



Terms and Conditions

SNB Capital GCC Trading Equity Fund

An open-ended public equity fund

Fund Manager
SNB Capital Company

"The Fund's Terms and Conditions has been reviewed and approved by the Fund's Board of Directors. The Fund Manager and the members of the Fund's Board of Directors collectively and individually bear full responsibility for the accuracy of the information presented herein. Having made all reasonable inquiries, the fund board directors and the fund manager confirm the validity and completeness of the information in the Terms and Conditions, and further confirm that the information and data maintained in the Terms and Conditions are not misleading".

"The Capital Market Authority has approved the offering of units in the investment fund. The Capital Market Authority does not, however, take any responsibility for the contents of the Fund's Terms and Conditions, nor does it make any representation as to its accuracy or completeness. The Capital Market Authority does not make any recommendation as to the soundness or otherwise of investing in the investment fund, and the approval of offering the fund does not mean that the Authority recommends to invest in the fund, and the Authority emphasizes that the decision to invest in the fund is up to the investor or his representative."

"SNB Capital GCC Trading Equity Fund has been certified as being Shariah compliant by the Shariah Committee appointed for the investment fund."

The Fund's Terms and Conditions and all other documentation comply with the Investment Funds Regulations and contain are complete, clear, accurate, and not misleading information on the investment fund and shall be updated and amended.

Investors should read the Fund's Terms and Conditions in conjunction with the other documentation.

The performance of the fund can be viewed within the fund's reports.

"Investors are advised to read and understand the Fund's Terms and Conditions. If in doubt, please consult a professional adviser."



Table of Contents:

Fund Directory

Definitions

Fund Summary

Terms and Conditions

- 1) Investment Fund
- 2) Governing Laws
- 3) Investment Policies and Practices
- 4) The Main Risks of Investing in the Fund
- 5) Mechanism for Assessing Risks
- 6) Targeted Class for Investing in the Fund
- 7) Investment Restrictions / Limitations
- 8) Currency
- 9) Fees, Charges and Expenses
- 10) Valuation and Pricing
- 11) Dealings
- 12) Distribution Policy
- 13) Reporting to Unitholders
- 14) Unitholders Register
- 15) Meeting of Unitholders
- 16) Unitholders' Rights
- 17) Unitholders' Liability
- 18) Units Characteristics
- 19) Changes to the Fund's Terms and Conditions
- 20) Termination of the Fund
- 21) Fund Manager
- 22) Fund Operator
- 23) Custodian
- 24) Fund Board
- 25) Shariah Committee
- 26) Investment Advisor
- 27) Distributor
- 28) Auditor
- 29) Fund's Assets
- 30) Complaints Procedures
- 31) Other Information
- 32) Additional Information Requirements for Certain Types of Funds
- 33) Unitholder Declaration
- 34) Fund's Financial Disclosure



Fund Directory:

Regulator	Capital Market Authority P.O. Box 87171 - Riyadh 11642 Kingdom of Saudi Arabia Tel.: +966112053000 Website: www.cma.org.sa	هيئة السوق المالية Capital Market Authority 
Fund Manager/ Fund Operator	SNB Capital Company (SNB Capital) P.O Box 22216 - Riyadh 11495 Kingdom of Saudi Arabia Tel.: +966920000232 Website : www.alahlicapital.com	
Custodian	Albilad Capital Company (Albilad Capital) P.O. Box 140 - Riyadh 11411 Kingdom of Saudi Arabia Tel.: +966920003636 Website: www.albilad-capital.com	البلاد المالية Albilad Capital 
Auditor	KPMG Professional Services P.O Box 92876 - Riyadh 11663 Kingdom of Saudi Arabia Tel.: +966118748500 Website: www.kpmg.com/sa	



Definitions:

Fund	SNB Capital GCC Trading Equity Fund.
Fund Manager, Company or SNB Capital	<p>SNB Capital, is a closed joint stock company established and carries out its activities according to the Laws of the Kingdom of Saudi Arabia under Commercial Registration No. (1010231474) issued in Riyadh dated 29/03/1428H (corresponding to 17/04/2007G). It is authorized by the Capital Market Authority of the Kingdom of Saudi Arabia under license number (06046-37) dated 10/06/1428H (corresponding to 25/06/2008G).</p> <p>SNB Capital Company's Head Office is at King Saud Road, SNB Regional Building P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.</p>
Board	The Board of Directors of the Fund.
CMA	The Capital Market Authority of Saudi Arabia, the regulator of the capital market in Saudi Arabia.
CML	Capital Market Law of Saudi Arabia, which was issued by Royal Decree No. (M/30) dated 2 Jumada Al II 1424H corresponding to June 16, 2003G.
Regulations- Investment Funds Regulations ("IFR")	The Investment Funds Regulations issued by the Board of the Capital Market Authority pursuant to its decision number 1-219-2006 and dated 3 Thu Al Hijja 1427H corresponding to December 24, 2006G, as amended by the Board of the Capital Market Authority's resolution number 1-61-2016 dated 16 Sha'aban 1437H corresponding to May 23, 2016G.
Authorized Persons Regulations	The Authorized Persons Regulations issued by the Board of the Capital Market Authority.
Anti-Money Laundering Regulation	The Saudi Anti-Money Laundering Regulation.
VAT Law	Value Added Tax law in the Saudi Arabia and its implementing regulation.
Terms and Conditions	Means these Terms and Conditions specific to the Fund.
Benchmark	S&P GCC Composite Shariah Index (TR).
The Kingdom	The Kingdom of Saudi Arabia.
Saudi Business Day	A day on which banks or Authorized Persons are normally open for business in Saudi Arabia; this does not include any official holiday in Saudi Arabia.
Dealing Day	Any day on which the Units of the Fund can be subscribed or redeemed.
Valuation Day	Any day on which the Units in the Fund are valued and is a business day in the Kingdom of Saudi Arabia.
Valuation of Units	The process of calculating the Net Assets Value of the Fund and dividing the outcome by the total number of Units resulting in the Unit price.
Subscription Form	Form used for subscription in the Fund.
Redemption Form	Form used to redeem Units.
Subscription Monies	Means the gross amount paid by the Investor to the Fund Manager to invest in The Fund.
Switch Form	Form used for switching between certain open-ended mutual funds managed by SNB Capital.
Additional Subscription	Additional subscription after the initial subscription.



Units	The interest of Unitholders in the Fund consisting of Units, including fractions of a Unit. Each Unit shall be treated as one undivided interest in the assets of the Fund.
Custodian	A person who is authorized under the Authorized Persons Regulations to conduct the securities activity of custody.
Financial Year	Means the Financial Year of the Fund.
Investor/Unitholder	An investor in the Fund and Unitholder.
Potential Investors	Any person who wishes to apply to subscribe in the Fund and does not own any Units in this Fund.
Investments	It includes: Cash, shares, and units of other mutual funds, and related assets held by the Fund.
Investment Account	Investment Funds Account in which Investors hold their Units with SNB Capital Company.
Net Assets Value	Means the monetary value of the total assets of the Fund minus its liabilities, fees and expenses.
Register	Means the register of Unitholders held by the Fund Manager or any party appointed by the Fund Manager to hold such register.
Tadawul	The Saudi Stock Exchange.
Over The Counter (OTC)	A decentralized market for unlisted securities.
Suspension of Dealing	Suspending of all subscriptions and redemptions requests according to the circumstances mentioned in the Terms and Conditions and/or Information Memorandum.
Shariah Committee	The Shariah Committee of the Saudi National Bank.
Shariah Guidelines	The Shariah Guidelines set by the Shariah Committee for investment in securities.
VAT	The Value Added Tax and/or other similar taxes applicable according to the VAT Law and its implementing regulations
Money Market Fund	A Shariah-compliant investment fund the sole objective of which is to invest in short-term securities and Money Market Transactions in accordance with the Investment Funds Regulations.
Real Estate Investment Traded Fund (REIT)	A Real Estate Investment Fund that is publicly offered and the Units of which are traded on the exchange whose main investment objective is to invest in developed Real Estate qualified to generate periodic and rental income and distribute a minimum 90 percent of the Fund's net profit in cash to the Unitholders at least annually.
Exchange Traded Funds (ETFs)	Funds divided into Units of equal value traded on an exchange during trading hours such as stocks. These funds combine characteristics of both mutual funds and stock funds.



Sukuk	Documents/certificates of equal value accounting for common shares in real property, benefits, services, moral rights or assets of a certain project or a private investment activity.
GCC Equity	Public companies listed on the main or secondary markets in GCC member states.
Money Market Transactions	Short term deposits and trade finance Shariah-compliant transactions.
Murabaha	Selling a commodity as per the purchasing price with a defined and agreed profit mark-up. This mark-up may be a percentage of the selling price or a lump sum. This transaction may be concluded either without a prior promise to buy, in which case it is called an ordinary Murabaha, or with a prior promise to buy, in which case it is called a "Banking Murabaha," i.e. Murabaha to the purchase order.
Exceptional Circumstances	Severe economic crises, political turmoil or other circumstances the occurrence of which would lead to sharp declines in the stock markets.
Ordinary Fund Resolution	A resolution requiring affirmative vote of the holders of more than 50% of the Units in the Fund present or presented by proxy at a meeting of Unitholders or by modern means of technology.
Independent Fund Board Member	<p>An independent fund director who enjoys complete independence by way of example, the following shall constitute an infringement of such independence:</p> <ol style="list-style-type: none">1) he is an employee of the fund manager or any of its affiliates, or any sub-manager or custodian for a fund or have a material business, or contractual relationship with the fund manager or any sub-manager or custodian for such fund.2) he, during the preceding two years, has been a senior executive of the fund manager or any of its affiliates.3) he is a first-degree relative of any board member or any senior executives of the fund manager or of any its affiliates.4) he is a controlling shareholder of the fund manager or any of its affiliates, during the preceding two years.
Main Market	Market where securities that have been registered and admitted to listing are traded as per the Listing Rules.
Parallel Market	Market where shares that have been registered and admitted to listing are traded under Listing Rules in the Parallel Market.
Rights Issue	An offer of additional shares to shareholders of the issuer, which entitle them to subscribe in proportion to their shareholdings.
Day	A business day in the Kingdom in accordance with the official working days of the Authority.



Individual savings program (ISP)

A program provided by the fund manager, in which fixed amounts are deducted monthly (minimum SAR 100) and invested in the investment funds available at the clients choice.



Fund Summary:

Name of the Investment Fund	SNB Capital GCC Trading Equity Fund.
Class/type of the Fund	An open-ended public equity fund.
Name of the Fund Manager	SNB Capital Company.
Purpose of the Fund	The fund aims to achieve capital growth through investing in GCC companies listed on a variety of GCC capital markets, with those companies complying with the Shariah investment guidelines.
Risks level	High Risk.
Minimum amount for subscription	SAR 5,000.
Minimum additional amount for subscription	SAR 2,000.
The Minimum Subscription and the Additional Subscription through the Individual Savings Program (ISP)	SAR 100.
Minimum amount for redemption	SAR 2,000.
Valuation days	Each Saudi Business Day.
Dealing days	Each Saudi Business Day.
Announcement days	Unit prices will be announced on the Business Day in the Kingdom following the Valuation Day.
Paying redemption amount days	Made available to Investor within five Business Days after the relevant Dealing Day.
Unit price at initial offer (nominal value)	1 SAR.
Currency of the Fund	Saudi Riyal.
Period of the investment fund and its maturity date	The Fund is an open-ended investment fund, with no maturity date.



