



**Ethical** Asset Management

# Forward to Basics

International Takaful Summit 2012

Let us grow together



## **Introduction to Ethical Asset Management (Ethical AM)**

Ethical AM provides a simple professional service for investors globally, which is to manage the entire asset management process from concept to completion independently and with the clients' interests as the main consideration at all times.

We clearly understand that there is a significant and increasing demand from institutions and individuals globally that wish to invest in UK based assets.

We are a UK based company who truly understand the needs of these investors, have local market knowledge, can develop products and are always on the 'buy side'.

We have a genuine understanding of the core Shariah principles, which are Ethical by default.



## Takaful Asset Management - Where are we now?

There are not enough products is a common complaint.

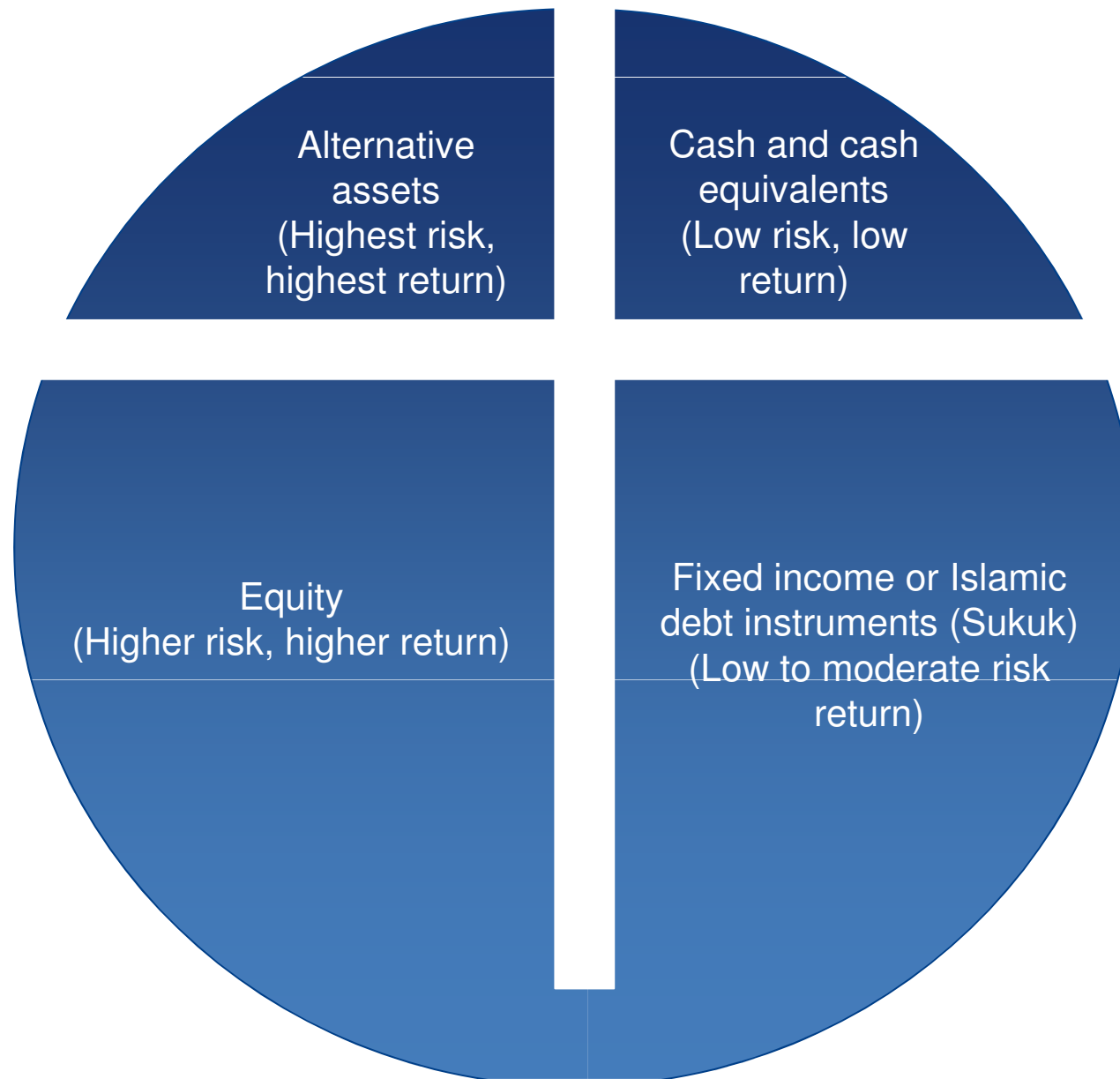
Investors are waiting for products to be developed and offered.

