



## Terms and Conditions

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### **SNB Capital Sovereign Sukuk Fund** Debt Instruments open-ended public 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 Sovereign Sukuk 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."



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## Fund Directory:

<b>Regulator</b>	<b>Capital Market Authority</b> P.O. Box 87171 - Riyadh 11642 Kingdom of Saudi Arabia Tel.: +966112053000 Website: <a href="http://www.cma.org.sa">www.cma.org.sa</a>	هيئة السوق المالية Capital Market Authority 
<b>Fund Manager/ Fund Operator</b>	<b>SNB Capital Company (SNB Capital)</b> P.O. Box 22216 - Riyadh 11495 Kingdom of Saudi Arabia Tel.: +966920000232 Website: <a href="http://www.alahlicapital.com">www.alahlicapital.com</a>	
<b>Custodian</b>	<b>HSBC Saudi Arabia (HSBC)</b> P.O. Box 2255 - Riyadh 12283 Kingdom of Saudi Arabia. Tel: +966920005920 Website: <a href="http://www.hsbcSaudi.com">www.hsbcSaudi.com</a>	
<b>Auditor</b>	<b>KPMG Professional Services</b> P.O. Box 92876 - Riyadh 11663 Kingdom of Saudi Arabia Tel.: +966118748500 Website: <a href="http://www.kpmg.com/sa">www.kpmg.com/sa</a>	



## Definitions:

<b>Fund's Auditor</b>	The Fund's auditor appointed by the Fund Manager, KPMG Professional Services.
<b>Capital Market Institutions Regulations</b>	Capital Market Institutions Regulations issued by CMA Board under Resolution No. 1-83-2005 dated 21/05/1426H (28/06/2005G) and amended by CMA Board under Resolution No. 2-75-2020 dated 22/12/1441H (12/08/2020G).
<b>Business Day</b>	Shall mean a day on which banks are open for business in the Kingdom; this does not include any official holiday in the Kingdom.
<b>CML</b>	Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and its implementing Regulations.
<b>Account Opening Agreement</b>	The agreement between the Unitholder and the Fund Manager providing for the terms and conditions, regulating the relationship between the Unitholder and the Fund Manager, and clarifying their respective obligations or responsibilities.
<b>CMA/ Authority</b>	The Capital Market Authority of Saudi Arabia.
<b>Custodian</b>	HSBC Saudi Arabia which is appointed as custodian of the Fund.
<b>Board or Fund Board</b>	the Fund's Board of Directors.
<b>Fund</b>	SNB Capital Sovereign Sukuk Fund.
<b>Fund Manager</b>	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). SNB Capital Company's Head Office is at King Saud Road, SNB Regional Building P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.
<b>Benchmark Index</b>	The index upon which the performance of the Fund is compared, namely the (3-month) Saudi Interbank Offered Rate (SIBOR) index.
<b>Initial Offering</b>	The initial offering of securities to the public in the primary market for the purpose of subscribing therein.
<b>Initial Offering Date</b>	The date on which Units shall be offered for subscription.
<b>"Investment" and "Investments" and "Assets"</b>	are synonyms that may be used interchangeably, each referring to the target securities in which the Fund invests.
<b>Regulations- Investment Funds Regulations ("IFR")</b>	The Investment Funds Regulations issued by the Capital Market Authority Council pursuant to Resolution No. 1-219-2006 dated 03/23/1427H (Corresponding to 24/12/2006G) according to the Capital Market Law issued pursuant to Royal Decree no. M/30 dated 02/06/1424H and amended under the Capital Market Authority Council's Resolution no. 2-22-2021 dated 12/07/1442H (Corresponding to 24/02/2021G).
<b>"Investor", "Investors" and "Unitholders"</b>	are synonyms that may be used interchangeably and refer to each investor or unitholder of the Fund.
<b>Kingdom</b>	the Kingdom of Saudi Arabia.
<b>Management Fees</b>	Shall have the meaning contained in paragraph (9) "Fees, Charges and expenses" of these terms and conditions.
<b>Affiliate</b>	A person who controls, or is controlled by, another person, or who is under common control with that person by a third person. Such control may be direct or indirect.
<b>Murabaha</b>	A Murabaha deposit provided in accordance with the Fund's Shariah guidelines.



<b>Net Asset Value (NAV)</b>	The total value of the Fund's assets less the total value of its obligations (liabilities) including the Fund's fees and expenses.
<b>Open Investment Fund</b>	An investment fund with variable capital based on the number of subscriptions and redemptions. Its units are increased when new units are issued. They are decreased when the unitholders redeem some or all of their units.
<b>Ordinary Resolution of the Fund</b>	Means a resolution requiring an affirmative vote of the unitholders of more than 50% of the units in the investment fund present or represented by proxy at a meeting of unitholders or by modern means of technology.
<b>Redemption Form</b>	The document provided by the Fund Manager to each Unitholder to be used by the latter in the redemption request of the Fund's Units in accordance with the Terms and Conditions.
<b>Redemption Request</b>	Any request made by the unitholder to redeem the Fund's units.
<b>Central Bank</b>	Saudi Central Bank.
<b>Subscription Amount</b>	The amount invested by the Unitholder in the Fund.
<b>Subscription Date</b>	The date on which the unitholder subscribes to the units of the Fund.
<b>Subscription Form</b>	The document provided by the Fund Manager to each investor to be used by the latter in the subscription request of the Fund's Units in accordance with the Terms and Conditions.
<b>Subscription Price</b>	The net value of each unit on the relevant subscription date.
<b>Initial Offering Period</b>	The period during which the Fund's units shall be first offered to investors.
<b>Closing Date</b>	The expiry date of the Initial Offering Period or any extension thereof.
<b>"Tadawul" or "Stock Exchange"</b>	The Saudi Stock Exchange Company.
<b>Target Securities</b>	The securities to be invested by the Fund in accordance with paragraph (3) "Investment Policies and Practices" of these Terms and conditions.
<b>Credit Rating</b>	It is a measure issued by specialized authorities to estimate the ability of the borrower to meet its obligations.
<b>Unit</b>	The share of the unitholders in the Fund. Each Unit shall be treated as representing one undivided interest in the assets of the Fund.
<b>Valuation Day</b>	Every business day in which the price of a Fund's unit is calculated.
<b>VAT</b>	The applicable value added tax under the VAT Law.
<b>VAT Law</b>	The Saudi Value Added Tax Law issued by Royal Decree No. (M/113) dated 02/11/1438H corresponding to 25/07/2017G and its implementing Regulations.
<b>Money Market Instruments</b>	Money market transactions, including deposits and trade finance contracts.
<b>"Relative" or "Relatives"</b>	A husband, wife and minor children.
<b>Independent Fund Director</b>	<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"><li>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.</li><li>2. He, during the preceding two years, has been a senior executive of the fund manager or any of its affiliates.</li></ol>