Date of commencing the fund	October 2005G.
Date of issuing the Terms and Conditions, and latest update of it	The Fund's Terms and Conditions were issued on 3 Ramadan 1426H, corresponding to October 6, 2005G, and the Authority was notified of its update on 8 Rabi' II, 1445H, corresponding to 23 October 2023G.
Benchmark	S&P GCC Composite Shariah Index (TR).
Name of the Fund Operator	SNB Capital Company.
Name of the Sub-Fund Operator	HSBC Saudi Arabia.
Name of the Custodian	Albilad Capital Company (Albilad Capital)
Name of the Auditor	KPMG Professional Services.
Tax Advisor	KPMG Professional Services.
Fund Management fees	1.85% of the Net Asset Value of the Fund.
Subscription fees	Up to 2% of the amount paid by the Investor.
Redemption fees	None.
Custodian fees	0.02% of the Net Asset Value of the Fund.
Dealing (Brokerage) fees and charges	Brokerage fees or any other trading fees will be paid by the Fund directly at levels determined by regulations or the dealing broker in the markets in which the Fund purchases or sells. These amounts will vary depending on the turnover of the Fund's assets and the volume of transactions.
Other fees and expenses	The Fund Manager reserves the right to charge the Fund any other actual fees and expenses, allowed to be charged by regulations, such as custody fees, auditor fees, Tax Advisor fees and any other tax-related fees, remuneration of independent directors of the Fund Board, Shariah Committee services fees, CMA fees, Tadawul fees, as well as administrative, data processing and operational expenses. The other fees and expenses will be reviewed by the Fund Manager on quarterly basis (every three months) and will not exceed in total 1% of the average value of the Fund's assets..



Terms and Conditions:

1) Investment Fund

a. Name of the investment fund, its type and class

SNB Capital GCC Trading Equity Fund is an open-ended public equity fund.

b. Date of issuing the Terms and Conditions and the last update

The Fund's Terms and Conditions were issued on 3 Ramadan 1426H, corresponding to October 6, 2005G, and the Authority was notified of its update on 8 Rabi' II, 1445H, corresponding to 23 October 2023G.

c. Date of the Authority's approval on the offering of the fund's units

The Fund was originally approved by the Saudi Central Bank (SAMA) in October 2005 and the CMA approval was obtained for the continued offering of the Fund's Units on December 16, 2008.

d. The duration of the investment fund and maturity date

SNB Capital GCC Trading Equity Fund is an open-ended fund, with no maturity date.

2) Governing Laws

The Fund and the Fund Manager are subject to the Capital Market Law (CML), and its Implementing Regulations as well as other relevant laws and regulations applicable in the Kingdom of Saudi Arabia.

3) Investment Policies and Practices

a. The fund's investment objectives

SNB Capital GCC Trading Equity Fund is an open-ended Investment Fund that aims to achieve long-term capital growth through investing in companies listed in GCC stock markets that are compliant with the Shariah Guidelines. The Fund will not make any distributions to Unitholders. Instead, capital gains and cash dividends will be reinvested.

b. Types of securities in which the fund will invest in primarily

Investing primarily in shares of companies listed on GCC markets that meet the guidelines issued by the Shariah Committee, including IPOs, Rights Issues, ETFs licensed by the CMA and/or official bodies in GCC countries. In addition, the Fund may invest in Real Estate Investment Traded Funds (REITs), and companies listed on the Saudi Parallel Market (Nomu), including IPOs and Rights Issues. The Fund may also invest in funds that invest in Saudi or GCC markets. In addition, the Fund may invest cash surplus in Shariah-compliant Money Market Transactions or Funds.

c. Investment concentration policy

- The Fund, under normal circumstances, invests primarily in shares of companies listed on GCC markets to which the Shariah Guidelines apply. Under Exceptional Circumstances, all or some of the assets may be sold and held in cash, Money Market Funds and/or Shariah-compliant Money Market Transactions.
- The Fund is actively managed by the Fund Manager. Investments in the Fund are subject to the Fund Manager's investment procedures, which include quantitative examination, company analysis, and rigorous review. The asset management team conducts basic overall analysis of the company, assessment of management quality, risk level, and future plans.
- If the Fund invests in money market instruments, the minimum credit rating of the fund's and counterparty's securities will be as determined by an international rating agency with a minimum rating of: Standard & Poor's BBB-/Moody's Baa3-/Fitch BBB-. If there is no credit rating for the Fund's Investments or the counterparties, the Fund Manager will classify the quality of the Investments internally, based on the stability and soundness of the counterparty's or issuer's financial position.



d. A table shows the percentage of investment in each investment field

Asset Class	Minimum Limit	Maximum Limit
Shares of Saudi and GCC companies listed in the Main Markets (including IPOs and Rights Issues) and Exchange Traded Funds (ETFs).	50%	100%
Shares of companies listed in the Parallel Market (Nomu)	0%	10%
Real Estate Investment Traded Funds (REITs)	0%	10%
Cash, Shariah-compliant Money Market Funds, Money Market Transactions	0%	50%
Other investment funds investing in Saudi and/or GCC stock markets	0%	50%

e. The markets in which the investment fund intends to invest in

The Fund's investments are limited to securities listed in the GCC financial markets. The fund manager has the right to keep a larger portion or all of the fund's assets in cash or short-term or long-term profitable investments in the money markets if he believes that the market or economic conditions are relatively unsuitable for investment. The fund manager has the right to invest the fund's assets in securities issued by the fund manager or any of its affiliates.

f. Investment of the Fund Manager in Fund's units

The Fund Manager or any of its affiliates may, at their sole discretion, invest in the Fund, and reserve the right to reduce their participation partially or fully, as they deem fit. Total investments will be disclosed, if any, quarterly and the Fund Manager will be treated as a Unitholder without bias in accordance with Article (15) "Fund's Subscriptions" of the Investment Funds Regulations.

g. Transactions and methods used for investment decisions purposes

The Fund Manager selects the funds it invests in based on certain criteria including: Quantitative testing, management quality assessment, risk level, expected return, and investment compliance with Shariah Guidelines. The Fund may invest in securities issued by the Fund Manager or any of its affiliates in accordance with the objectives of the Fund.

h. Securities that will not be included in the fund's investments

The Fund will not invest in asset classes other than those mentioned in paragraph (3) "Investment Policies and Practices" of these Terms and Conditions.

i. Investment limitations

The Fund will comply with the applicable restrictions set out in Article (41) "Investment Limitations" of the Investment Funds Regulations and will comply with Shariah guidelines set by Shariah Committee.

j. Investment of the fund's assets in investment fund units managed by the Fund Manager or other fund managers

The Fund may invest up to 50% its assets in other Shariah-compliant investment funds registered with the CMA or public investment funds managed by the Fund Manager or CMA-Authorized Persons. Such Funds shall be Registered with the CMA or be public Investment Funds incorporated outside The Kingdom, controlled by a supervisory body that implements regulatory standards and requirements similar to those applied by the CMA. The Fund will neither invest more than 25% of its NAV in other Investment Fund Units, nor will it hold more than 20% of The Fund's NAV whose Units have been acquired.



k. Lending and financing powers

The Fund has the right to obtain Shariah-compliant financing for investment purposes, provided that it shall not exceed 15% of its Net Assets Value. Such percentage excludes the financing required to meet redemption requests. The Fund will not pledge any of its assets.

l. Maximum limit for dealing with any counterparty

Subject to the provisions of Paragraph (c) of Article 40 of the Investment Funds Regulations, and with the exception of investment in investment funds, the total investments of the fund in different entities belong to the same group may not exceed (25%) of the net asset value of the fund.

m. Risk Management Policy

The investment decisions taken by the Fund Manager shall be consistent with prudent investment practices that meet the Fund's investment objectives set out in the Fund's Terms and Conditions, including the following:

- The Investments of the Fund provide a prudent spread of risk whilst having due regard to the Investment Objectives, investment policies and the Terms and Conditions.
- Maintain liquidity to meet any expected redemption request from the Investment Fund.
- Retain more than 50% of the Net Assets Value of the Fund as cash in Exceptional Circumstances.
- The Risk Management Department provides the Fund Board with periodic reports on the performance of the Fund, discussing operational risks, credit risks, and risks of violating the investment limitations. Accordingly, these risks are assessed, and necessary actions are taken in the interest of the Unitholders in line with applicable laws and regulations.

n. The benchmark

S&P GCC Composite Shariah Index (TR).

- **Benchmark Calculation**

Based on the market value of listed GCC equities with Shariah-compliant liquidity requirements. Investors may follow the index performance on the company's private website. The index service is provided by Standard & Poor's Financial Services (S&P).

o. Derivatives

The Fund may invest in derivatives for hedging purposes, after obtaining the approval of the Shariah Committee. The Fund's investment in these instruments shall not exceed 15% of the Net Asset Value of the Fund.

p. Waivers approved by Capital Market Authority for any investment limits and restrictions

None.

4) The Main Risks of Investing in the Fund

- a. The Fund is considered to be of high risk, and SNB Capital gives no assurance that any appreciation in the value of the Fund's Investments will occur, or that the value of the Fund's underlying investments and the income derived from them may go down. SNB Capital gives no assurance that the Fund's investment objectives will be achieved.
- b. The past performance of the Fund or the Benchmark is not an indication of the Fund's performance.
- c. The Fund does not guarantee that its absolute performance or its performance relative to the Benchmark will be repeated or similar to any past performance.
- d. Investment in the Fund is not a deposit with any local bank that promotes or sells securities or affiliated with the Investment Fund or the Fund Manager. Therefore, Unitholders might lose some or all of their investments.



- e. The value of the Units and their returns are subject to fluctuations. Investors may not be able to recover some or all of their investments; people are advised to invest in the Fund only if they are able to afford the loss, which can sometimes be substantial.
- f. The following is a list of the main potential risks associated with investing in the Fund, the risks exposed to the Fund and any circumstances likely to affect the Net Asset Value and returns of the Fund, noting that the mentioned risks below might not represent all risk factors related to investing in the Fund units:
 - 1. **Equity Market Risk:** Investment in stocks is associated with high market volatility. The value of shares may unexpectedly decline sharply, and a portion of the capital may be lost, which will impact the Unit price. Thus, the risk inherent in equity investing is higher than Murabaha and Money Market investments or other types of short-term investment instruments.
 - 2. **Shariah Investment Risk:** This is the risk of concentrating investment in Shariah-compliant companies. It also includes the risk of disposing of non-Shariah-compliant companies sometimes at unfavorable prices in order to comply with the Fund's Shariah Guidelines, which would adversely affect the Fund Investments and Unit price.
 - 3. **Parallel Market Investment Risk:** If the Fund invests in the shares of companies listed on the Parallel Market, such companies may be less liquid than companies listed on the Main Market, as participation in the Parallel Market is allowed for a certain category of investors. Moreover, companies listed on the Parallel Market are more volatile as the volatility range ratio is higher than in the Main Market. Companies listed on the Parallel Market may be newly established or have a short operational history with limited human and financial resources. In addition, the disclosure requirements for listed companies on this market are relatively lower than companies listed on the Main Market. All of this may affect the accuracy of the Fund Manager's assessment of a company's performance and price, which may adversely affect the performance of the Fund and the Unit price.
 - 4. **Risk of Investment in Real Estate Investment Traded Funds (REIT):** The Fund may invest in units of REITs, which may face low levels of liquidity and tradability. Unit prices of such may also fluctuate due to market movements in general and Real Estate markets in particular. In addition, there is no guarantee that REITs will distribute income to investors on an annual basis as required by regulations, as distributions depend on the performance of the underlying real assets. Distribution of income, if any, depends on the Fund's ability to meet its obligations. Additionally, investment in these funds is associated with the risk of Real Estate assets, the value or valuation of which may be adversely affected by business factors such as lower rental or occupancy rates, lessees' financial position, poor infrastructure, etc.
 - 5. **Risks Associated with Credit and Counterparty:** Risks involving change in the financial position of the contracting parties as a result of changes in management, demand or products and services, which may result in failure of these parties to fulfill agreed obligations or deliver contracts, and which will consequently cause a decline in the Unit prices.
 - 6. **Rating Downgrade Risk:** Any change relating to a credit rating downgrade, by a rating agency, of a security/issuer/counterparty may adversely affect the value of the Investments, hence, leading to a decline in the Fund's Net Asset Value and Unit price as a result of the impairment of the Fund's investment vehicles whose credit rating has been lowered.
 - 7. **Risk of Reliance on Internal Rating of Counterparties:** Unitholders are subject to the risks associated with the Fund's investment in unrated counterparties, where such Investments are based first on research and analysis, then on the internal valuation and rating carried out by the Fund Manager. Any deterioration in the financial position of counterparties may result in devaluation of the Fund's Net Asset Value, which would adversely affect the Fund's Unit price.
 - 8. **Issuer Specific Risk:** This includes changes in the performance of the issuer due to changes in management or financial conditions of, or demand on the products or services offered by the issuer, which may cause its share price to decline, and consequently affect the Fund performance and Unit price adversely.
 - 9. **Concentration Risk:** The risk of the Fund Investments being concentrated in some companies and market sectors which will render the Fund's performance vulnerable to high volatility due to changes in the conditions of the companies and sectors being invested in, which may adversely impact the Fund's performance