The majority of current investments are made into 'off the shelf' products.

There is a distinct lack of involvement in the product development process.



## Investment Options Available for Takaful Companies





## Rationale

There is a serious need for long-term investments, specifically for Takaful participation fund holders for Family Takaful. This is considered a hindrance to the industry's growth.

An industry player revealed: “This has been an issue for a long time, and long-term Sukuk is the only facility able to fulfill that gap. Sukuk will eventually become a force to reckon with within the industry.”.

Most of the papers we see now are still short-term. Ultimately, the Takaful industry needs longer-term Sukuk.

These long-term investments are needed for the participation fund.

“The industry ultimately needs to have managed Sukuk funds, where Takaful companies can ease in and ease out of the amounts of investments. This sort of innovation is needed to enable Sukuk availability for the long-term products.”

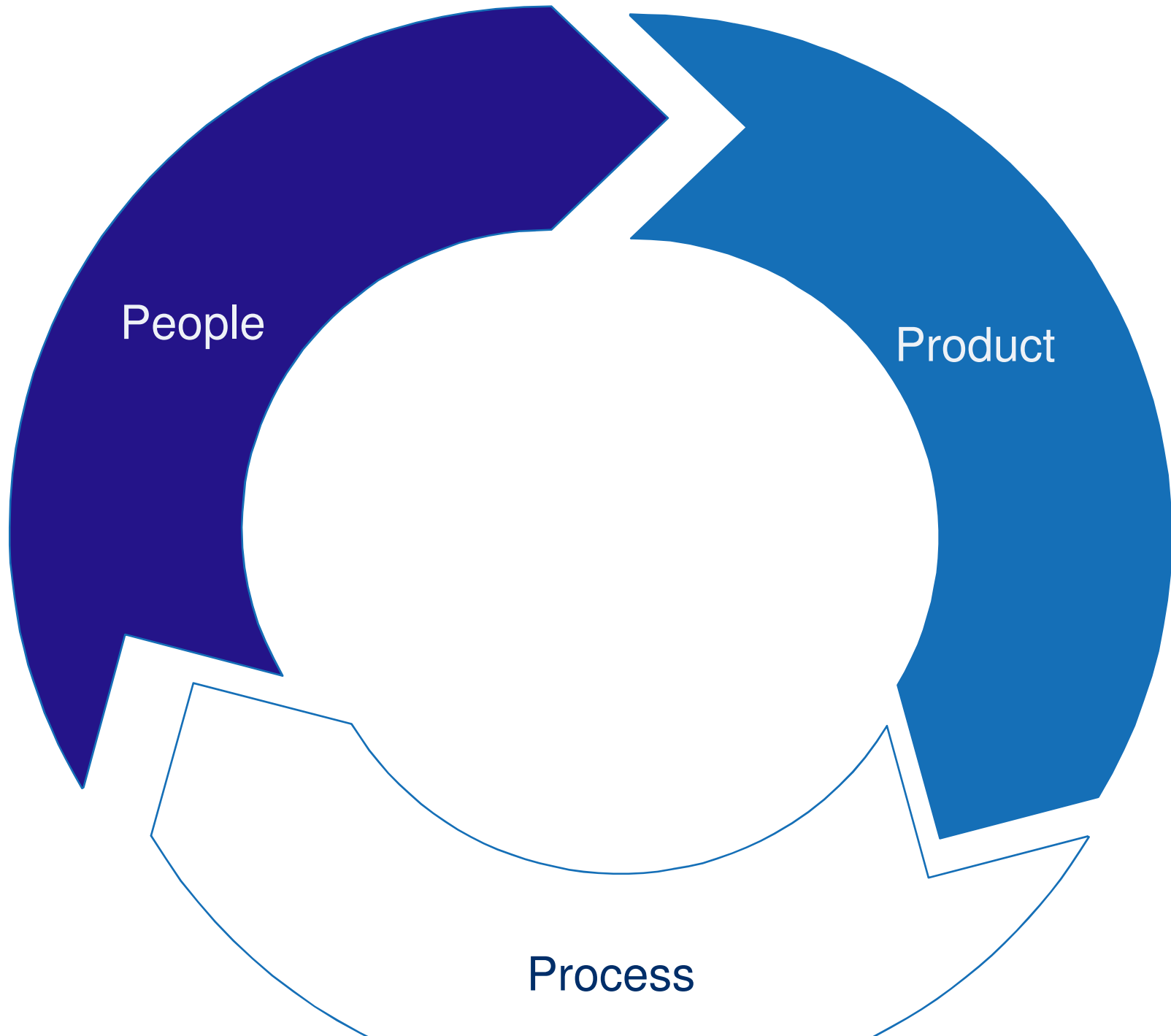


## The Original Concept



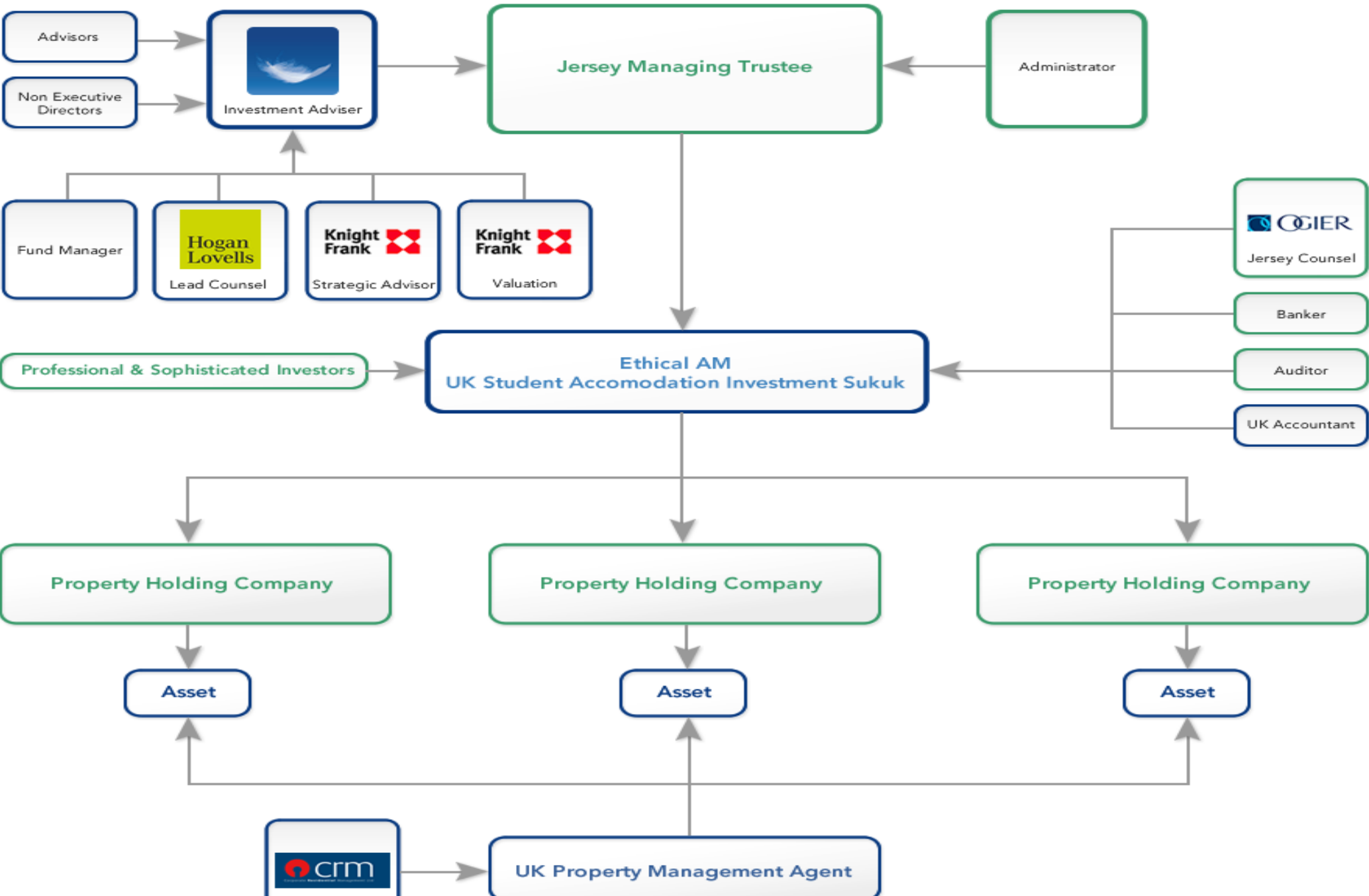


# Ethical Asset Management





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## Sectors with potential

- London High End Residential (Mayfair, Knightsbridge, Belgravia and St. James)
- London Grade A Office Space (Mayfair, Knightsbridge, Belgravia and St. James)
- Income producing Commercial assets with institutional standard covenants
- Income producing UK Student Accommodation (Located in key UK towns and cities)
- Infrastructure (Working in partnership with the UK Government)
- Renewable Energy (Working with well known Multi National companies)
- Waste Management (Working with established well known companies)
- Private Equity (Shariah compliant UK companies in their entirety)



## Investment Strategy

- Debt free
- Existing income producing assets from day one
- Low risk, medium reward
- Supply demand imbalance
- UK based assets in the first instance