	<ol style="list-style-type: none"><li>3. He is a first-degree relative of any board member or any senior executives of the fund manager or of any its affiliates.</li><li>4. He is a controlling shareholder of the fund manager or any of its affiliates, during the preceding two years.</li></ol>
<b>Issuer</b>	A person issuing or intending to issue securities.
<b>Control</b>	The ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: (a) Holding 30% or more of the voting rights in a company or (b) having the right to appoint 30% or more of the members of the governing body; "controller" shall be construed accordingly.
<b>Shariah Committee</b>	The Fund's Shariah Committee set out in paragraph (25) "Shariah Committee" of these terms and conditions.
<b>Derivative Contracts</b>	Financial instruments or contracts that derive their value from the value of other real or financial assets (which are linked to structured instruments and products that comply with the Fund's Shariah guidelines). These financial contracts have a specified period of time, price and certain terms determined when the contract is made between the seller and the purchaser, provided that they shall be in compliance with the Fund's Shariah guidelines.
<b>Shariah-Compliant Structured Products</b>	Products that are tailored to the needs of the investor (the Fund). The special purpose vehicles are used as a source and intermediary to enter into these products with other financial companies where the products are not available on the market. Monies are provided to the other parties through the special purpose vehicles and are repaid to the investor (the Fund) through these special purpose vehicles.
<b>Repurchase Agreements</b>	An agreement for the sale of securities or assets, such as Sukuk, at a fixed price, with an undertaking to repurchase them from the purchaser on a specified date at an agreed price between the parties.
<b>Sovereign Sukuk</b>	The instruments issued by the various governmental bodies of the State. The State shall have a direct obligation to the holders of Sukuk to pay them the amounts of such Sukuk.
<b>Unfavorable Economic Market Conditions</b>	Are situations where the Fund Manager believes that it may adversely affect the assets or objectives of the Fund as a result of any economic factors such as economic downturn, inflation rates and low price of oil, political factors such as amendments to laws in countries where the Fund invests in its variable assets, and/or changing regulatory factors such as changes in legislation, regulations and accounting systems.
<b>Individual savings program (ISP)</b>	A program provided by the fund manager, in which fixed amounts are deducted monthly (minimum 100 Saudi riyals) and invested in the investment funds available at the client's choice.



### Fund Summary:

<b>Name of the Investment Fund</b>	SNB Capital Sovereign Sukuk Fund.
<b>Class/type of the Fund</b>	A debt instruments public open-ended fund that complies with Shariah guidelines of the Fund.
<b>Name of the Fund Manager</b>	SNB Capital Company.
<b>Purpose of the Fund</b>	The Fund aims to provide long term capital appreciation by investing mainly in sovereign Sukuk issued by the various government agencies in Saudi Arabia, in accordance with the Fund's Shariah guidelines.
<b>Risks level</b>	Low Risk.
<b>Minimum amount for subscription</b>	Class (A): SAR 50,000,000 Class (B): SAR 5,000
<b>Minimum additional amount for subscription</b>	Class (A): SAR 1,000,000 Class (B): SAR 1,000
<b>The Minimum Subscription and the Additional Subscription through the Individual Savings Program (ISP)</b>	SAR 100.
<b>Minimum amount for redemption</b>	Class (A): SAR 1,000,000 Class (B): SAR 1,000
<b>Valuation days</b>	Every Business Day.
<b>Dealing days</b>	Every Business Day.
<b>Announcement days</b>	The Unit price shall be announced and published at 5:30 p.m. Kingdom time, on next Business Day in the Kingdom following the relevant dealing Day.
<b>Paying redemption amount days</b>	Redemption proceeds shall be paid within five business days after the relevant valuation day.
<b>Unit price at initial offer (nominal value)</b>	10 SAR.
<b>Currency of the Fund</b>	Saudi Riyal.
<b>Period of the investment fund and its maturity date</b>	The Fund is an open-ended fund, with no maturity date.



<b>Date of commencing the fund</b>	The establishment of the Fund and the offering of its units were approved by the Capital Market Authority by a resolution issued on 30 Jumada Al-Ula 1440H (corresponding to 06 February 2019G).
<b>Date of issuing the Terms and Conditions, and latest update of it</b>	The Terms and conditions were issued on 12 Jumada Al Thani 1440H (corresponding to 17 February 2019), and the Authority was notified of its update on 8 Rabi' II, 1445H, corresponding to 23 October 2023G.
<b>Benchmark</b>	(3-month) Saudi Interbank Offered Rate (SIBOR) index.
<b>Name of the Fund Operator</b>	SNB Capital Company.
<b>Name of the Custodian</b>	HSBC Saudi Arabia.
<b>Name of the Auditor</b>	KPMG Professional Services.
<b>Tax Advisor</b>	KPMG Professional Services.
<b>Fund Management fees</b>	Unitholders pay management fees to the Fund Manager (" <b>Management fee</b> ") as follows: <ul style="list-style-type: none"><li>– Class (A) unitholders pay management fees of 0.25% of the Fund's assets after deducting other expenses and accrued liabilities.</li><li>– Class (B) unitholders pay management fees of 0.40% of the Fund's assets after deduction of other expenses and accrued liabilities.</li></ul>
<b>Subscription &amp; Redemption fees</b>	None.
<b>Custodian fees</b>	0.0250% annually of the of the total asset managed by the custodian. Transaction fees: SAR 37.5 per transaction.
<b>Dealing (Brokerage) fees and charges</b>	The Fund shall bear all transaction costs (brokerage) in securities in accordance with prevailing market prices.
<b>Other fees and expenses</b> (Data processing and operations expenses for the Fund, Tax Advisor fees and any other tax-related fees, expenses relating to unitholder meetings, report printing expenses, out of pocket expenses and others)	These fees and charges are not expected to exceed 0.5% of NAV and shall be calculated on each valuation day. For more details, please see paragraph (9) "Fees, Charges and Expenses" of these Terms and Conditions.





## Terms and Conditions:

### 1) Investment Fund

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

SNB Capital Sovereign Sukuk Fund is a debt instruments public open-ended fund that complies with Shariah guidelines of the Fund.

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

The Terms and conditions were issued on 12 Jumada Al Thani 1440H (corresponding to 17 February 2019), 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 establishment of the Fund and the offering of its units were approved by the Capital Market Authority by a resolution issued on 30 Jumada Al-Ula 1440H (corresponding to 06 February 2019G).

#### d. The duration of the investment fund and maturity date

The Fund is an open-ended Fund with no maturity date.

### 2) Governing Laws

- The Fund and the Fund Manager are regulated by the CMA and subject to the Capital Market Law and the Investment Funds Regulations, as well as other relevant laws and regulations applicable in the Kingdom.
- Any disputes arising between the Fund Manager and any Unitholders in relation to, or in connection with these Terms and Conditions shall be referred to the CRSD or any successor authority.
- The Unitholders represent and agree that the sale or purchase of the Fund assets, investments and properties shall be governed by the laws and regulations applicable in the relevant jurisdiction.
- The Fund Manager may take any measure or action deemed necessary to guarantee compliance with any applicable laws and regulations issued by any competent authority. Fund Manager shall not be held responsible for that towards the Investor or any other party.