10. **Geopolitical Risk:** This is the risk of changes in political conditions and applicable laws in the countries in which markets the Fund is investing, or in neighboring countries, which may have an adverse impact on the Fund's performance.
11. **Regulatory Risk:** This is the risk of changes in the regulatory environment and legislation, accounting and local government regulations, which may adversely affect the Fund Manager's ability to manage the Fund or cause the value of the shares invested in to decline, which may have an adverse impact on the Fund's performance and Unit value.
12. **Economic Risk:** This is the risk of changes in the economic conditions such as recession, inflation, or oil prices, which may negatively affect the value of shares invested in, thus adversely impacting the Fund's performance and Unit value.
13. **Interest Rate Risk:** This is the risk that the value of financial instruments will fluctuate due to changes in interest rates. Thus, the value of securities and the prices of companies' equity may be unfavorably affected by fluctuations in interest rates.
14. **Liquidity Risk:** This is the risk of investment in shares of companies which may be difficult at certain times to monetize at favorable prices to meet the Fund's liquidity requirements, which may have adverse impact on the Fund's performance in case of sale. Liquidity of Investments may be low in some periods, which may cause the liquidation of Fund's Investments to become more difficult. Reduced market liquidity may adversely affect the market price of the Fund's Investments and the Fund's ability to sell particular Investments to meet its liquidity requirements.
15. **Risk of Natural Disasters:** These include volcanoes, earthquakes, hurricanes, floods, which are beyond control, and cause considerable damage to property and assets. Natural disasters may adversely affect the performance of all sectors, including economic and investment sectors and adversely affect the Fund's performance and the Unit price.
16. **Conflict of Interest Risk:** This risk arises in situations that affect the objectivity and independence of the Fund Manager's investment decisions due to a personal interest. This may adversely affect the Fund's performance.
17. **Risks of Dependence on the Fund Manager's Personnel:** The Fund's performance depends largely on the capabilities and skills of the Fund Manager's employees, which may significantly affect the Fund's performance in the event of resignation or absence of any one of them, and the failure to secure a suitable replacement.
18. **Emerging Markets Risk:** The Saudi market is one of the emerging markets in which investment may involve risks such as failure or delay to complete transaction settlements and listing and custody of securities. Moreover, investment in such markets poses higher than average risks. The market value of securities invested in that are traded in emerging markets is relatively limited as the majority of market capitalization and trading volumes are concentrated in a limited number of companies. Therefore, the Fund's assets and Investments in an emerging market may experience greater price volatility and significantly lower liquidity as compared to investment in more developed markets.
19. **Currency Risk:** A difference in the exchange rate can lead to losses when investing in a currency other than that of the Fund since exchange rates may fluctuate at times of redemption and subscription to the Fund.
20. **IPO Investment Risk:** This is the risk of investing in green field companies with no operating history that would allow the Fund Manager to properly assess the company's performance. Moreover, the companies that offer their securities may represent new sectors or ones that are in the early stage of operation. This could reflect negatively on the Fund performance and the Unit price.
21. **Risk of Delayed Listing:** In case of subscription by the Fund in companies' IPO, the listing of companies' shares subscribed in the exchange may be delayed, which means locking off the amount of subscription and limiting the investment opportunities available to the Fund, which could adversely affect the Fund performance and the Unit price.
22. **Borrowing Risk:** In case of borrowing by the Fund for investment purposes, the Fund may not be able to repay its obligations on time for reasons beyond the control of the Fund Manager. This may result in late payment fees or cause the Fund Manager to sell some of its Investments, which could adversely affect the value of the Fund's assets, and negatively impact the Unit prices.



23. **Risks of Investment in Other Funds:** The other investment funds in which the Fund invests may be exposed to risks similar to those set out in this Paragraph, which may adversely affect the Fund's performance and the Unit price.
24. **Risk of the Suspension of Trading:** Non-compliance by companies listed on Tadawul with Saudi Capital Market Law and its implementing regulations, including the Listing Rules, may lead to suspension of trading in the shares of such companies, which may adversely affect the value of the Fund's assets and consequently the Unit price.
25. **Risk of Large Redemptions:** This is the risk of large and sometimes consecutive redemptions by Unitholders which may cause the Fund Manager to liquidate assets of the Fund at less favorable prices, which leads to reducing the value of the Fund's assets and a lower Unit price.
26. **Credit Risk:** This is the risk relating to the possibility of failure by the counterparties to fulfill their contractual obligations with the Fund Manager under the contracts or agreements. These risks apply to the Fund in the event of investing in Murabaha funds which engage in transactions with third parties, the default of which would adversely affect the Fund's Investments and Unit price.
27. **Results Allocation Risk:** This is the risk of a reduced opportunity for the Fund to be allocated a sufficient number of shares due to the high number of companies and funds participating in the book building process and consequently, in The Fund. In addition, the Fund may not guarantee the right to participate in any IPO, or that the CMA will continue with an IPO through the book building process. This may result in reduced earnings of the Fund and have a negative impact on the Unit price.
28. **Risks of Investing in Small-Cap Stocks:** Investment in small-cap stocks involves more risks than other investments, such as the potential failure to achieve expected performance and profits. In addition, these companies may be highly volatile in their performance because of limited human and financial resources. These factors may adversely affect the performance of the Fund and the Unit price.
29. **Legal and Regulatory Risk:** The Fund may be exposed to risks due to changes in regulatory, legal, taxes or other government applicable procedures relating to the Fund's Investments, which may adversely affect the performance of the Fund.
30. **IT Related Risk:** The Fund Manager relies on the use of technology in managing the Fund's operations and maintaining its assets. It is possible that, despite the high security precautions in place, the Fund Manager's IT systems may be hacked or targeted by virus attacks, or sustain partial disruption or total breakdown, thus limiting the Fund Manager's ability to manage the Fund's Investments effectively. This could adversely affect the performance of the Fund.
31. **Rights Issues Investment Risk:** The Fund's investment in Rights Issues or acquisition of shares in a company that offers Rights Issues may adversely affect the performance of the Fund and the Unit price by the decline in the value of its net assets. This is because the fluctuation percentage of traded Rights' prices may exceed the maximum and minimum price of shares listed on the Saudi Stock Exchange, accounting for 10% percent.
32. **Zakat and Tax Risks:** Investing in the Fund may result in tax obligations including zakat. These taxes may apply to the Fund and its investments or to the Unitholder. The Authority of Zakat, Tax and Customs of the Kingdom of Saudi Arabia or any other authority may impose taxes on investment funds leading to reduction of the Fund's NAV and Unit price.

5) Mechanism for Assessing Risks

The fund manager acknowledges the existence of an internal risk assessment mechanism for the Fund's assets.

6) Targeted Class for Investing in the Fund

The Fund targets investors seeking to invest in the Saudi and GCC market.

7) Investment Restrictions / Limitations

The Fund will comply with the restrictions set out in Article (41) "Investments Limitations" of the Investment Funds Regulations applicable to the Fund, and the Fund's Terms and Conditions.



8) Currency

The Fund Currency is set as Saudi Riyals. In the case of subscription in a currency other than the Saudi Riyal, the exchange rate used will be subject to the prevailing exchange rates, and the Unitholders will bear any exchange rate fluctuation.

9) Fees, Charges and Expenses

a. Details on all payments from the assets of the investment fund, and the method for calculating them

- **Management Fees:** The Fund Manager will charge an annual management fee of 1.85% of the Net Asset Value of the Fund calculated proportionally on each Valuation Day and deducted monthly. If the Fund invests in other funds managed by SNB Capital, the management fees will be rebated or waived to avoid double charges. The investment management fee is subject to VAT, the Fund will separately pay it to the Fund Manager at rates prescribed by the VAT Law and its implementing regulations.
- **Shariah-Compliant Financing Charges:** If applicable, will be charged to the Fund at the prevailing market rates, and calculated on each Valuation Day and paid according to the requirements of the financier.
- **Dealing (Brokerage) Fees and Charges:** Brokerage fees or any other trading fees will be paid by the Fund directly at levels determined by local regulations or the dealing broker in the markets in which the Fund purchases or sells. These amounts will vary depending on the turnover of the Fund's assets and the volume of transactions.
- **Other Fees and Expenses:** The Fund Manager shall have the right to charge to the Fund any other legally permissible expenses such as custody fees, auditor fees, Tax Advisor fees and any other tax-related fees, remuneration of independent directors of the Fund Board, Shariah Committee services fee, CMA fees, Tadawul fees, as well as administrative, data processing and operational expenses. Other Fees and Expenses will not exceed in total 1% of the average value of the Fund's assets. Such expenses include:
 1. **Custody Fees:** The Custodian shall receive an annual custody fee of 0.02% (2 basis points) of the value of the Fund's assets under custody, calculated proportionally on each Valuation Day and deducted monthly.

The Custodian is entitled to a fee of SAR 20 for each transaction made in Saudi market, plus SAR 10 for each transaction not carried out electronically. Where the Fund invests in the GCC markets, the Custodian shall impose transaction fees according to the market in which the Fund invests, ranging from USD 10 to 35, excluding regulatory fees, market, and depository center fees calculated on the required percentages, plus a fee of USD 10 for each transaction not carried out electronically.
 2. **Remuneration of the Independent Fund's Board Members:** Each Independent Member of the Fund Board receives SAR 140,000 annually, divided by the number of open-ended funds managed by the Fund Manager and supervised by the Board.
 3. **Auditor's Fees:** SAR 32,568 annually calculated on each Valuation Day and deducted semi-annual according to the concluded contract.
 4. **Shariah Committee Services Fees:** SAR 27,000 annually calculated on each Valuation Day and deducted semi-annual.
 5. **Capital Market Authority Fees:** SAR 7,500 annually calculated on each Valuation Day and deducted annually.
 6. **Publishing Fund's Information on Tadawul Website Fees:** SAR 5,000 annually calculated on each Valuation Day and deducted annually.
 7. **Administrative, Data Processing and Operational Expenses:** includes the administrative affairs expenses of the fund and other data processing programs. Charged to the Fund based on the percentage of the Fund's assets over all public funds assets under management.