## Debt Sukuk vs. Investment Sukuk

Fixed Income

Annual distribution linked to income

Issuer has full authority over the funds

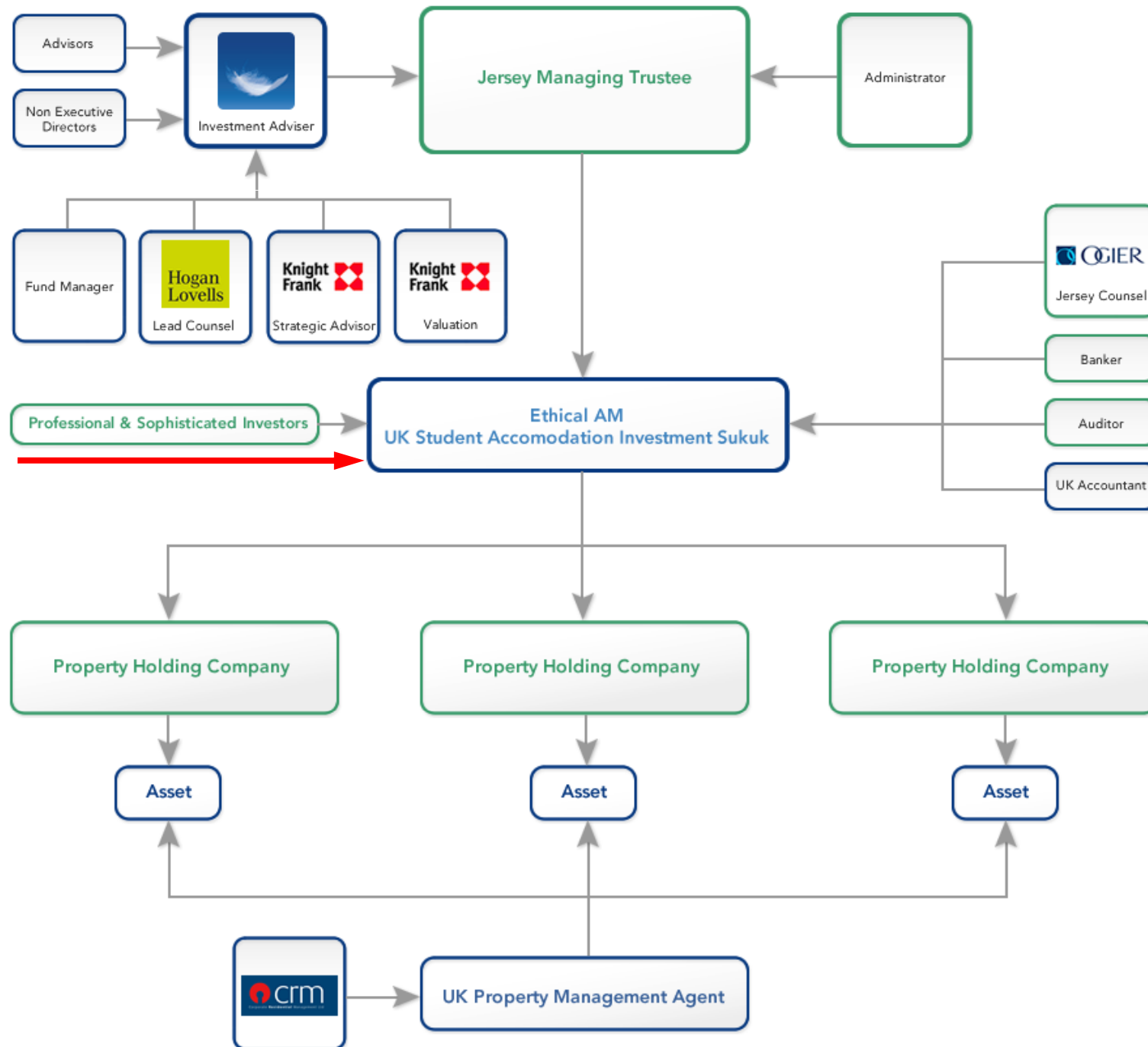
Investors can be involved in decisions

Occasional recourse to assets

Direct ownership and recourse to assets



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## Debt Sukuk vs. Investment Sukuk

Fixed Income

Issuer has full authority over the funds

Occasional recourse to assets

No share in any capital value uplift

Guaranteed returns???

Legal process in case of default

Annual distribution linked to income

Investors can be involved in decisions

Direct ownership and recourse to assets

Majority share in any capital value uplift

The returns are not Guaranteed

Immediate contingency i.e. Sale

The security and potential of our 'Investment' Sukuk which is based on existing income producing assets, with the investors having direct ownership, immediate recourse to the assets and relative risk reward benefits, compared to a Debt Sukuk (based on a credit rating) is greater.



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## Investment Ethos

- A better way which can help to generate more benefit for more people.
- Share the risk and share the reward.
- A sound and fair system.
- More potential of success with closely aligned interests.
- AAA / AA rated income can be generated, which is as secure as possible.
- Long term revenue streams in excess of current terms, with better rates of return are available.
- Major UK Institutions are removing debt entirely from their portfolios. Why???

“We’ve tried it and we don’t like it”



## What is needed to make it happen?

### Dialogue

Come and talk to us so we can understand what you would like to achieve.

### Effort

The platform already exists and can be easily replicated on a global level.

### Time

With our experienced team we can fast track product development.

### Cost

We have already paid for major elements of the structuring costs.





## Summary

The 'product' problem can be addressed and potentially resolved.

Tailored solutions can be developed and delivered on a global basis.

Simple and basic cost effective Shariah structures are available.

Better than existing rates of return are achievable with increased security.

Potential to work as a genuine partnership through co investment.

Old values and methods delivered in a futuristic manner.

Let us grow together





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