### 3) Investment Policies and Practices

#### a. The fund's investment objectives

The Fund is a debt instruments public open-ended fund and its objective is to provide long term capital appreciation by investing mainly in Sovereign Sukuk denominated in Saudi riyals and issued by government entities in the Kingdom of Saudi Arabia, namely, the Public Debt Management Office of Ministry of Finance, Saudi Central Bank, and government funds, including sovereign funds, funds that take the form of pension and endowment funds which are fully owned directly or indirectly by a government entity in accordance with the Fund's Shariah guidelines.

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

1. The Fund invests in the following Shariah-compliant securities ("Target Securities"):
  - a) Sukuk denominated in Saudi riyals issued by government entities in the Kingdom of Saudi Arabia, namely, the Public Debt Management Office of Ministry of Finance, Saudi Central Bank, and government funds, including sovereign funds, funds that take the form of pension and endowment funds which are fully owned directly or indirectly by a government entity in accordance with the Fund's Shariah guidelines;
  - b) Short or long term cash instruments (Murabaha) with counterparties regulated by Central Bank or a similar regulatory body outside the Kingdom;
  - c) The Fund may invest in money market funds in accordance with Shariah guidelines, which are publicly offered and licensed by CMA.



- d) The Fund may invest in derivatives associated with structured instruments and products that comply with Shariah guidelines of the Fund, and structured instruments and products denominated in Saudi riyals that comply with Shariah guidelines of the Fund.
- e) The Fund Manager shall have the right to maintain a larger part or all of the Fund's assets in form of cash or short or long-term Murabaha investments if the market conditions or economic conditions are considered to be relatively unfavorable.
- 2. The Fund Manager may reduce the minimum investment in the Sovereign Sukuk issued by different government entities from 75% of the net value of the Fund's assets to 0% in the following cases:
  - a) In the event that market conditions or economic conditions are considered to be relatively unfavorable;
  - b) In case there are no investment opportunities that fulfil the Fund's objectives, and
  - c) For any other reason that the Fund Manager deems appropriate to protect the interests of investors, or if the Fund Manager anticipates a sharp fall or a severe deterioration in the local economy which may, directly or indirectly, affect the Fund's investments.

In such cases, the Fund Manager may retain a sizable portion or all of the Fund's assets in the form of cash or short-term or long-term Murabaha investments.

**c. Investment concentration policy**

- If the fund invests in a money market instruments (Murabaha) with counterparties regulated by Central Bank or a similar regulatory body outside the Kingdom, the minimum credit rating for most of the Fund's and counterparty's underlying Investments will be as determined by an international rating agency with a minimum rating of: Standard & Poor's BBB-/Moody's Baa3/Fitch BBB-. In absence of a credit rating for the money market instruments or the counterparties, the Fund Manager will refrain from investing in them.
- The Fund will invest mainly in Sovereign Sukuk dominated in Saudi Riyal issued by government entities in the Kingdom of Saudi Arabia, namely the Public Debt Management Office of the Ministry of Finance, Saudi Central Bank and government funds - including sovereign funds and funds in the form of pension and endowment funds, which are fully owned directly or indirectly by a government entity, in accordance with the Fund's Shariah guidelines and as shown in the table below in sub-paragraph (d) of paragraph (3) "Investment Policies and Practices".

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

Asset Class	Minimum Limit	Maximum Limit
Sovereign Sukuk denominated in Saudi riyals and issued by government entities in the Kingdom of Saudi Arabia, namely, the Public Debt Management Office of Ministry of Finance, Saudi Central Bank, and government funds, including sovereign funds, funds that take the form of pension and endowment funds which are fully owned directly or indirectly by a government entity in accordance with the Fund's Shariah guidelines	75%	100%
Short-term cash instruments (Murabaha) with counterparties regulated by Saudi Central Bank or a similar regulatory body outside the Kingdom	0%	25%
Money market funds that comply with Shariah guidelines and are publicly offered	0%	25%
Derivatives associated with structured instruments and products that comply with Shariah guidelines of the Fund, and structured instruments and products denominated in	0%	5%



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Saudi riyals and compliant with Shariah guidelines of the Fund

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

The Fund primarily invests in the Saud Market as well as short-term cash instruments (Murabaha) with peer entities supervised by Saudi Central Bank or a similar entity outside the Kingdom. Moreover, the Fund invests in money market funds that comply with the Shariah guidelines, and that are publicly offered and licensed by CMA. The Fund may also invest in derivatives contracts denominated in Saudi Riyals and associated with structured instruments and products, which are in compliance with the Fund's Shariah guidelines, and which are denominated in Saudi riyals.

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

The Fund Manager and its Affiliates may invest in the Fund for their own account, and such investment shall be treated no differently from other investments in the Fund by other Unitholders. The Fund Manager and its Affiliates may not exercise the voting rights attached to their Units. Furthermore, the Fund Manager must disclose, at the end of each quarter, the details of its investment in the Fund on its website, the Tadawul website and in the annual reports prepared by the Fund Manager in accordance with Article (76) "Reporting to Unitholders" of the Investment Funds Regulations.

**g. Transactions and methods used for investment decisions purposes**

The Fund Manager's investment decisions are made upon analysis of key economic indicators at the local level, current and projected local interest rates and the movement of local sectors / industries as well as geopolitical factors. The Fund Manager's Investment Portfolio Management Team conducts a periodic evaluation of investment opportunities for achieving long-term capital appreciation.

**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 this Terms and Conditions.

The Fund Manager may not include the following securities in the Fund's investments:

1. Futures contracts
2. Options contracts
3. Swap contracts

**i. Investment limitations**

The Investment Funds Regulations, and the Terms and Conditions specify the limitations on the types of securities in which the Fund may invest.

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

The Fund Manager may invest in other Shariah-compliant investment funds, provided that it shall not invest more than 25% of the Fund's NAV in such funds. The Fund shall not acquire more than 20% of the net assets of the fund whose units have been owned. In addition, the Fund shall not invest more than 20% of the Fund's NAV in all security classes of a single issuer. There are no procedures for dealing with investment funds managed by the Fund Manager.

**k. Lending and financing powers**

The Fund may obtain financing and enter into repurchase agreements for investing in the target securities, provided that such loans shall not exceed 30% of the NAV of the Fund and shall have a maturity not exceeding one year. However, the Fund may borrow from the Fund Manager or any of its affiliates or counterparties regulated by Saudi Central Bank or a similar regulatory body outside the Kingdom and licensed to cover redemption requests, provided that such borrowing shall not be subject to the 30% limit of the NAV of the Fund, as prescribed in Article (64) of the Fund Regulations Investment. The Fund Manager may pledge the assets of the Fund against the amount borrowed.



**l. Maximum limit for dealing with any counterparty**

The fund manager will abide by the percentages specified in the Investment Funds Regulations when dealing with any counterparty.