All fees, charges, commissions and expenses payable to SNB Capital and other service providers will be exclusive of VAT, which the Fund shall separately pay to the Fund Manager according to rates set by the VAT law and its implementing regulations.

b. A table showing all fees and expenses, how the fees, charges and expenses are calculated and when it is paid by the investment fund

Type of Fee/ Expense	Percentage/Assigned Amount in SAR	Calculation Method	Frequency of the Payment
Management Fees	1.85% annually	Calculated on each Valuation Day	Deducted Monthly
Shariah-Compliant Financing Charges	Based on the prevailing market rates and the requirements of the financier.		
Dealing (Brokerage) Fees and Charges	Based on the turnover of the Fund’s assets and the volume of operations.		
Other Fees and Expenses*			
Custody Fees	0.02% annually	Calculated on each Valuation Day from the Fund’s assets.	Deducted Monthly
Auditor’s Fees	SAR 32,568 annually	Calculated on each Valuation Day from the Fund’s assets.	Deducted Semi-annual according to the concluded contract
Remuneration of the Independent Fund’s Board Members	SAR 140,000 annually (for each independent member)	Calculated on each Valuation Day from the Fund’s assets and divided by the number of open-ended public investment funds	Deducted Annually
Shariah Committee Services Fees	SAR 27,000 annually	Calculated on each Valuation Day from the Fund’s assets.	Deducted Semi-annual
Capital Market Authority Fees	SAR 7,500 annually	Calculated on each Valuation Day from The Fund’s assets and deducted on a monthly basis	Deducted Annually
Publishing Fund’s Information on Tadawul Website Fees	SAR 5,000 annually	Calculated on each Valuation Day from the Fund’s assets.	Deducted Annually
Administrative, Data Processing and Operational Expenses	Estimated and revised on a quarterly basis	Calculated on each Valuation Day from the value of all the public funds’ assets under management.	Deducted Monthly
*Other Expenses will not exceed 1% of the annual average value of the Fund’s assets, and the Fund Manager will carry out a quarterly review (every three months) of all the expenses charged to the Fund.			



Type of Fee/ Expense	Percentage/Assigned Amount in SAR	Calculation Method	Frequency of the Payment
The Fund Manager acknowledges that there are no fees or charges other than those mentioned above, and that the Fund Manager will be liable for any other fee not disclosed to the unitholders.			

- c. **Hypothetical table that shows the percentage of the fund expenses against the total fund asset value for the fund and the Unitholder throughout the lifespan of the fund. Such fund shall include percentage of recurring non-recurring expenses**

The following table shows a hypothetical investment of an investor who would make an investment of SAR (100) Million which has not changed throughout the year, and that the size of the fund at this period amounts is SAR (100) Million; with a 5% return on investment:

Description	Fees Percentage of the Total Assets	Fees Amounts as of a Percentage the Total Assets (Annually) in SAR *(Estimated Amount)*
Hypothetical Investor Investment		102,300,000.00
Subscription Fees + VAT	2%+15%	(2,300,000.00)
Net Investor Investment		100,000,000.00
Return + Units' Value of the Investor	5.00%	105,000,000.00
Management Fees	1.85%	(1,850,000.00)
Dealing (Brokerage) Fees and Charges	0.00%	(0.00)
Custody and Accounting Fees	0.02%	(20,000.00)
Remuneration of the Independent Fund's Board Members	0.02%	(23,333.33)
Auditor's Fees	0.03%	(32,568.00)
Shariah Committee Services Fees	0.03%	(27,000.00)
Capital Market Authority Fees	0.01%	(7,500.00)
Publishing Fund's Information on Tadawul Website Fees	0.01%	(5,000.00)
Administrative, Data Processing and Operational Expenses	0.03%	(29,000.00)
Total Fees and Expenses	1.99%	(1,994,401.33)
VAT on Total Fees and Expenses	15.00%	(299,160.20)
Net Unit's Value of the Investor		102,706,438.47

- d. **Details on charges imposed for subscription, redemption and ownership transfer**

The Fund Manager will charge a subscription fee; however, it will not charge any redemption or transfer transaction fees.

- **Subscription Fees:** The Fund Manager will deduct up to 2% of the subscription amount upon each subscription transaction in the Fund. The Fund Manager reserves the right to waive all or part of the Subscription Fee at its sole discretion. The net amount will be invested in the Fund after deducting the Subscription Fees. The Subscription Fee is subject to VAT. The Subscription Fee is exclusive of VAT,



which the Investor shall pay to SNB Capital separately, at rates prescribed by the VAT Law and its implementing regulations.

e. Fund Manager policy on rebates and special commissions

The Fund Manager may enter into special commission arrangements that are limited to goods and services, which the Fund Manager may obtain, provided that they are related to the execution of transactions on behalf of the Fund, or to the provision of research in favor of the Fund, in accordance with the Capital Market Institutions Regulations.

f. Information regarding Tax and/or Zakat

The Fund is subject to Zakat Collection Rules issued by the Zakat, Tax and Customs Authority. Value Added Tax ("VAT") is applied to the Fund in accordance with the relevant laws and regulations. The Fund does not pay Zakat on behalf of the unitholders.

g. Special commission concluded by the Fund Manager

Subject to Shariah Guidelines, the Fund Manager may enter into special commission arrangements that are limited to goods and services that the Fund Manager may receive that are related to the execution of transactions on behalf of the Fund or to conduct research in favor of the Fund in accordance with the Capital Market Institutions Regulations.

h. Hypothetical example illustrating all fees, charges paid from The Fund's Assets or unitholders based on the currency of the fund

Please refer to sub-paragraph (c) from paragraph (9) of these terms and conditions.

10) Valuation and Pricing

a. Valuation of Fund Assets

- The total value of the Fund's assets is calculated based on the last closing prices of the underlying securities owned by the Fund on the Valuation Day in addition to any accrued profits.
- Investments in other investment funds will be valued based on the latest unit price declared by the investee Fund. The shares that have been subscribed to through IPOs will be valued in the period between subscription and trading of securities based on the subscription price.

b. Frequency of valuation and number of valuation points

The Fund's assets are valued at the end of each Saudi Business Day based on the Business Day on which securities are listed. The Unit prices will be announced on the end of next valuation Day. In case the valuation is not possible on the valuation day, the fund operator will carry out the valuation on the next business day at the same value of the Fund's assets on the day which the valuation was not possible.

c. Actions to be taken in case of mis-valuation or mis-pricing

In the event of incorrect valuation or mispricing of any asset of the Fund or in case of calculations errors to the unit price, the Fund Manager and Operator shall:

- Record each instance where an asset of the public fund is valued incorrectly or the price of a unit is calculated incorrectly.
- Compensate all harmed unitholders (including former unitholders) as soon as reasonably practicable for all valuation or pricing errors.
- Immediately report to the Authority any valuation or pricing error of (0.5%) or more of the price of a unit and disclose it immediately on its website and any other website available to the public according to the controls set out by the Authority and in the public fund's reports prepared in accordance to articles (76) of Investment Funds Regulations.
- The fund manager, in its reports to the Authority pursuant to Article (77) of Investment Funds Regulations, must provide a summary of all valuation and pricing errors.



d. Method for calculating the unit price

The Unit price will be calculated using the total value of the Fund's assets mentioned above in sub-paragraph (a) of paragraph (10) "Valuation and Pricing", including the profits due, profits to be collected and the reinvested dividends of the Fund, and deducting management fees after deduction of all expenses and fixed obligations and any expenses due; then, divide the result by the total number of Units that exist at that time.

In exceptional or contingency cases in which the Fund Manager reasonably determines that a significant portion of the Fund's assets cannot be assessed reliably, the valuation of the Fund's assets may be delayed until such interim action is subsequently reviewed by the Fund Manager.

The Net Asset Value of the Fund is calculated as follows:

1. All expenses, fixed charges and operating expenses are calculated on a daily basis of the total assets and are deducted on the valuation date.
2. Management fees are calculated and deducted from the output of the previous step and the result is the Net Asset Value of the Fund.

The two previous steps can be summarized in the following equation:

- Net Asset Value of the Fund = (Total Asset Value - Fixed Fees and Actual Operating Expenses) - (Management Fees).
- Unit Price = Net Asset Value of Fund/Outstanding Unit on the Valuation Day

e. The publication time and place of the unit price, and its frequency

The Unit prices will be announced at six o'clock P.M in Saudi Arabia time on the Business Day following the Valuation Day on the Fund Manager's website: www.alahlicapital.com and on Tadawul website: www.Tadawul.com.sa and any other website available to the public according to the controls set out by the Authority.

11) Dealings

a. Details of the initial offer and unit price

The Fund's Units were launched in October 2005 and the unit price at the beginning of the offering was one Saudi Riyal.

b. Date and deadline for submission of requests for subscription, redemption and the responsibilities of the fund manager and operator in relation to these requests

• Fund manager and operator responsibilities in relation to subscriptions and redemption requests:

- Subscription and Redemption requests can be submitted on every Saudi Business Day. The requests will be processed from Monday to Thursday provided that they are Business Days in Saudi Arabia. If the requests were submitted prior to the deadline for subscription and redemption requests, as explained in the Terms and Conditions and the Information Memorandum.
- The operator shall execute the subscription and redemption requests and pay the redemption proceeds in accordance with the terms and conditions of the Fund, in a manner not inconsistent with the Investment Funds Regulations.

• Subscriptions requests:

All subscriptions payable in SAR must be made no later than 10:00 a.m. on the Dealing Day in order to commence participation in the Fund at the same Business Day in which subscription is made. Applications received after 10:00 a.m. or when the target Dealing Day falls on an official holiday for banks or Authorized Persons in Saudi Arabia will be processed on the next Dealing Day following the subscription day. The Fund Manager reserves the right to extend subscription time after 10:00 a.m. on



the Dealing Day. The Fund Manager reserves the right to approve the subscription only upon receipt of the forms.

- **Redemption requests:**

Redemption may be made on any Dealing Day provided that a written notice or completed Redemption Form is received through the branches no later than 10:00 a.m. on the Dealing Day. Where redemption requests are received on a Saudi Business Day after 10:00 a.m., or if the target Dealing Day falls on an official holiday for banks or Authorized Persons in Saudi Arabia, such redemptions will be processed on the next Dealing Day following the redemption day. The Fund Manager reserves the right to extend redemption time after 10:00 a.m. on the Dealing Day.

- c. **Subscription, redemption and ownership transfer procedures and the period between request for redemption and payment of redemption proceeds**

- **Subscription procedures:**

When subscribing to the Fund, the client signs the Subscription Form, and the Fund's Terms and Conditions through one of the branches. Subscriptions can also be made through alternative channels via website or phone provided by the Fund Manager, the subscription amount is then deducted from the client's account. Individual Investors must present a valid personal identification card such as the national identity card (for Saudis) or Iqama (for non-Saudis). Legal entities (companies and institutions) must provide a signed company letter as well as a copy of the company's valid commercial registration, in addition to other documents that may be required by the Fund Manager depending on the type of company or institution.

- **Redemption procedures:**

The Unitholder may submit a partial or full redemption request at any time by providing a written notice, or by filling out and delivering the Redemption Form, which can be obtained from certain branches, or through alternative channels approved by the Fund Manager. The Unitholder must present a valid national identification card or valid Iqama card if it wishes to redeem through branches. The Unitholder must also determine whether it wishes to recover the value of its Units in full or in part. If the Unitholder submits a partial redemption request and the total value of its Units falls below the required partial redemption amount, the Fund Manager has the right to refuse the redemption on the targeted day without any liability to the Fund Manager. The Investor then must file a new redemption request to be executed on the next Dealing Day.

- **Redemption by Fund Manager:**

The Fund Manager reserves the right to redeem units sold to any investor in full or in part, with notice to the investor later if he believes that such subscription may result in a violation of CMA regulations and / or other applicable regulations and / or Terms and Conditions of the Fund without holding the Fund Manager liable.

- **The period between the redemption request and the payment of redemption proceeds:**

Redemptions Proceeds shall be paid to Unitholders no later than the close of business on the fifth day following the valuation point at which the redemption price was set.

