



The Case for the SP Funds Dow
Jones Global Sukuk ETF

SPSK

Key Takeaways

SPSK seeks to provide exposure to sukuk, which are Islamic financial certificates with unique risk profiles.

- Sharia-compliant: composed in accordance with Islamic law
- Offers potential diversification benefits for investors
- Alternative risk profile: SPSK may offer investors decreased exposure to duration risk and interest rate risk

The opportunities to invest in a Sharia-compliant way are increasing, supported by strong demand from Muslim and non-Muslim investors for its ethical foundation, sustainability and social responsibility.

Investing in Accordance with Sharia Law

Sukuk are financial certificates, similar to bonds, issued in the global markets and structured to comply with Islamic religious law commonly known as Sharia and its investment principles. Unlike conventional bonds, sukuk are based on a variety of contracts to create financial obligations, and the returns to investors are considered to be profit sharing, not interest.

Issuers of sukuk may include international financial institutions, foreign governments (including in emerging markets), and foreign government agencies, instrumentalities, or special purpose vehicles.

To be Sharia compliant, companies and investments must pass several screens for permissible asset classes and business activities. Stocks and Islamic ETFs are eligible for Sharia compliance consideration but preferred shares and interest-paying securities are not. A business activities screen excludes companies that derive more than five percent of their total income from non-compliant income sources.

Non-Compliant Income Sources:

- Alcohol
- Gambling
- Weapons
- Tobacco
- Adult Entertainment
- Pork Products
- Highly-leveraged Businesses
- Interest-Based Businesses
- Music, Cinema or Broadcasting

Why Invest Sharia-Compliant ETFs?

Sharia-compliant ETFs offer benefits such as diversification, lower costs, transparency and trading flexibility.

They can also potentially avoid risky allocations to highly leveraged instruments. The benefits of this approach were revealed in the financial crisis of 2008-2009, when Sharia-compliant investors weathered the storm due to their lack of exposure to conventional financial services and highly leveraged companies.¹ Because of this, it comes as no surprise that many non-Muslims find Sharia-compliant investing to be an ideal way to help hedge against leverage.

Further, since the value and risk of sukuk is always related to real assets with provable, tangible value, it is more difficult to manipulate artificially than is the case in other types of securities.

SPSK

The SP Funds Dow Jones Global Sukuk ETF seeks to track the performance, before fees and expenses, of the Dow Jones Sukuk Total Return (ex Reinvestment) Index. As of July 31, 2019, the Index was composed of 76 constituents, representing investments in seven foreign countries, and had an average weighted maturity of 5.93 years.

The Index includes U.S. dollar-denominated investment-grade sukuk. To be eligible for inclusion in the Index, sukuk must have an outstanding issue size of at least US \$200 million, a minimum time to maturity of one year, and a credit quality rating of at least BBB-/Baa3 by Standard & Poor's Financial Services LLC, Moody's Investors Service, Inc. or Fitch Ratings, Inc.

About SP Funds

Among the first wealth managers to deliver Islamic financial solutions, SP Funds is dedicated to providing halal, Sharia-compliant, non-levered ETFs that can serve as versatile solutions for value-conscious investors across the globe. SP Funds ensures that investors can invest along with their conscience, while achieving potential diversification benefits.

Shariah-Compliant Investment Solutions Provider: Managing over US \$83m (as of 2/4/2020) in Shariah-compliant assets, SP manages all portfolios in accordance with the rules determined by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and under the guidance of their ethical advisor, Imam Omar Suleiman.

Strength and Experience: Over 100 years of combined team experience, navigating well through all market cycles. The portfolio team employs a highly disciplined investment philosophy and process designed to comprehensively measure and manage risk

Values-Driven Culture: Our values-driven culture guides how we work

For more information, go to sp-funds.com.

¹ <https://www.nytimes.com/2017/06/30/your-money/retirement-savings-the-muslim-way.html>. **Past performance does not guarantee future results.**

IMPORTANT INFORMATION

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus. A prospectus may be obtained by visiting sp-funds.com or calling (425) 409-9500. Please read the prospectus carefully before you invest.

As with all ETFs, Fund shares may be bought and sold in the secondary market at market prices. The market price normally should approximate the Fund's net asset value per share (NAV), but the market price sometimes may be higher or lower than the NAV. The Fund is new with a limited operating history.

The strategy to reduce the investable universe may limit investment opportunities and adversely affect the Fund's performance, especially in comparison to a more diversified fund. Investments in foreign securities may involve risks such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Investing in emerging markets involves different and greater risks, as these countries are substantially smaller, less liquid and more volatile than securities markets in more developed markets

Because no collateral is pledged as security for sukuk, purchasers of sukuk are subject to the risk that an issuer may not meet its payment obligations or that an underlying asset may not perform as expected or lose value. There may be times when the market is illiquid and it is difficult for the Fund to make an investment in or dispose of sukuk.

Diversification does not ensure a profit or protect against loss in declining markets.

Forside Fund Services, LLC, Distributor



SPSK SP Funds Dow Jones Global Sukuk ETF

(425) 409-9500

info@sp-funds.com

sp-funds.com