**m. Risk Management Policy**

The Fund Manager adopts a risk management policy aimed at identifying and evaluating potential risks as soon as possible and addressing them to minimize their impact. The Fund Manager examines and evaluates the risks of any investments or securities before investing therein. The risk is reassessed on an annual basis.

**n. The benchmark**

3-Month SIBOR Index is the Saudi Arabian Interbank Offered Rate. It is a daily reference rate published by Thomson Reuters based on interest rates at which Saudi banks offer to lend unsecured funds to other banks in the money market. For more information, please visit the Thomson Reuters website.

**o. Derivatives**

The Fund may invest in derivatives associated with structured instruments and products that are compliant with the Fund's Shariah guidelines and denominated in Saudi riyals, and structured instruments and products that are compliant with the Fund's Shariah guidelines and denominated in Saudi riyals for hedging purposes (e.g. interest rate risk).

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

The Fund has obtained a waiver from CMA from complying with the requirements of paragraph (h) of Article (41) "Investment Restrictions" of the Investment Funds Regulations, which stated that "the borrowing of the public Fund shall not exceed 15% of its net asset value", which allows the Fund to raise the borrowing limit to 30% of the Fund's net asset value.

**4) The Main Risks of Investing in the Fund**

- a. The Fund is a low risk investment fund. Upon redemption, the unit price may be reduced to a price lower than that is subscribed for in the Fund. There are no guarantees that the Fund will achieve any growth in its investments. The value of the Fund's investments may be declined, and the unitholders must be aware that the principal amount invested in the Fund is not guaranteed, and there are no guarantees that the Fund's investment objectives will be achieved.
- b. The previous performance of the Investment Fund or the previous performance of the index is not indicative of the Fund's future performance.
- c. There is no guarantee for Unitholders that the Fund's absolute performance or its performance compared to the index will be repeated or be similar to the previous performance.
- d. The Fund Manager warns investors that investing in an investment fund is not a bank deposit.
- e. The Fund Manager warns investors from the risk of loss of money when investing in the Investment Fund.
- f. The list of key potential risks, which may adversely affect the Fund's performance and may therefore have a negative impact on its NAV and Unit Price, includes:
  1. **Credit risk:** Credit risk is the risk that the issuer will not be able to repay the debt and pay the dividends when due. Changes in the issuer's credit rating or change in the status of the issuer's creditworthiness in the market may also affect the value of the Fund's investment in the issuer's securities. The degree of credit risk depends on the issuer's financial position and the terms of the securities. In addition, the Fund Manager may invest with third parties in Shariah-compliant transactions in money markets. As a result, it is possible that a borrower or counterparty to such transactions may be unable to repay or settle its obligations in a timely manner or may even fail to pay entirely, which could result in a significant decrease in the value of the Fund's NAV. As such, this could have a negative effect on the Fund's performance and its NAV and Unit price.
  2. **Interest Rate Risk:** Changes in the market value of Sukuk and other fixed income securities are triggered by changes in interest rates and other factors. Interest rate risk is that Sukuk prices and other fixed



income securities prices rise whenever the interest rates fall, and they fall whenever the interest rates rise. The Fund may be exposed to more risks than interest rate risk due to relatively low prices. The fluctuations in the market price of Sukuk and other fixed-income securities are generally greater than those faced by securities with longer maturities. Fluctuations in the market price of the Fund's investments will not affect interest income from Sukuk held by the Fund. However, such fluctuations will be reflected in the NAV of the Fund and may, therefore, have a negative impact on its NAV and Unit Price. These principles apply to the Saudi government's securities. Securities issued by the Saudi government are guaranteed only in terms of the declared interest and their nominal value at maturity, rather than their market value. As is the case with other fixed income securities, the value of the government-guaranteed securities will be subject to volatility when interest rates change.

3. **Risk of Political and Economic Conditions:** The Fund may be directly or indirectly affected by the political and economic developments in Saudi Arabia and the world. These matters may affect all economic and development activities, including the activities of the Fund, and have an impact on the Fund's investments and revenues. Therefore, this may have an adverse effect on the Fund's NAV and Unit Price.
4. **Liquidity risk:** Some Sukuk and structured products may become less liquid than others. This means that they cannot be sold quickly and easily. In addition, some structured instruments and products may be difficult to monetize because there is no secondary market due to regulatory or other restrictions resulting from the nature of the investment or lack of purchasers interested in this type of assets. This may have an adverse effect on the Fund's performance, NAV and Unit Price.
5. **Market Risk and Selection Risk:** Market risk is the impairment of one or more of the markets in which the Fund will invest, including the possibility of sharp and unexpected declines in markets. The selection risk is that the performance of the securities selected by the Fund Manager is lower than the performance of the markets, the relevant indices or the securities selected by other funds with similar investment objectives and strategies. This may have an adverse effect on the Fund's performance, NAV and Unit Price.
6. **Price Fluctuation Risk:** The general movement in the local and international capital markets, real estate markets, prevailing and expected economic conditions, profit rates, financing costs, investor confidence and general economic conditions, which may result in many redemptions and lack of liquidity, may have an adverse effect on the Fund's performance, NAV and Unit Price.
7. **Inflation Risk:** Sukuk involves inflation risk as inflation rates can increase while the returns of the underlying Sukuk remain stable without relative increase. In the event that inflation increases to a higher level than the rate of return on the underlying Sukuk, the Fund may suffer a loss in its investment and return, which may have an adverse effect on the Fund's NAV and Unit Price.
8. **Risks associated with compliance with Shariah guidelines:** If a major investment is found to conflict with Shariah guidelines, the Fund Manager shall liquidate the investment before its objectives being fulfilled. This may have an adverse effect on the Fund's NAV and Unit Price.
9. **Risks associated with non-rated money market instruments:** The Fund may invest in some structured products that comply with Shariah guidelines of the Fund and are not rated by credit rating agencies. Such products are of lower liquidity than rated instruments. Consequently, this may result in the Fund incurring loss in the value of the invested amounts of these instruments. This may have an adverse effect on the Fund's performance, NAV and Unit Price.
10. **Risks of lack of appropriate investments:** Identifying suitable investments involves considerable uncertainty, which in turn is reflected in the inability of the Fund Manager to determine the investment objectives and the ability of the Fund to achieve the desired returns. There is no guarantee that investments will meet the Fund's investment objectives, which may have an adverse effect on the Fund's returns, NAV and Unit Price.
11. **Risks of investment policies and practices:** The Fund Manager neither makes any representations nor provides any assurance that the Fund's investment policies and practices will achieve its investment objectives. Investment decisions are based on the Fund Manager's assessment and may be unsuitable for or inconsistent with important economic indicators, interest rates, sector and industry movements and geopolitical factors, which may have an adverse effect on the Fund's returns and NAV and Unit Price.