- **Transfers between two funds:**

Transfers between two public open-ended SNB Capital funds is a single transaction consisting of two parts: redemption and subscription. Based on this, the redemption process is carried out in accordance with the above "Redemption Requests" section, and then the subscription process is done according to the "Subscription Requests" form of the other Fund. Upon request of the transfer, the Investor must fill in the transfer form and submit it to the customer service representative in the branch accompanied by his/her personal identification, or transfer through alternative channels.



d. Restrictions on dealing in units of the fund

The Fund Manager and Operator shall comply with the provisions of the Investment Funds Regulations and with these Terms and Conditions when executing subscription and redemption requests.

e. Circumstances in which dealing in units may be deferred or suspended, and the procedures followed in those cases

- **Deferring redemption request:**

The Fund Manager may postpone the execution of any redemption request until the next dealing day if the total unitholder redemption requests on any trading day equals or exceeds 10% of the Fund's Net Asset Value. Deferred redemption requests will be processed on pro-rata basis on the nearest dealing day. The Fund Manager, acting in good faith, will pay the redemption proceeds to the unitholders at the earliest practicable opportunity.

- **The Fund Manager suspends dealing in the fund's units in the following cases:**

- The fund manager must suspend the subscription and redemption of units if the Authority orders any such suspension.
- If the fund manager reasonably believes that any such suspension is in the best interests of the unitholders in the fund.
- If there has been a suspension of dealing on the principal market in which the securities or other assets held by the fund are dealt, either in general or in relation to assets of the fund which the fund manager reasonably believes to be material to the net asset value of the public fund.

- **Procedures to be taken by the Fund Manager in case of suspension of dealing in the fund's units:**

- ensure that any suspension continues only for as long as it is necessary and justified having regard to the best interests of the unitholders.
- Review the suspension on a regular basis and shall consult with the fund's board of directors, the custodian and the fund operator on a regular basis regarding that.
- Notify both the Authority and the unitholders immediately of any suspension, and give the reasons for the suspension, and shall similarly notify both the Authority and the unitholders as soon as the suspension ends and disclose it on its website and any other website available to the public according to the controls set out by the Authority.
- the Authority shall have the power to lift such suspension if the Authority believes that to do so is in the best interests of unitholders.

- **Rejection of Subscription Requests:**

The Fund Manager may reject any request to subscribe in the Fund if such subscription would violate CMA regulations or the Anti-Money Laundering Regulations. The Fund Manager may also cease to accept subscription applications if the increase in subscriptions into the Fund would adversely affect current unitholders.

f. Procedures of selecting redemption requests to be deferred

If redemptions are deferred, the Fund Manager will follow fair and unbiased procedures in selecting the redemption requests to be deferred in accordance with the requirements of Article (66) "Deferring Redemption" of the Investment Funds Regulations.

g. Provisions governing the transfer the ownership of units to other investors

The transfer of Units to other investors is governed by the CML, its implementing regulation and related regulation in the Kingdom of Saudi Arabia.



h. Minimum ownership

- Minimum Subscription: SAR 5,000.
- Minimum Additional Subscription: SAR 2,000.
- The Minimum Subscription and the Additional Subscription through the Individual Savings Program (ISP): SAR 100.
- Minimum Redemption: SAR 2,000.
- Minimum Ownership of Fund Units: SAR 2,000. This excludes subscribers through the Individual Savings Program (ISP).

i. The minimum amount that the Fund Manager intends to raise, and the actions to be taken in case of not reaching that minimum

There is no minimum amount that the Fund Manager intends to collect.

12) Distribution Policy

The Fund does not distribute any profits to the Unitholders. Instead, capital gains and cash dividends will be reinvested.

13) Reporting to Unitholders

a. Information related to the financial reports

- The fund manager must publish the quarter statement in accordance with the requirements of Annex (4) within a period not exceeding (10) days from the end of such quarter, in such locations and by such means as specified in the Fund's Terms and Conditions as well as on the fund manager's website and the Exchange's website or any other website available to the public according to the controls set out by the Authority. Also, it must be provided to unitholders on request and without charge.
- The interim financial statements must be prepared and made available to the public within a period not exceeding (30) days from the end of the period to which the statements relate in such locations and by such means as specified in the Terms and Conditions, as well as in the fund manager website and the Exchange's website or any other website available to the public according to the controls set out by the Authority.
- The fund manager must prepare the annual reports that include (audited annual financial statement) in accordance with the requirements of Annex (3) of the Investment Funds Regulations. Also, it must be provided by the fund manager to unitholders on request and without charge. The annual reports must be made available to the public no later than (3) months from the end of the period to which the report relates in such locations and by such means as specified in the Terms and Conditions as well as on the fund manager's website and the Exchange's website or any other website available to the public according to the controls set out by the Authority.
- The fund manager must make available for inspection by unitholders the current net asset value of the public funds to which it is fund manager free of charge, and all historical net asset value figures at the registered offices of the fund manager.

b. Locations and means of making fund's reports available

Annual reports of the Fund, including the financial statements, will be available on the Fund Manager's website: www.alahlicapital.com and Tadawul's website: www.Tadawul.com.sa or on any other website available to the public according to the controls set out by the Authority. Other notices, if any, are sent to the postal address and/or e-mail and/or as a SMS and/or by fax as indicated in the records of the Fund Manager.



c. Means of making the fund's financial statement available

The fund's audited annual financial statements shall be available to the unitholders and the potential unitholders free of charge on the Fund Manager's website: www.alahlicapital.com and Tadawul's website: www.Tadawul.com.sa or on any other website available to the public according to the controls set out by the Authority.

d. The fund manager acknowledges providing the audited financial statements at the end of each financial year.

e. The fund's audited annual financial statement are available to the unitholders free of charge and upon request.

14) Unitholders Register

a. Statement regarding the maintenance of an up-to-date register of unitholders in the kingdom

The Fund Manager and Operator are responsible for preparing an updated unitholders Register in accordance with the requirements of the Investment Funds Regulations, and to be kept in the Kingdom of Saudi Arabia and treated with the utmost confidentiality. The unitholders Register of represents a conclusive evidence to proof the ownership of the units.

b. Statement of details on the unitholders register

The unitholder can obtain a summary of the register (which will include all the information only related to the unitholder) and in the means determined in Fund's Terms and Conditions.

15) Meeting of Unitholders

a. Circumstances in which a meeting of unitholders is called

The Fund Manager may call for a unitholders meeting in the following cases:

- Initiative by the Fund Manager.
- The fund manager must call for a meeting of unitholders within (10) days of receiving a written request from the custodian.
- The fund manager must call for a meeting of unitholders within (10) days of receiving a written request from the unitholder or unitholders own collectively or individually at least (25%) in value of the units in the fund.

b. Procedures for calling a meeting of unitholders

The Fund Manager abides by Article (75) "Meetings of Unitholders" of the Investment Funds Regulations. The fund manager shall call for a meeting of unitholders by announcing it on its website and any other website available to the public according to the controls set out by the Authority, and by sending a notice in writing to all unitholders and the custodian giving not less than (10) days' prior notice of the meeting and not more than (21) days' notice before the meeting. The announcement and notice must specify the date, place, time and agenda of the meeting and the resolutions proposed. The fund manager must at the same time as sending a notice to unitholders convening any meeting of unitholders also send a copy of any such notice to the Authority. The quorum required to conduct a meeting of the unitholders shall be a such number of unitholders own collectively at least (25%) in value of the units in the fund. If the quorum requirements are not met, the fund manager must call for a second meeting by announcing it on its website and any other website available to the public according to the controls set out by the Authority and shall send a notice in writing to all unitholders and the custodian giving not less than (5) days' notice of the second meeting. The second meeting is considered valid regardless of the percentage of units represented in the meeting.



c. The manner in which unitholders' cast their votes and their voting rights at meetings

- **Voting Method:** Every unitholder may be entitled to appoint a proxy to represent such unitholder at a meeting of the unitholders. Every unitholder may be entitled to exercise one vote at the meeting of the unitholders for each unit which the unitholder holds as at the time of the meeting. The Fund Manager may conduct the unitholders meetings and its deliberations and voting on decisions through modern technology.
- **Voting rights in the unitholders meeting:** Each unitholder is entitled to exercise all rights associated with their units, including obtaining their approval for any changes that require their approval in accordance with the Investment Funds Regulations.

16) Unitholders' Rights

a. A List of unitholders rights

- Receive an updated copy of the Terms and Conditions of the Fund in Arabic free of charge.
- Receive the Fund's reports and data in accordance with paragraph (13) "Reporting to Unitholders" of the Fund's Terms and Conditions and in accordance with Article (76) "Reporting to Unitholders" of the Investment Funds Regulations.
- Notify the Unitholders of any fundamental and non-fundamental changes in the Terms and Conditions of the Fund. Also, send a summary of these changes before they become effective, depending on the change's nature, and the period specified in the Investment Funds Regulations.
- Obtain the unitholders consent through an Ordinary Fund Resolution on any fundamental changes to the Fund's Terms and Conditions.
- Managing the Fund's assets by the Fund Manager to the best interest of the unitholder in accordance with the Terms and Conditions of the Fund and the Investment Funds Regulations.
- Managing the Fund's business and the Investments of its participants by the Fund Manager with the highest degree of confidentiality at all times. This does not limit the right of the Fund's regulatory authority (CMA) to access the Fund's records for regulatory purposes. The unitholder's information will not be shared except when necessary to open the investor's account, execute its operations, and comply with the applicable policies with the competent regulatory authorities or if the sharing of such information is in the interests of the unitholders.
- Receive an updated version of the Fund's Terms and Conditions on annual basis showing the actual fees and commissions of the Fund upon request.
- Notify the unitholders, in writing, of the Fund Manager desire to terminate the Fund at least (21) days prior to the intended date for terminating the fund, without prejudice to the Fund's Terms and Conditions.
- Payment of redemption proceeds within the period specified in the Terms and Conditions of the Fund and in the Investment Funds Regulations.
- Unitholders have the right to redeem their units before any fundamental or non-fundamental changes occur without imposing redemption fees.
- Any other relevant rights imposed by the CMA regulations and instructions applicable in the Kingdom of Saudi Arabia.

b. Fund Manager's policy regarding voting rights associated to any assets of the fund

The Fund Manager's policy regarding voting rights is available on the Fund Manager's website and the Tadawul website.

17) Unitholders' Liability

The Unitholders acknowledge and agree to the following:

- The Fund Manager does not make any guarantees relating to the performance or profitability of any Investment managed in the Fund, and the Fund Manager will have no legal or consequential liability for any decline in the value of the managed Investments or the Fund's assets except those resulting from negligence, infringement or omission.



- Other than losing his\ her investment in the fund or part of it, the unitholder shall not be liable for the debts and obligations of the fund.
- In the event that the unitholders does not provide the Fund Manager with the correct postal and/ or electronic mail and other contact information, the unitholders agree to withhold the Fund Manager and exempt him from any liability and waive all their rights and any claims from the Fund Manager arising directly or indirectly from the failure to provide the unitholder with the statement of account, notices or other information relating to the investments or those arising from the inability of the unitholders to respond or verify the information or correct any alleged errors in the statement of account or notice or any other information.
- If the unitholder is subject to the laws of an authority other than the Kingdom of Saudi Arabia, he/ she shall be subjected to such laws without any obligation on the Fund or the Fund Manager.

18) Units Characteristics

The Fund will have one class of units with equal rights and liabilities.

19) Changes to the Fund's Terms and Conditions

a. Provisions governing changes to the fund's terms and conditions, including any approvals and notification

The Fund Manager shall comply with the provisions of the Investment Funds Regulations related to changes to the terms and conditions of the public funds. Those changes are divided into two main changes, namely fundamental changes, and non-fundamental changes.

• Fundamental Changes:

- The fund manager must obtain the consent of the unitholders in the fund to the proposed fundamental change by way of an ordinary fund resolution.
- The fund manager, having obtained the approval of the must obtain the consent of the Authority and ensures the approval of Shariah committee to the proposed fundamental change.
- The fund manager must obtain the fund board approval before carrying out any fundamental change.

