or a portion of such investment outside the Cell, by requiring some or all of the investors to make such investment through a limited liability entity that will invest on a parallel basis with, or in lieu of, the Cell, as the case may be.
<b>Saudi Arabian Tax Considerations</b>	<p>There are currently no income, corporate, capital gains or withholding taxes applicable on the Cell or an investor's subscription for Participating Shares. Accordingly, payments of subscription proceeds by investors to the Cell, payments to investors upon a transfer of Participating Shares to a third party and payments by the Cell of redemption proceeds should not be subject to any taxation in Saudi Arabia.</p> <p>The Cell will not make any payments of zakat for shareholders. Each shareholder will be solely responsible for paying his, her or its zakat as required by the Saudi Arabian General Authority of Zakat and Taxation.</p>

Investors must also carefully read the section entitled “Certain Legal, Tax and Regulatory Matters” in the Memorandum.

<b>Base Currency</b>	USD.
<b>Administrator</b>	Apex Fund Services (AD) Limited.
<b>Auditor</b>	Deloitte & Touche (M.E.) LLP.
<b>Custodian and Prime Broker</b>	Standard Chartered Bank Dubai through its sub-custodian HSBC Bank Saudi Arabia.
<b>Legal Counsel</b>	King & Spalding LLP.
<b>Certain Risk Factors and Potential Conflicts of Interest</b>	Potential investors should be aware that an investment in the Cell involves a high degree of risk and is suitable only for investors who fully understand and who can bear the risks of such an investment for an indefinite period and who can afford a total loss of their investment. In addition, potential investors should be aware that there will be occasions when the Director, the Fund Manager and/or their respective directors, officers and/or affiliates may encounter conflicts of interest in connection with the Cell.

**ALL POTENTIAL INVESTORS MUST CAREFULLY READ THE SECTION ENTITLED “CERTAIN RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST” IN THE MEMORANDUM BEFORE MAKING AN INVESTMENT IN THE CELL.**