12. **Risk of investing in other investment funds:** There are risks that may affect other investment funds in which the Fund may invest and which may be subject to short-term and medium-term fluctuations and fluctuations in the Unit Price, which may have an adverse effect on the Fund's performance, NAV and Unit Price.
13. **Risks of dealing with third parties:** The Fund may enter into transactions with a third party that may be unable to fulfil its contractual obligations under such transactions. This may have an adverse effect on the Fund's NAV and Unit Price.
14. **Risks of reliance on key personnel:** The Fund's success heavily depends on that of its management team; the loss of any management team member in general or the Fund's inability to attract new staff or retain current staff may have an adverse effect on the Fund's activity, performance, NAV and Unit Price.
15. **Risks of lower credit rating:** The Fund intends to invest in sovereign Sukuk which by their nature involves a low risk of default. In the event of lower credit rating of an instrument in which the Fund invest, the Fund Manager may have to dispose of these instruments at lower prices, which may have an adverse effect on the Fund's performance, NAV and Unit Price.
16. **Conflict of interests risks:** Managers, officers and employees of the Fund Manager and its affiliates may participate in transactions and activities on behalf of other funds / customers whose interests may conflict with the Fund's. The Fund Manager may have an impact on transactions in which it has a material interest or has a direct or indirect relationship with third parties in a manner that conflicts with its duties towards the Unitholders and the objectivity and independence of its decisions. This may have an adverse effect on the Fund's performance, NAV and Unit Price. The Fund Manager shall not be liable to Unitholders for any profits, commission or compensation with respect to such transactions or any other transactions related to or arising from them.
17. **Risks of Fund management:** Unitholders will not participate in the management of the Fund; they will not have access to the detailed financial information available to the Fund Manager. Accordingly, no person may purchase Units unless it intends to authorize the Fund Manager to manage the Fund in all respects.
18. **Risks of legal and regulatory changes:** The information contained in this Terms and Conditions is based on the existing and declared legislation. Amendments to existing legislation, including those related to the financial market, tax or zakat, may be made during the term of the Fund, which may have an adverse effect on the Fund's investments and performance and, therefore, its NAV and Unit Price.
19. **Risks of Tax and Zakat:** Investment in the Fund is subject to tax and zakat risks that may affect the liquidity of the Fund. Consequently, this may result in lower value of the Fund's assets, investment returns and Unit Price. Therefore, prospective investors must obtain professional advice regarding taxes applicable to the purchase or sale of the Fund's Units. The Unitholders shall pay zakat, if any, on their investments in the Fund.
20. **Financing risk:** Financing may be obtained for the Fund and/or any of its investments, which may have an adverse effect on the Fund's returns and Unit Price. While financing is likely to increase the net income of the Fund, it involves a high financial risk and may pose different risks to the Fund and its investments, such as increased financing costs, economic deterioration and deterioration of investment guarantees. If the Fund's assets are pledged, the lender may, in case of default by the Fund, claim to acquire these assets as collateral for financing in accordance with the customary terms of this type of financing, which may have an adverse effect on the Fund's returns and Unit Price.
21. **Technical Risks:** The Fund Manager mainly uses technology in managing the Fund. However, its information systems may be hacked or attacked by viruses, or may be partially or fully disrupted in a manner limiting the Fund Manager's ability to effectively manage the Fund's investments. This may have an adverse effect on the Fund's performance, NAV and Unit Price.
22. **Risks of Natural Disasters:** Performance of all economic markets and investment sectors is affected by natural disasters, which may have a negative effect on the Fund's, beyond the control of the Fund Manager. Natural disasters include earthquakes, volcanoes, extreme climatic changes, etc. This may have an adverse effect on the Fund's investments, NAV and Unit Price.
23. **Risks of investing in structured products which are in compliance with the Fund's Shariah guidelines:** Structured fixed income products are exposed to the key credit risk and credit rating changes. Upon occurrence of a credit event such as default or restructuring, non-restructuring, bankruptcy or refusal / suspension, the structured products may be redeemed at a value lower than their nominal value or, in





extreme cases, completely lose their value: The market value of the structured products may move up or down in the market depending on the movement of interest rates, the performance of the issuer and/or indices, the financial condition of the issuer / guarantor, the assets used as collateral, the credit rating or perceived market worthiness and other factors. The Fund Manager may have to incur losses when it liquidates such products, which may have an adverse effect on their market value and thus on the Fund' performance, NAV and Unit Price.

24. **Risk of fund's assets valuation:** The Fund evaluates the Sukuk in which the Fund invests based on the prices published in the market according to the approved valuation methods. These prices might be variable or unavailable depending on the market conditions which will lead the fund to switch from one method to another which is stipulated in the terms and conditions of the Fund to be in line with market conditions resulting possible decrease in the net asset value of the Fund.
25. **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 individuals, legal persons and government entities willing to invest primarily in Sukuk and those that are eligible to invest in this fund, taking into account the Fund's investment objectives of long-term capital growth through investing primarily in sovereign Sukuk issued by government entities in the Kingdom of Saudi Arabia. These entities are the Public Debt Management Office of Ministry of Finance. In addition, investment shall be in accordance with the Fund's Shariah guidelines and shall take into consideration risks associated with investing in the Fund. Paragraph (4) of these terms and conditions shall include a description of these risks. Besides, these risks shall be carefully studied and understood by any potential investor before making a decision regarding the investment in the fund. The investor should also understand and be familiar with the relevant securities, markets and risks and take into consideration its financial position and investment objectives. The Fund Manager is advised to consult with a licensed professional advisor if it is not possible to understand and assess the appropriateness of investing in the Fund.

## 7) Investment Restrictions / Limitations

The Investment Funds Regulations and the Terms and Conditions specify the restrictions on the types of securities in which the Fund can invest.

## 8) Currency

The currency of the Fund is Saudi riyals. If payment for the Units is made in another currency, it shall be converted to Saudi riyals by the Fund Manager, on the basis of the prevailing market exchange rates available to the Fund Manager, and the purchase of the Units shall be effective as from the date the relevant amount in SAR is received by the Fund Manager. The Investor shall assume such currency conversion expenses.