"Fundamental Change" means:

1. A change which significantly changes the purposes, nature or class of the fund.
2. A change which alters the risk profile of the public fund.
3. The voluntary withdrawal of the fund manager from its position as the fund manager.
4. Any other instances determined by the Authority from time to time and reported to the fund manager.

• Non-fundamental Changes:

- The fund manager must notify the Authority and unitholders, and disclose on its website and any other website available to the public according to the controls set out by the Authority regarding any non-fundamental changes in the fund (10) days before the change becomes effective.
- The fund manager must obtain the fund board approval before carrying out any non-fundamental change.

"Non-fundamental Change" means:

1. Any change, excluding Article (62) provisions of the Investment Fund Regulations.



b. Procedures to be employed on notifying changes to the fund's terms and conditions

- The fund manager must send a notification to the unitholders and disclose the details of the Fundamental Changes on its website and on any other website available to the public according to the controls set out by the Authority (10) days before the change becomes effective.
- The fund manager must send a notification to the CMA and unitholders and disclose the details of the Non-Fundamental Changes on its website and on any other website available to the public according to the controls set out by the Authority (10) days before the change becomes effective.
- Details of all Fundamental Changes and Non-Fundamental Changes must be included in the next fund report prepared by the fund manager pursuant to Article (76) of Investment Fund Regulations.
- The unitholders have the right to redeem their units before any fundamental or non-fundamental change takes effect without imposing any redemption fees (if any).

20) Termination of the Fund

a. Events of which will result in the termination of the investment fund

- The fund manager desires to discontinue and terminate the Fund.

b. Procedures to terminate the fund under the article (22) of the Investment Funds Regulations

- For the purpose of terminating a fund, the fund manager must prepare a plan and procedures for the termination of the fund consistent with the unitholders interests and must obtain the fund board of directors' approval on such plan and procedures prior to carrying out any procedure in this regard.
- The fund manager must notify the Authority and the unitholders, in writing, of the details of the plan and procedures for the fund termination at least (21) days prior to the intended date for terminating the fund, without prejudice to the Fund's Terms and Conditions.
- The fund manager must notify the Authority and unitholders, in writing, regarding the fund's termination within (10) days from the end of the fund term in accordance with the requirements in Paragraph (d) of Annex (10) of the Investment Funds Regulations.
- The fund manager must treat all unitholders equally during the fund termination process.
- The gradual sale of the fund's assets.
- The fund manager must immediately upon the end of fund term distribute the dues of the unitholders among them, without delay and in a manner that does not conflict with the interest of unitholders and the Fund's Terms and Conditions.
- Notify the parties contractually related to the fund of the termination of the fund.
- Remove the fund's information from the fund manager's website and the market's website (Tadawul).
- The fund manager must disclose, on its website and the Exchange's website or any other website available to the public according to the controls set out by the Authority, regarding end of term of the fund.
- The fund manager must provide the unitholders with the fund termination report, in accordance with the requirements of Annex (14) of the Investment Funds Regulations within a period not exceeding (70) days from the date of completion of its termination, including the final audited financial statements of the fund for the period subsequent to the last annual audited financial statements.

c. If the fund is terminated, the fund manager may not take any fees deducted from the fund's assets.



21) Fund Manager

a. Fund Manager's name, responsibilities and duties

- **Fund Manager name:**
SNB Capital Company (SNB Capital).
- **Responsibilities and duties of the Fund Manager:**
 - The fund manager shall comply with all principles, regulations and duties issued by CMA and required under the Capital Market Institutions Regulations including the fiduciary duty towards unitholders, which includes the duty to act in the best interests of the unitholders and duty to exercise all reasonable care and skill.
 - The fund manager shall have the primary responsibility for compliance with the Investment Funds Regulations, whether it directly performs its responsibilities and duties or delegated them to an external party under the Investment Funds Regulations and the Capital Market Institutions Regulations.
 - The fund manager shall be responsible toward unitholders for losses incurred by the investment fund, which are caused by, fraud, negligence, misconduct or willful default of the fund manager.
 - The fund manager must develop policies and procedures that detect risks effecting the fund's investments and ensure treatment of these risks as soon as possible. These policies and procedures must include conducting risks assessment, at least, once a year.
 - The fund manager must implement a compliance monitoring program for every fund under its management. The fund manager must provide the Authority with the results of the implementation of the program upon its request.
 - The fund manager shall submit the information declaration to the Zakat, Tax and Customs Authority within (120) days from the end of the Fund's fiscal year.
 - The fund manager shall submit the fund's financial reports and financial statements to the Zakat, Tax and Customs Authority.
 - The fund manager shall submit the required data to the Zakat, Tax and Customs Authority according to their used mechanism.
 - The fund manager shall disclose the required information by the Zakat, Tax and Customs Authority to the unitholders in the fund's financial statements.
 - The fund manager is committed to provide the Zakat, Tax and Customs Authority with all reports and requirements regarding zakat declarations and any information requested by the Zakat, Tax and Customs Authority for the purposes of examining and reviewing the fund manager's declarations. The fund manager will also provide the unitholder (Tax payer) with zakat declarations upon request in accordance to the Zakat Collection Rules for Investing in Investment Funds which issued by the Zakat, Tax and Customs Authority. The investors (Tax payers) are subject to the provisions of that rules - who own investment units in the Fund - and they are required to calculate and pay Zakat on their investments. The Rules for Collecting Zakat from Investing in the Investment Funds which issued by the Zakat, Tax and Customs Authority, can be viewed through the Zakat, Tax and Customs Authority website.

b. Authority authorization number and date

License no. (06046-37) dated 10 Jumada al-Akhirah 1428 H corresponding to June 25, 2007 G.

c. Fund Manager's address

King Saudi Road, P.O Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

Tel: +966920000232

Fax: +966114060049



- d. **The Fund Manager's website and any website, related to the Fund Manager, contain information on the fund**
- Fund Manager's Website: www.alahlicapital.com.
 - Tadawul Website: www.tadawul.com.sa.
- e. **Paid up capital to the Fund Manager:**
SNB Capital Company is a Saudi Joint Stock Closed Company with a paid up capital of SAR 1billion.
- f. **Summary of the Fund Manager's financial information in the preceding fiscal year (in thousands of Saudi Riyals)**

Item	fiscal year ended on December 2022
Total Operating Income	2,053,418
Total Operating Expenses	(483,808)
Total Operating Profit	1,569,610
Zakat	(151,000)
Net Profit	1,304,239

- g. **Primary roles, responsibilities and duties of the fund manager**
- The fund manager must act for the benefit of unitholders in accordance with the Investment Funds Regulations, the Capital Market Institutions Regulations and the Fund's Terms and Conditions.
 - With respect to the investment funds, fund manager's responsibilities shall include:
 1. Fund management for the benefit of unitholders in accordance with the Fund's Terms and Conditions.
 2. Offering of fund units.
 3. Ensuring the accuracy of the Fund's Terms and Conditions, and verify that the terms and conditions are complete, clear, accurate, and not misleading.
 - The fund manager must prepare an annual report that includes an assessment of the performance and quality of services provided by the parties involved in providing material services to the fund - including the custodian- and the fund manager must submit this report to the fund's board of directors.
 - The fund manager must prepare an annual report that includes all complaints and actions taken towards them. The fund manager must submit this report to the fund's board of directors.
- h. **Other business activities or interests of the Fund Manager that are of significance or could potentially conflict with those of the fund**
The Fund Manager and other SNB Capital affiliates may from time to time act as fund managers, fund advisors or other sub-funds seeking similar investment objectives for the Fund. Therefore, in the exercise of its business, the Fund Manager may find himself in a position of potential conflict of interest or duties with one or more funds. In such cases, the Fund Manager will take into account its obligations to act in the best interests of the Unitholders to the fullest extent practicable and not to overlook its obligations to its other clients when considering any investment that may involve potential conflicts of interest. Note that as of the date of issuing the Fund's Terms and Conditions, no other business activity or interest important to the Fund Manager is likely to conflict with the interests of the Fund.
- i. **Right of the Fund Manager to appoint a Fund Sub-Manager**
The fund manager may delegate one or more third parties or affiliates as a fund sub-manager. The remuneration of any fund sub-manager must be paid by the fund manager out of its own resources.



j. Provisions governing the removal/replacement of the Fund Manager

- a. The Authority shall have the power to remove a fund manager in relation to a particular investment fund and to take any action it deems appropriate to appoint a replacement fund manager for that investment fund or to take any other measures it deems necessary in the event of:
 1. The fund manager ceasing to carry out managing investments and operating funds activity or managing investments activity without notification to the Authority under the Capital Market Institutions Regulations;
 2. The cancellation, withdrawal or suspension by the Authority of the fund manager's authorization(s) to carry out managing investments and operating funds activity or managing investments activity under the Capital Market Institutions Regulations;
 3. A request by the fund manager to the Authority to cancel its relevant authorization to carry out managing investments and operating funds activity or managing investments activity;
 4. The Authority believing that the fund manager has failed, in a manner which the Authority considers material, to comply with the Capital Market Law or its Implementing Regulations;
 5. The death, incapacity or resignation of a portfolio manager who manages the assets of the investment fund, if no other registered person employed by the fund manager can manage the assets of the relevant investment fund or the assets of the funds managed by the portfolio manager;
 6. Any other event determined by the Authority on reasonable grounds to be of sufficient material.
- b. Notice of any event described in sub-paragraph (5) of paragraph (a) above must be provided by the fund manager to the Authority within (2) days from the date of its occurrence.
- c. Upon removal of the fund manager in accordance with the cases stipulated in sub-paragraphs (1-6) of paragraph (a) above, the Authority shall direct the removed fund manager to call for a unitholders meeting within (15) days from the date of the Authority's removal decision, in order to appoint the custodian or other party, through an ordinary fund resolution, to find and negotiate with a replacement fund manager and specify the time limit for finding and negotiation.
- d. The fund manager must notify the Authority of the results of the unitholders meeting within (2) days of its convening date.
- e. The fund manager must cooperate and provide the custodian or the party assigned to find and negotiate any documents required by it for the purpose of appointing a replacement fund manager within (10) days from the date of the request, and both parties must maintain the confidentiality of the information.
- f. The fund manager must, upon approval of the replacement fund manager to manage the fund and transfer of the fund management to it, send a written consent of the replacement fund manager to the Authority as soon as it is received.
- g. If the Authority exercises any of its powers pursuant to paragraph (a) above, the relevant fund manager shall co-operate fully in order to help facilitate a smooth transfer of responsibilities to the replacement fund manager during the initial (60) days period after the appointment of the replacement fund manager. The fund manager shall where necessary and applicable and at the discretion of the Authority, novate all of the contracts relating to the relevant investment fund to which it is a party to the replacement fund manager.
- h. In case a replacement fund manager has not been appointed within the time limit for finding and negotiation with the replacement fund manager referred to in paragraph (c) above, the unitholders are entitled to request the liquidation of the fund through a special fund resolution.

22) Fund Operator

- a. Fund Operator's name**
SNB Capital Company.

- b. Authority authorization number and date**
License no. (06046-37) dated 10 Jumada Al Akhirah 1428 H Corresponding to June 25, 2007 G.



c. Fund Operator's address

King Saudi Road, P.O Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.
Tel: +966920000232
Fax: +966114060049

d. Primary roles of the Fund Operator

- The fund operator shall be responsible for operating the fund.
- The fund operator must maintain the books and records related to the operation of the fund.
- The fund operator must establish and update a register of unitholders and must maintain it in the Kingdom in accordance with Investment Funds Regulations.
- The fund operator must process requests for subscriptions, redemption and transfer as stipulated in Fund's Terms and Conditions.

e. The Fund Operator's right to appoint a Sub-Fund Operator

The fund operator may delegate one or more third parties or affiliates as a fund sub-operator. The Fund Operator has appointed HSBC Saudi Arabia as a sub-fund operator.

f. Functions to which the Operator has delegated to a third party

The sub-fund operator responsibilities include:

- Calculate fund net asset value (NAVs).
- Record and account for all security transactions.
- Collate and review securities pricing.
- Income accruals and calculations.
- Reconcile positions, transactions, entitlements, accruals and cash with custody records.
- Calculate, review and approve expenses, including cash movement processing and accounting.
- The Fund Sub-Operator is responsible for fully and fairly valuing the Fund's assets and calculating the unit price of the Fund as stated in section (10) of these Terms and Conditions.

