

THE HALAL 401(K)

Disclosure Statements
Effective May 29th, 2025

1 Contact

For inquiries or additional information

- Email: polygon@decagonlabs.org
- Phone: +1 (703) 220-0237
- Address: 1 W 72nd St.#37, New York, NY 10023
- EIN: 33-1482251

2 Investment Objective

The Halal 401(k) (the “Fund”) seeks long-term risk-adjusted returns through strategic allocations to alternative assets, in compliance with Shariah law as interpreted by AAOIFI or the Fund’s Sharia Advisory Board (the “Board”). The Fund’s exposures include:

1. **Private Equity** — Investments are limited to Sharia-compliant companies and sectors. The Fund will not invest in businesses involved in conventional financial services (e.g., banking, insurance), alcohol, pork products, gambling, or adult entertainment. Financial ratios and business activities are per Generally Accepted Accounting Principles (“GAAP”) and Board standards.
2. **Private Real Estate** — Direct or indirect investments in Sharia-compliant real estate properties and development projects. Financing structures must avoid *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (gambling), and may include *ijara*, *mudarabah*, or *musharakah* arrangements.
3. **Systemic Trading** — Quantitative models applied to Board-screened equities, commodities, and currencies. Strategies avoid conventional derivatives, *riba*-based leverage, and speculative instruments. Alternative hedging mechanisms (e.g., Islamic profit-rate swaps & *Wa’ad* structures) may be used where approved by the Board.

3 Fees and Expenses

The Fund’s fees include management fees, administrative expenses, and costs related to Sharia compliance (e.g. Board fees, auditing). Fee structures are disclosed separately and comply with fiduciary and Islamic principles.

Illustrative Fees (subject to change):

| Fee Type | Amount / Range (annu.) |
|-----------------|-------------------------|
| Management Fee | 0.5%–1.0% of assets |
| Bookkeeping Fee | \$50 per participant |
| Shariah Audit | Varies; capped at 0.15% |

4 Fiduciary Standard

The Fund and its fiduciaries comply with the ERISA Prudent Man Standard of Care, discharging duties in the interest of plan participants and beneficiaries. Investments aim to provide benefits and defray reasonable administrative expenses while maintaining Shariah compliance.

5 Shariah Audits/Compliance and Conflicts of Interest

The Fund is overseen by an Advisory Board of qualified Islamic finance scholars responsible for:

- Reviewing investment policies and portfolio composition;
- Approving Shariah compliance frameworks and methodologies;
- Issuing periodic Shariah audits and certifications (fatwas);
- Monitoring zakat-related matters.

Conflict Disclosures: Fund service providers (e.g. advisors, administrators, affiliates) may receive fees or performance incentives. All relationships are disclosed to and approved by the Advisory Board to prevent conflicts of interest.

6 Liquidity and Redemption Terms

Private equity and real estate investments are often characterized by illiquid environments, resulting from long investment horizons and the need to avoid interest-bearing debt and speculative trading.

- Redemptions are generally unavailable until a realization event or fund maturity; once eligible, processing may take up to 30 days.
- Participant reporting is based on estimated quarterly net asset values (NAVs), affecting the timing and accuracy of interim valuations.

Participants should consider their liquidity needs before allocating to these sleeves. Limited redemption windows and delayed access to funds are consistent with the long-term nature of private markets and Islamic finance principles.

7 Risk and Considerations

- **Shariah Compliance Risk** — The Fund follows the guidelines established by its Shariah Supervisory Board. However, differing interpretations of Shariah principles between jurisdictions and changes in Sharia asset assessments can require divestment, potentially resulting in losses or unfavorable market conditions.
- **Illiquidity Risk** — Alternative investments such as private equity and real estate are inherently illiquid and often difficult to sell or value accurately under market stress. Redemption requests may not be fulfilled on demand, and valuation adjustments may be necessary to reflect changing market conditions.
- **Valuation Risk** — Private equity, real estate, and other nonpublicly traded assets are valued using models, estimates, or appraisals rather than observable market prices. This subjectivity risks mispricing, which can affect the fund’s NAV and the timing or pricing of investor transactions.
- **Market and Operational Risk** — All investments are subject to market fluctuations and economic cycles that affect the value of the Fund’s holdings. Operational failures in systems, controls, personnel, or processes — particularly in complex investment structures — can also affect performance and returns.
- **Manager and Concentration Risk** — Fund performance depends heavily on managers’ decisions, especially

in private equity and real estate. Furthermore, concentrated exposure to specific sectors, regions, or asset classes increases sensitivity to adverse developments.

- **Trading and Strategy Execution Risk** — Actively managed components of the Fund, including tactical trading strategies, may underperform if the investment theses fail. Market timing, execution delays, or excessive turnover can increase transaction costs and reduce returns.

The Fund aims to diversify investments to reduce risk, consistent with prudence and Shariah principles. However, alternative assets, such as private equity and real estate, can carry higher levels of illiquidity, valuation uncertainty, and operational complexity than traditional equities or fixed income investments. The Fund does not guarantee returns or preservation of capital, and investors may experience a loss of principal.

8 Advisory Board Members

- Mashhour Mourad, Ph.D. — Chief Financial Officer & Chief Investment Officer at Al Yamamah Education; Professor of Practice in Finance, Alfaisal University.

9 Disclosures

The Fund targets participants seeking Shariah-compliant investment alternatives within their 401(k) plans. Consult financial and religious advisors to ensure alignment with individual goals and beliefs.

The Fund reserves the right to amend disclosures. Material amendments will be communicated in writing to participants at least 30 days in advance unless otherwise required by law.

Investing involves risk, including potential loss of principal.