## 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:** Unitholders pay management fees to the Fund Manager as follows: **Class (A)** unitholders pay management fees of 0.25% of the Fund's assets after deduction of other expenses and accrued liabilities. **Class (B)** unitholders pay management fees of 0.40% of the Fund's assets after deduction of other expenses and accrued liabilities. In the event that the fund manager wishes to invest in other funds managed by SNB Capital Company, the management fees of the other fund to be invested in will be waived or the deducted fees will be repaid in full in favor of the fund to avoid duplication of fees. The investment management fee is subject to VAT in accordance with VAT Regulations. No class will have investment strategies and objectives that differ from investment strategies and targets for other classes of the same fund. The Fund Manager has the right to exempt the investors from part or all of the management fees at its sole discretion. In order to avoid suspicion, all unit holders of all categories must enjoy equal rights and be treated equally by the Fund Manager.
- **Shariah Compliant Financing Charges:** According to the prevailing market price.
- **Dealing (Brokerage) fees and charges:** The Fund will bear all dealing (brokerage) costs in securities in accordance with prevailing market prices. And these fees are subject to VAT in accordance with VAT Regulations.
- **Custody Fees:** 0.0250% annually of the of the total asset managed by the custodian. Transaction fees: SAR 37.5 per transaction. These fees are subject to VAT as per the VAT Law. **Auditor's Fees:** 45,000 per annum, which is a fixed sum deducted from the total assets of the Fund as per the contract with the auditor and calculated pro rata according to the number of units for each class. These fees will be subject to VAT in accordance with VAT Regulations.
- **Capital Market Authority Fees:** SAR 7,500 per annum, which is a fixed sum deducted from the total assets of the Fund as per the fees prescribed by the CMA.
- **Publishing Fund's Information on Tadawul Website Fees:** SAR 5,000 per annum, which is a fixed sum deducted from the total assets of the Fund as per the fees prescribed by Tadawul. These fees will be subject to VAT in accordance with VAT Regulations.
- **Shariah Committee Fees:** SAR 27,000 annually, calculated on each Valuation Day and deducted semi-annually.
- **Remuneration of the Independent Fund's Board Members:** Estimated at a total amount of SAR 20,000 annually and these expenses represent the fees of the independent members of the Board of Directors of the Fund and are calculated pro rata according to the number of units for each category.
- **Other Fees and Expenses, includes:**
  1. Data processing and operations expenses of the Fund: includes the expenses of the administrative affairs of the Fund and the programs used in the processing of data. It is charged to the fund on a daily basis based on the size of the NAV for all funds. The fund manager reviews these expenses on a quarterly basis, and any differences are adjusted and reflected in the estimation of the next quarter's expenses.
  2. Tax Advisor fees and any other tax-related fees,
  3. Expenses relating to unitholder meetings, report printing expenses, index calculation services, out of pocket expenses and others.

These fees and expenses are not expected to exceed 0.5% of the NAV, and shall be calculated on each Valuation Day. This limit (i.e. 0.5% of the NAV) also covers fees and expenses payable by the Fund (including fees and expenses above) other than management, custody, dealing and borrowing fees and expenses.

All fees, charges, commissions and expenses payable to SNB Capital and other service providers will be subject to the VAT, which the Fund shall separately pay to the Fund Manager, according to rates set by the VAT Law.





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*	Class (A): 0.25% Class (B): 0.40%	Each Valuation Day after deducting accrued expenses and liabilities.	Will be paid at the end of each month based on the net asset value of the Fund on each valuation day of the relevant month of the year.
Shariah Compliant Financing Charges	According to prevailing market prices.		
Dealing (Brokerage) Fees and Charges*	According to prevailing market prices.		
Custody Fees*	0.0250% annually of the of the total asset managed by the custodian. Transaction fees: SAR 37.5 per transaction.	On each Valuation Day.	Deducted Monthly based on total assets under custody at the end of each month.
Auditor's Fees*	SAR 45,000 annually	A fixed sum deducted from the total assets of the Fund.	As per the contract with the auditor and calculated pro rata according to the number of units for each class.
Capital Market Authority Fees	SAR 7,500 annually	A fixed sum deducted from the total assets of the Fund and calculated on each Valuation Day.	Deducted Annually.
Publishing Fund's Information on Tadawul Website Fees*	SAR 5,000 annually	A fixed sum deducted from the total assets of the Fund and calculated on each Valuation Day.	Deducted Annually.
Shariah Committee Services Fees	SAR 27,000 Annually	On each Valuation Day.	Deducted Semi-annually.
Remuneration of the Independent Fund's Board Members*	SAR 20,000 Annually	Paid from the total assets of the fund and calculated on ever valuation day.	Deducted Annually.
Data processing and operational Expenses	Estimated and reviewed quarterly.	Calculated on each valuation day from the net asset value under management of all public funds.	Deducted Monthly.



Type of Fee/ Expense	Percentage/Assigned Amount in SAR	Calculation Method	Frequency of the Payment
<b>Other Fees and Expenses</b> (Data processing and operational Expenses, Tax Advisor fees and any other tax-related fees, expenses relating to unitholder meetings, report printing expenses, index calculation services, and out of pocket expenses and others)	Will not exceed 0.50 %	Calculated on each valuation day from the Fund's assets and reviewed on a quarterly basis.	Deducted Monthly.

\*These fees will be subject to VAT in accordance with VAT Regulations.

- 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:

Assumptions:		
1. The sole investor in Unit Class (B).		
2. Assuming that the size of the Fund is SAR 100 million.		
3. The customer owns 100% of the Fund.		
4. VAT 5%		
Type of fees	Fees and expenses in the currency of the Fund	Fees and expenses imposed on the Unitholder in the currency of the Fund
Custody fees	2,625	2,625
Independent Board Member Remuneration	20,000	20,000
Auditor fees	45,000	45,000
CMA Fees	7,500	7,500
Tadawul Fees	5,000	5,000
Fund Management Fees	399,430	399,430
Total annual fees and expenses	479,555	479,555
Economic return as 10% + capital	110,000,000	110,000,000



Net presumed investment at the end of fiscal year	109,520,445	109,520,445
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Total of other estimated expenses (*) of the Fund for the whole fiscal year other than administration fees				
Assuming that the size of the Fund is as follows:	SAR 100 million		SAR 3,000 million	
	Amount in SAR	Amount in SAR, taking into account the VAT	Amount in SAR	Amount in SAR, taking into account the VAT
Auditor fees	45,000	51,750.00	45,000	51,750.00
The Saudi Stock Exchange (Tadawul)	5,000	5,750	5,000	5,750
CMA Fees	7,500	7,500	7,500	7,500
Total of independent board member remuneration	20,000	23,000	20,000	23,000
Fees of custody as well as other custody services**	2,625	3,019	78,750	90,563

(\*) the above other expenses are indicative. As such, it may increase or decrease during the year.

(\*\*)  $1.05^* (\text{Custody fees})^* (\text{the Custodian's total assets})$  plus transaction fees.

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

Unitholders shall not pay subscription or redemption fees from the Subscription Amount or from the value of the redeemed Units upon subscription, redemption or transfer of the Units in the Fund to another Fund managed by the Fund Manager.

**e. Fund Manager policy on rebates and special commissions**

Subject to the Investment Funds Regulations and the Capital Market Institutions Regulations, the Fund Manager may enter into special commission arrangements. Any goods or services received by the Fund Manager under a special commission arrangement must be limited to such goods and services which are related to the execution of transactions on behalf of the Fund or the provision of research for the benefit of the Fund. The Fund Manager is prohibited from obtaining direct cash under a special commission or any other arrangement.

**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 the Investment Funds Regulations and the Capital Market Institutions Regulations, the Fund Manager may enter into special commission arrangements. Any goods or services received by the Fund



Manager under a special commission arrangement must be limited to such goods and services which are related to the execution of transactions on behalf of the Fund or the provision of research for the benefit of the Fund. The Fund Manager is prohibited from obtaining direct cash under a special commission or any other arrangement.