23) Custodian

a. Custodian's name

AlBilad Investment Company (Albilad Capital)

b. Authority authorization number and date

License No. 37-08100 dated 1 Sha'ban 1428H corresponding to 14 August 2007G.

c. Custodian's address

King Fahad Road, P.O. Box 140, Riyadh 11411, Kingdom of Saudi Arabia.
Tel: +966 92000 3636
Fax: +966 11290 6299
Website: www.albilad-capital.com

d. Primary roles and function of the Custodian

- The Custodian shall be responsible for his obligations in accordance with the provisions of the Investment Funds Regulations whether he performs his responsibilities directly or by assigning them to a third party under the provisions of the Investment Funds Regulations or the Authorized Persons Regulations.
- The custodian shall be held responsible to the fund manager and unitholders for any losses caused to the investment fund due to the custodian fraud, negligence, misconduct or willful default.
- The custodian shall be responsible for taking custody and protecting the fund's assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the fund's assets.



e. The Custodian's right to appoint a Sub-Custodian

The custodian may delegate one or more third parties or affiliates as a fund sub-custodian. The remuneration of the fund sub-custodian shall be paid by the custodian out of its own resources.

f. Functions to which the Custodian has delegated to a third party

The custodian may delegate one or more third parties or affiliates as a fund sub-custodian. The remuneration of the fund sub-custodian shall be paid by the custodian out of its own resources.

g. Provisions governing the removal/replacement of the Custodian

- The Authority shall have the power to remove the custodian which was appointed by the fund manager of an investment fund and take any other measures it deems necessary, as appropriate, in the event of:
 1. The custodian ceasing to carry out custody activity without notification to the Authority under the Capital Market Institutions Regulations.
 2. The cancellation or suspension by the Authority of the custodian's relevant authorization to carry out custody activity.
 3. A request by the custodian to the Authority to cancel its authorization to carry out custody activity.
 4. The Authority believing that the custodian has failed, in a manner which the Authority considers material, to comply with the Capital Market Law or its Implementing Regulations.
 5. Any other event determined by the Authority - based on reasonable grounds- to be of sufficient significance.
- The custodian appointed by the fund manager may be subject to removal by written notice by the fund manager upon the fund manager forming the reasonable opinion that the removal is for the interest of the unitholders, the fund manager shall notify the Authority and the unitholders in writing immediately.

24) Fund Board

a. Names of Fund Board members

The board member's term will start following the approval by the Board of the CMA and the members will serve for a term of three (3) years (renewable). The Fund Board consists of the following members:

- | | |
|------------------------------|-----------------------------------|
| • Naif Abduljalil Al-Saif | Chairman - Non-Independent Member |
| • Wisam Sami Fasihaldin | Non-Independent Member |
| • Dr. Asem Khaled Al Homaidi | Independent Member |
| • Mohammed Omar Al Aloyaidi | Independent Member |

b. A Brief about the Fund Board members' qualifications

- **Naif Abduljalil Al-Saif (Chairman - Non-Independent Member)**
Head of Principal Investments in SNB Capital. Naif joined Samba in February 2006. He has 15 years of experience. In Samba, Naif has managed the fixed income portfolio of more than SAR 60 billion and managed the public budget of SAR 225 billion. He is also the Chief Operating Officer in Samba London. Moreover, he is a member in Samba's Asset and Liability Committee. He has taken part in several strategic projects in developing the Saudi banking sector. Prior to joining Samba, he worked for Saudi Hollandi Bank, Derivatives Department, Treasury Section. Naif holds a bachelor's degree with Honors in Finance and Economics from King Fahd University of Petroleum and Minerals and MBA from Prince Sultan University.
- **Wisam Sami Fasihaldin (Non-Independent Member)**
The Chief Financial Officer at Jeddah Central Development Company (A subsidiary of PIF). Also, he was the Chief Financial Officer at SNB Capital. He joined SNB Capital in 2014G. Prior to that he held multiple roles at Saudi National Bank. He has more than 20 years of experience in financial sector. He holds an MBA degree - specialized in Finance from the University of Business & Technology, and former CBA. In



addition, he holds a Bachelor degree - specialized in Business Administration from King Abdulaziz University.

- **Dr. Asem Khaled Al Homaidi (Independent Member)**

Assistant professor of Finance and Investment. He received PhD in Finance from the University of New Orleans in United States of America, a Master in Financial Economics from University of New Orleans in United States of America, a Master of Finance from University of Tampa, FL and Bachelor's degree from King Saud University in Business Administration (major in Finance) Excellent grade with First Class Honor.

- **Mohammed Omar Al Oyaidi (Independent Member)**

The founder of OCPAs, has more than 15 years of experience in the area of capital markets, accounting, auditing and risk management. He has also worked in some international companies and agencies such as KPMG, Ernst & Young, the World Bank Group and the Saudi Capital Market Authority. He received a Master of Business Administration from Oklahoma City University and a Bachelor's degree in Accounting from King Saud University. He was awarded CPA Fellowship as well as SOCPA Fellowship. Aloyaidi is Business Valuer certified by Saudi Authority for Accredited Valuers (TAQEEM).

c. Roles and responsibilities of the Fund Board members

Fund board of directors' responsibilities include, but are not limited to, the following:

1. Approving material contracts, decisions and reports involving the fund.
2. Approving a written policy in regards to the voting rights related to the fund's assets.
3. Overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified in accordance with the Investment Funds Regulations.
4. Meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations.
5. Approving all changes stipulated in Articles (62) and (63) of the Investment Funds Regulations before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable).
6. Confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with the Investment Funds Regulations, of the Terms and Conditions and of any other document, contractual or otherwise, that includes disclosures relating to the fund and/or the fund manager and its conduct of the fund.
7. Ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with the Investment Funds Regulations and the Fund's Terms and Conditions.
8. Reviewing the report that includes assessment of the performance and quality of services provided by the parties involved in providing significant services to the fund referred to in Paragraph (l) of Article (9) of the Investment Funds Regulations, in order to ensure that the fund manager fulfils his responsibilities in the interest of unitholders in accordance with the Fund's Terms and Conditions and the provisions stipulated in the Investment Funds Regulations.
9. Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.
10. Having a fiduciary duty to unitholders, including a duty to act in good faith, a duty to act in the best interests of the unitholders and a duty to exercise all reasonable care and skill.
11. Approving the appointment of the external Auditor nominated by the Fund Manager.
12. Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund's board of director.
13. Reviewing the report containing all complaints and the measures taken regarding them referred to in Paragraph (m) of Article (9) of the Investment Funds Regulations, in order to ensure that the fund manager carries out his responsibilities in a way that serves the interest of unitholders in accordance with the Fund's Terms and Conditions and what contained in the Investment Funds Regulation.



d. Remuneration of Fund Board members

Each Independent Member of the Fund Board receives SAR 140,000 annually, divided by the number of open-ended funds managed by the Fund Manager and supervised by the Board.

e. Conflict of interest or potential conflict between the Fund Board members and the fund

Members of the Fund Board may be members of other funds that may seek investment objectives similar to those of the Fund. Therefore, in the exercise of its business, a member of the Fund Board may find himself in a situation of potential conflict of duties or interests with one or more funds. However, in such cases, the member shall take into account his obligations to act in the best interests of the unitholders to the maximum practicable extent and not to overlook his obligations to his other clients when he considers any investment that may involve a potential conflict of interest, and in situations requiring voting, that Member shall refrain from doing so. To the date of issuing the Terms and Conditions, there is no significant business or other interest to the members of the Fund Board, which is likely to conflict with the interests of the Fund.

f. Table showing all the funds boards that the relevant Board member is participating in

Fund/Board Member	Naif Al-Saif	Wisam Fasihaldin	Dr. Asem Al Homaidi	Mohammed Al Oyaidi
SNB Capital GCC Growth and Income Fund	✓	✓	✓	✓
SNB Capital Global REITs Fund	✓	✓	✓	✓
SNB Capital Fund of REITs Fund	✓	✓	✓	✓
SNB Capital Freestyle Saudi Equity Fund	✓	✓	✓	✓
SNB Capital Saudi Small and Mid-Cap Equity Fund	✓	✓	✓	✓
SNB Capital Global Health Care Fund	✓	✓	✓	✓
SNB Capital GCC Trading Equity Fund	✓	✓	✓	✓
SNB Capital Saudi Trading Equity Fund	✓	✓	✓	✓
SNB Capital Asia Pacific Index Fund	✓	✓	✓	✓
SNB Capital Emerging Markets Index Fund	✓	✓	✓	✓
SNB Capital North America Index Fund	✓	✓	✓	✓
SNB Capital Europe Index Fund	✓	✓	✓	✓
SNB Capital Global Megatrends Fund	✓	✓	✓	✓
SNB Capital Sovereign Sukuk Fund	✓			
AlAhli SEDCO Residential Development Fund			✓	✓
SNB Capital Real Estate Opportunistic Fund			✓	✓



Fund/Board Member	Naif Al-Saif	Wisam Fasihaldin	Dr. Asem Al Homaidi	Mohammed Al Oyaidi
SNB Capital Real Estate Income Fund			✓	✓
SNB Capital Danat AlJanob Real Estate Fund			✓	✓
SNB Capital AlJawharah Real Estate Fund			✓	✓
AlAhli REIT Fund (1)				✓
AlAhli Makkah Hospitality Fund				✓
SNB Capital Real Estate Fund				✓

25) Shariah Committee

a. Names and qualifications of the Shariah Committee members

- Sheikh Dr. Saad Nasser Al-Shithri (Chairman)**
 Sheikh Dr. Al-Shithri is an advisor at the Royal Court, a member of the Council of Senior Scholars, Professor of Private Law at the College of Law and Political Science at King Saud University, and a member of the Permanent Committee for Scholarly Research and Ifta, and His Excellency holds a PhD degree from the College of Sharia at Imam Muhammad bin Saud Islamic University, and His Excellency has books on jurisprudence and its principles, contributions to several conferences and seminars, research and writings, and he is a member of a number of scientific committees.
- Sheikh Dr. Muhammad Ali Elgari (Member)**
 Sheikh Dr. Elgari was a former Professor at the Department of Islamic Economics at the College of Administration and Economics, King Abdulaziz University, member of the Board of Trustees and the Shariah Board of the Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI), expert at the Islamic Fiqh Academy of the Organization of the Islamic Conference, and a member of a number of Sharia committees in financial institutions, and holds a PhD in economics from the University of California in the United States, and has contributed to several conferences, seminars, research and publications on contemporary financial transactions.
- Sheikh Dr. Yousef Mohammed Al-Ghufis (Member)**
 Sheikh Dr. Al-Ghufis is a Member of the Council of Senior Scholars, and a former member of the Standing Committee for Issuing Fatwas, and a professor in a number of colleges of Saudi universities, including the Higher Institute of the Judiciary, the College of Sharia, the College of Fundamentals of Religion at Imam University, and the College of Law at King Saud University in graduate and bachelor's studies, he has previously participated in consulting work in the Ministry of Justice and others, and he has experiences in studying banking provisions, participated in many scientific conferences and seminars, arbitration and legal and legal consultations, and He has a number of books on jurisprudence and its fundamentals, holds a bachelor's, master's and PhD from the College of Sharia and Fundamentals of Religion at Imam Muhammad bin Saud Islamic University.
- Sheikh Dr. Nizam Bin Mohammed Yaqoubi (Member)**
 Sheikh Dr. Yaqubi is a member of the Board of Trustees and the Shariah Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and holds a PhD in Sharia and Islamic Studies from the University of Wales in the United Kingdom, and a member of a number of Sharia committees in financial institutions, and has contributed to several conferences, seminars, research and publications in contemporary financial transactions.