**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 valuation shall be based on the Fund currency, and determined on the basis of the Fund's total assets in the portfolio after deducting any due expenses payable to the Fund at such time. The valuation of the Fund's asset shall depend on the type of asset based on the following valuation methodologies taking into consideration applying Sukuk valuation methods on each single Sukuk in each valuation day:

1. Sukuk which are listed or traded on any regulated securities exchange or automated quotation system shall be valued, the closing price may be used of such market or system, for the purpose of Sukuk's valuation.
2. The value of Sukuk will be determined based on the mid-price between the best bid price and best ask price published on Tadawul website.
3. If Sukuk are suspended or sukuk prices are not published then Sukuk will be evaluated based on the last available price unless, there is definite evidence that the price of the securities has fallen from the suspended price.
4. If the market conditions do not enable the valuation of Sukuk then these Sukuk will be evaluated based on the book value in addition to accrued profits.
5. The value of the Fund's assets invested in the money market short-term instruments (Murabaha) will be determined based on the deposited amount in addition to due / accrued profits as of the relevant valuation day.
6. The book value in addition to the accrued profits will be used to evaluate Sukuk and derivatives associated with structured instruments and products that comply with Shariah guidelines of the Fund and the structured products that comply with Shariah guidelines of the Fund.
7. If the Fund invests in public money market funds in accordance with Shariah guidelines, the last announced unit price will be used for valuation purposes.
8. For the valuation of any other investment, the Fund Manager shall rely on a fair value determined based on means and rules disclose in the terms and conditions of the fund and after being confirmed by the auditor of the Fund.

**b. Frequency of valuation and number of valuation points**

The Fund's assets shall be valued on each business day after 5:30pm at KSA time. If banks in the Kingdom are closed on any Valuation Day, the Valuation Day in that case shall be the following day on which Saudi banks are open.

**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:

- The fund operator must record each instance where an asset of the public fund is valued incorrectly or the price of a unit is calculated incorrectly.
- The fund operator must compensate all harmed unitholders (including former unitholders) as soon as reasonably practicable for all valuation or pricing errors.
- The fund manager must 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 Fund Manager shall calculate the value of the Unit price for the purpose of processing requests to subscribe in, redeem and transfer Units from one fund to another and from the Unitholder to its Relative by subtracting liabilities due from the total assets value of the Fund, including, without limitation, the fees and expenses specified in these Terms and Conditions. The Unit price shall be determined by dividing the NAV by the total number of Units outstanding on the relevant Dealing Day and on the same business day on which the subscription or redemption request is made in case the request is received prior to the deadline. The Unit price shall be expressed to include at least four decimal points.

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

The Unit price will be published after 5:30pm at KSA time, on the next business day following the relevant Dealing Day. On the Fund Manager's website ([www.alahlicapital.com](http://www.alahlicapital.com)) and the Tadawul website ([www.tadawul.com](http://www.tadawul.com)) 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 Manager will offer the Fund's units to eligible investors from 12 Jumada al-Thani 1440H (17 February 2019) until the closing date ("**the Initial Offering Period**"). It is expected that the closing date will be on 11 Shaban 1440H corresponding to 17 April 2019 ("**the Closing Date**"). The Fund Manager may close the Fund prior to this date if the Minimum Subscription Amount of SAR ten million Saudi Riyals (SAR 10,000,000) is raised. The Fund Manager is entitled to extend the offering period if the Minimum Subscription Amount is not raised, up to a maximum of additional 21 days after the approval of the CMA and the disclosure thereof on its website. The subscription price during the initial offering period shall be SAR 10 per unit.

**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:**
  - The Fund Manager shall process all subscription and redemption requests.
  - Units may only be subscribed for or redeemed on a Dealing Day.
  - A request to transfer a Unitholder's investment from one fund to another or to a Relative may only be processed on a Dealing Day.
  - The Fund Manager shall process subscription, redemption and transfer requests at the prices calculated at the valuation point following the deadline for the submission of subscription, redemption or transfer requests.
  - The execution of subscription, redemption and transfer requests shall be in accordance with the Investment Funds Regulations and these Terms and Conditions.
- **Subscriptions requests:**

Subscription requests, and related amounts will be accepted if provided prior to 12 pm at KSA time on any business day. Requests will be processed on the same Dealing Day. However, if the request is submitted after 12:00 pm on the Dealing Day, then such request shall be processed on the following Dealing Day. If the Dealing Day is an official holiday, requests will be processed on the next Dealing Day.
- **Redemption requests:**

Subscription requests will be accepted if provided prior to 12 pm at KSA time on any business day. Requests will be processed on the same Dealing Day. However, if the request is submitted after 12:00



pm on the Dealing Day, then such request shall be processed on the following Dealing Day. If the Dealing Day is an official holiday, requests will be processed on the next Dealing Day.

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

**• Subscription procedures:**

Investors who are willing to purchase Units should complete and submit to the Fund Manager the following documents:

- Completed and approved / signed account opening agreement (if the investor is a customer of the Fund Manager, only approval and signature of the Terms and Conditions and the subscription form shall be required);
  - o Completed and approved / signed Terms and Conditions, and
  - o Completed and approved / signed subscription request form.
- The subscription request form shall be deemed to be completed if the Fund Manager receives the above-mentioned documents, in addition to the subscription amounts in the Fund's specific account numbers. Investors may subscribe to the Fund and accept and agree to the Terms and Conditions through the Fund Manager's investment centers or another channel such as SNB Capital phone services, SNB Capital website and other SNB Capital applications if the investor is a customer of the Fund Manager.
- Upon subscription, the Unitholder shall be provided a confirmation, by the Fund Manager, of the ownership of the units, including confirmation of the subscription details.
- A subscription date shall depend on the date of receipt of the completed request. If a request is received on or before the deadline for submission of the requests, the subscription date shall be on the same day the request is provided. If the application is received after the last date, the subscription date shall be on the next Business Day. Subscription in the Fund shall be through purchase of Units based on the Unit price as determined on the relevant Dealing Day, as defined in these Terms and Conditions.
- The Fund Manager may, at its sole discretion, upon AML / CFT reports and procedures or according to information in your "Know Your Customer" form or any instructions issued by any regulatory body, refuse subscription requests. The Fund Manager may also refuse any subscription request which it deems to be in contravention of the Capital Market Law and its implementing Regulations. The Fund Manager shall have the right to exchange information related to investors with the Custodian for the purpose of performing its duties and meeting internal audit requirements and AML / CFT requirements.