- **Sheikh Dr. Khaled Mohammed Al-Sayari (Member)**

Sheikh Dr. Al-Sayari is associate Professor in the Department of Jurisprudence at the Saudi Electronic University, a member of the Sharia Standards Committee, and the Committee for Reviewing and Drafting Sharia Standards Documents in the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and a member of a number of Sharia committees in financial institutions, and has contributions to several conferences and seminars, and research and publications in transactions Contemporary Finance.

b. Roles and responsibilities of Shariah Committee

- Reviewing the Fund's offering documents, including the Terms and Conditions of the Fund, and approving any subsequent amendments;
- Preparing the Shariah guidelines to be followed by the Fund's Investments;
- Meeting as required to discuss issues related to the Fund;
- Responding to the inquiries coming from the Fund Manager regarding the Fund's investments, activities or investment structure, and compliance with Shariah guidelines;
- Supervising and monitoring the activities of the Fund to ensure compliance with Shariah guidelines or delegating that responsibility to another party;
- Delegating some or one of its members to perform some or all of the roles required of the Committee.

c. Shariah Committee remuneration

The Fund will bear the Shariah audit fees in an amount of SAR (27,000) annually. The Shariah advisory fees, if any, will be charged separately.

d. Shariah guidelines

The fund manager is required to ensure that all the investments and investment strategies meet the Shariah guidelines issued by the Shariah Committee. If the fund manager wishes to enter into a transaction that is not permissible by the Shariah guidelines issued by the Shariah Committee, he is required to obtain an approval in an independent decision from the Shariah Committee.

- **Tradable investment instruments and methods**

The Shariah Committee considered that it is not permissible to buy and sell shares of joint stock companies with the following characteristics:

- Conduct of financial activities that doesn't meet Shariah guidelines such as traditional disbursement channels that deals with interest or financial instruments that contradicts with the Shariah guidelines (insurance companies except for the companies agreed by the Shariah Committee).
- Production and distribution of alcohol or tobacco products and what falls within this category.
- Production and distribution of pork and its derivatives.
- Production and distribution of meat products that is not slaughtered according to Islamic Law.
- Operating gambling casinos or manufacturing the gambling machines and equipment.
- Operating cinemas and the creation, publication and distribution of pornography.
- Operating hotels and restaurants that are engaged in any of the prohibited industries mentioned above.

- **Financial indicators**

It is not allowed to invest in the shares of companies which their:

- Total Riba deposits exceed (33%) of the market value of the company's shares or the total assets' value in the company's books; whichever is higher.
- Riba loans; according to its balance sheet, exceed (33%) of the market value of the company's shares or the total assets' value in the company's books; whichever is higher.
- Total shariah non-compliant income from different sources exceeds (5%) of the Company's total income; whether such sources are from Riba interests or from any other shariah non-compliant sources.



- **The following standards are applied if the fund invests in REITs**
 - It is not allowed to invest in shares of companies' which their total Riba deposits exceed (33%) of the company's total assets.
 - It is not allowed to invest in shares of companies' which their total Riba loans exceed (33%) of the company's total assets; and this depends on the companies' assets' market value based on a valuation conducted by an independent third party to determine the company's total assets' value; or its Book value; if the market value is not available.
 - It is not allowed to invest in shares of companies' which their total shariah non-compliant income derived from different sources exceed (5%) of the company's total income whether such sources are from Riba interests or from other shariah non-compliant sources.
 - The Fund Manager will provide the fund's investors with the accounting method of the market value of the companies' shares and the shariah non-compliant income; upon their request and free of charge.
- **The investments in international REITs**

The Fund will invest in the funds in accordance with the IdealRatings Global REITs which comply with the Shariah guidelines.
- **Investment standards of Money Market Funds**
 - Murabaha, Mudarabah, and Musharaka transactions in addition to others which the Shariah Committee; or whoever represents it, approved on their structure.
 - Investment Sukuk approved by its Shariah Supervisory Committee after being approved by the Shariah Committee or whoever represents it.
 - Trade finance transactions which the Shariah Committee; or whoever represents it, approved their structure.
- **Purification**

The Fund Manager should determine the Shariah non-compliant income and deposit it in a separate account to be spent on charities. And this process will be on a quarterly basis in accordance with the Shariah guidelines.
- **Non-tradable investment instruments and methods**

There will be no dealing in the following investment instruments:

 - Futures;
 - Preferred Stock;
 - Options;
 - Swaps;
 - Overdrafts.
- **The Fund may invest in Sukuk, Murabaha transactions, financial certificates and investment funds which conduct their investments in accordance with the Shariah guidelines.**
- **Periodic Review**

The Fund's compliance with Shariah guidelines shall be examined quarterly. In the event that one of the owned companies by the fund doesn't comply with the Shariah guidelines, it will be sold within a period not exceeding (90) days from the review date.

26) Investment Advisor

Not applicable.



27) Distributor

Not applicable.

28) Auditor

a. Auditor's name

KPMG Professional Services.

b. Auditor's address

Riyadh Front - Airport Road P.O. Box 92876, Riyadh 11663 Kingdom of Saudi Arabia.

Tel.+966118748500

Fax:+966118748600

Website: www.kpmg.com/sa

c. Primary roles and responsibilities of the Auditor

- It is the responsibility of the Auditor to give an opinion on the financial statements based on the audit performed in accordance with Generally Accepted Auditing Standards applicable in the Kingdom, which require the auditor to comply with ethical and professional standards and to plan and perform audit activities in order to have a reasonable degree of certainty that the financial statements have no material errors.
- The Auditor's responsibilities also include implementing procedures for obtaining evidence to support the amounts and notes set out in the financial statements.
- In addition, the Auditor evaluates the suitability of the adopted accounting policies and the reasonableness of the accounting estimates, as well as the overall presentation of the financial statements.
- The auditor, through reviewing the annual financial statements and based on the information provided to it, must include in its report what may come to its attention of violations to the provisions of the Investment Funds Regulations and the Fund's Terms and Conditions.

d. Provisions governing the replacement of the Auditor

The fund manager may replace the auditor and after obtaining the consent of the Fund Board in the following cases:

1. There are any outstanding and material allegations of professional misconduct in relation to audit functions by the auditor;
2. The auditor of the fund ceases to be an independent auditor;
3. The auditor of the fund is no longer registered with the Authority;
4. The Fund Board determines that the auditor does not have sufficient qualifications and experience to perform a satisfactory auditing functions; or
5. The Authority, in its absolute discretion, instructs the fund manager to replace the auditor appointed in relation to the fund.

29) Fund's Assets

- a. The assets of the Fund are held by the Custodian on behalf of the Fund.
- b. The Custodian must segregate the assets of the fund from its assets and from the assets of its other clients.
- c. The assets of the fund are owned collectively by the unitholders. A fund manager, fund sub manager, fund operator, custodian, sub custodian, distributor or investment advisor may not have any interest in or claims against such assets, other than when the fund manager, fund sub manager, fund operator, custodian, sub



custodian, distributor or investment advisor is a unitholder, and for claims permitted under the Investment Funds Regulations and disclosed by way of statement in these Terms and Conditions.

30) Complaints Procedures

If the Unitholder has any complaint related to the Fund, he/she should send it to SNB Capital, through the Fund Manager's website at www.alahlicapital.com or by phone (920000232). The Fund Manager shall also provide a copy of the policies and procedures to address customer complaints upon request in writing free of charge. If the Fund Manager does not settle the complaint, the unitholder may file his/her complaint with the CMA - Investor Complaints Department. The unitholder may file a complaint with the Committee for the Resolution of Securities Disputes after (90) calendar days from the date of filing the complaint with the CMA. Unless the CMA has notified the complainant that it may be deposited with the Committee before the expiration of the period. Procedures to address complaints shall be provided free of charge, upon request.

31) Other Information

- a. **Policies and procedures to be followed in addressing conflicts of interests, and any potential and/or actual conflicts of interests will be made available upon request and free of charge.**
- b. **The "Committee for The Resolution of Securities Disputes" has the jurisdiction to adjudicate disputes arising from investing in the investment funds.**
- c. **A List of the available documents for unitholders**
The list shall include the followings:
 - The Fund's Terms and Conditions.
 - Contracts mentioned in the Fund's Terms and Conditions.
 - The Fund Manager's financial statements.
- d. **Up to the date of preparing this Terms and Conditions, there aren't any other information known to, or that ought reasonably to be known to the fund manager or the fund board, the current or potential unitholders and their professional advisors might reasonably require or expect to be included in the Fund's Terms and Conditions upon which an investment decision is to be made.**
- e. **Any waivers from limitations in the Investment Funds Regulations approved by the Capital Market Authority, except those stipulated in investment policies and practices**
None.
- f. **Confidentiality of fund information**
The Fund's business and the Investments of its participants are managed with the highest degree of confidentiality at all times. This does not limit the right of the Fund's regulatory authority (CMA) to access the Fund's records for legal oversight purposes.
- g. **Death of unitholders**
The Investor's consent to these Terms and Conditions shall not terminate automatically upon his/ her death or disability; these Terms and Conditions shall be binding to his/ her heirs, executors, administrators, personal representatives, trustees and successors if the Investor is an individual. If the Investor is a corporate entity, these Terms and Conditions shall not terminate upon the occurrence of any of the above to any partner or shareholder. Therefore, the Fund Manager shall have the right to suspend any transactions relating to the Terms and Conditions until the Fund Manager receives a court order, authorization, or such other sufficient evidence to prove the power of those mentioned above before allowing them to dispose of the units.



h. Anti-money Laundering and Terrorist Financing Regulations

The Fund Manager will comply with the Anti-Money Laundering and Terrorist Financing Regulations issued by the CMA Board under Resolution No. 1-39-2008 dated 03/12/1429H, corresponding to 01/12/2008G, as amended. The unitholder hereby confirms that the amounts used to subscribe to the Fund are not coming from any suspicious or illegal sources. If the Fund Manager is in doubt as to the legal source of funds used in the investment transactions initiated by the investor, the Fund Manager shall suspend or decline such transactions for investigation purposes and reporting to the Saudi competent anti-money laundering and terrorist financing bodies and to provide any information or document required by such bodies. However, according to the Saudi Law, the Fund Manager may not inform unitholders of any suspected transactions reported to competent official bodies.

32) Additional Information Requirements for Certain Types of Funds

a. Investment Universe

The Fund's Investments are concentrated in the shares of local and GCC companies.



33) Unitholder Declaration

I/We have read and understood SNB Capital GCC Trading Equity Fund Terms and Conditions, and approved the characteristics of the Units in which I/We have subscribed.

Name:

Date:

Signature:



34) Fund's Financial Disclosure

Summary of the Fund's actual fees and expenses for the period ended December 2022 in thousands of SARs:

Type of fees/expenses	Amount SAR '000
Management Fees	5,023
VAT on Management Fees	753
Custody Fees *	147
Auditor Fees *	53
Administrative, Data Processing and Operational Expenses*	100
CMA Fees*	8
Publishing Fund's Information on Tadawul Website Fees*	0
Shariah Committee Services Fees *	2
Remuneration of the Independent Fund's Board Members *	14
Total Fees & Expenses	6,100

*Other fees and expenses shall not exceed in total 1% of the average value of the Fund's assets. Other actual expenses reached around 0.10% of the average value of the Fund's assets. The Fund will review the expenses charged to the Fund on a quarterly basis (every three months).

The Fund Manager reserves the right to rebate or waive the management fees, in case any fund managed by SNB Capital invests in that Fund.