**• Redemption procedures:**

- Unitholders may partition redemption of all or some of their Units after completing and signing the redemption form and submitting the same to the Fund Manager by mail, courier or hand, or sending it via approved electronic media or through other channels, such as SNB Capital phone services, and website as well as SNB Capital applications.
- Each redemption day will be based on the date on which the complete redemption request is received. If the completed redemption request is received before the deadline for requests, the redemption day shall be the same business day on which the request was received. If the completed redemption request is received after the deadline for requests, the redemption day shall be the business day following the request receipt day. In either case, the Unitholders shall receive a confirmation from the Fund Manager, including redemption details.
- If the redemption request, upon receipt, will result in the Unitholder's investment being below the Minimum Subscription Amount, then the full invested amounts will be redeemed without prior notice and transferred to the Unitholder's account.
- The Fund Manager is entitled to compulsively redeem all units owned by the Unitholder at the applicable redemption price (representing the NAV of the Fund), if the Fund Manager is of the view that the same is in the interest of the Fund. The Fund Manager is also entitled to compulsively redeem units in the following cases:



- If the Fund Manager is in the view that the continued ownership of the Units by the Investor adversely affects the Fund's interest in financial, tax, legal or regulatory terms, or that it is inconsistent with these Terms and Conditions and the Account Opening Agreement;
  - If any of the declarations made by the Unitholder in the Account Opening Agreement are found to be incorrect or no longer in effect.
  - If the value of Class (A) Unitholders investments in the Fund, at any time, becomes lower than the Minimum Subscription Amount of SAR 50,000,000.
- **The period between the redemption request and the payment of redemption proceeds:**  
Redemption proceeds shall be available for investors prior to the end of work on the fifth business day following the valuation day.
- **Transfers between two funds:**
  - Unitholders may request that their investment in the Fund (or any part thereof) be transferred to another fund managed by the Fund Manager or that their ownership in the Units be transferred to any one of their Relatives, by submitting a transfer request to the Fund Manager, together with all required supporting documents, as determined by the Fund Manager and according to the subscription requirements the other fund, after the new unitholder agrees, accepts and signs the terms and conditions of the investment fund concerned. In such case, the transfer request shall be treated as a redemption request from the Fund and subscription in the second fund pursuant to the terms and conditions of the relevant fund.
  - If the transfer request would result in a decrease in the Unitholder's investment to less than the minimum initial subscription amount, the Fund Manager may treat such request as a full transfer of the unitholder's investment to the other fund. In all cases, the transfer request will be processed in accordance with the Fund Manager's procedures in this regard.
  - If a Unitholder submits a request to transfer part or all of his investment from the Fund to another fund managed by the Fund Manager at a time where subscription to that other investment fund or valuation of its assets is suspended, the net proceeds of the redemption in the first fund will be retained for the benefit of the Unitholder and the subscription procedures in the other fund (to which the investment will be transferred) will resume on the Fund's first trading day after the suspension is lifted based on the last unit price declared for such fund.
  - The Fund Manager shall not be liable for any claims or demands of any kind in connection with any lost opportunity or actual loss that may be incurred by a Unitholder.
- d. **Restrictions on dealing in units of the fund**  
The Fund Manager and Fund Operator will adhere to the restrictions and limits as set out in the Investment Funds Regulations and these Terms and Conditions regarding the dealing in the Fund's Units.
- 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 from open-ended public fund until the next Dealing Day if the total Unitholder Redemption Requests on any Dealing Day equal or exceed 10% of the Fund's Net Asset Value.
  - **The Fund Manager suspends dealing in the fund's units in the following cases:**
    - If the Fund Manager has been ordered by the CMA to suspend subscription and redemption of units.
    - If the Fund Manager reasonably believes that such suspension is in the best interests of the Unitholders.
    - If there has been suspension of dealing in the 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 Fund's NAV.





- **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.

**f. Procedures of selecting redemption requests to be deferred**

In the event redemption requests are deferred, the Fund Manager will apply fair procedures when choosing the redemption requests that will be postponed and will process redemption requests which have been postponed on a pro rata basis, considering the 10% limit which will only apply in periods where redemption requests impose liquidity restrictions.

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

- Unitholders may transfer the ownership of their Units in the Fund to any one of their Relatives. The transfer of Unit ownership will be allowed where the Units are part of the inheritance of a deceased Unitholder which must be distributed amongst its heirs in accordance with applicable laws and regulations. Moreover, transfer of Unit ownership will also be allowed in situations involving the execution of pledge or collateral agreements where the Unitholder has pledged its Units under such agreements as collateral.
- Subject to the Minimum Subscription Amount, the investor may transfer the ownership of its units in the Fund in whole or in part to another party as described above (the "Transferee") by submitting to the Fund Manager a written request containing its approval of the transfer of units and indicating the number of units to be transferred in addition to its own information and the Transferee's. To complete the transfer of units, the Transferee shall sign or accept these Terms and Conditions electronically, fill out the subscription application form, provide the information and documents required to meet the KYC requirements and AML / CFT rules.
- New investors must comply with these Terms and Conditions, including the Fund Manager's KYC requirements and AML / CFT procedures; the transfer of ownership of the Units will only take effect after being registered in the Unitholder's Register. The Fund Manager may, at its absolute discretion, reject applications for the transfer of the units if this would violate the Capital Market Law and its Implementing Regulations or any of the relevant laws and regulations applicable in the Kingdom. The Fund Manager shall have the right to exchange investor information with the Custodian for the purpose of performing the services and meeting the AML / CFT requirements.

**h. Minimum ownership**

	Class (A)	Class (B)
• Minimum Subscription Amount	SAR 50,000,000	SAR 5,000
• Minimum Additional Subscription Amounts	SAR 1,000,000	SAR 1,000
• Minimum Redemption Amount	SAR 1,000,000	SAR 1,000
• Minimum Subscription and the Additional Subscription through the Individual Savings Program (ISP)	SAR 100	SAR 100





	Class (A)	Class (B)
<ul style="list-style-type: none"> <li>Minimum holding amounts for each investor (This excludes subscribers through the Individual Savings Program (ISP))</li> </ul>	SAR 50,000,000	SAR 5,000

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

The minimum amount that the Fund Manager intends to raise through investors' subscriptions during the Initial Offering Period shall be 10 million Saudi riyals (SAR 10,000,000). In the event that the aforesaid amount is not raised during the Initial Offering Period, then the Fund Manager may, after obtaining the approval of CMA, extend such period for at most twenty-one (21) days, and disclose the same on its website. The Fund shall be entitled to invest the subscription amounts until the Initial Offering Period in the money market transactions and bank deposits concluded with a party regulated by SAMA or a regulatory body similar to SAMA outside the Kingdom.

If the minimum amount is not raised during the Initial Offering Period, the Fund Manager shall refund subscription amounts and any proceeds for investing them, without deduction, to investors, taking into account the relevant regulations and instructions.

## 12) Distribution Policy

**a. Income and Dividend Distribution Policy**

The Fund Manager intends to reinvest capital gain and periodic coupon payments in the Fund, which will be reflected in higher NAV and unit price. However, the Fund Manager may, at its sole discretion, distribute dividends to the Unitholders based on the Fund's performance and market conditions as set out in a notice to Unitholders, as to the accounts of the Unitholders available to the Fund Manager.

**b. Approximate date for entitlement and distribution**

The Fund Manager will, at its sole discretion, distribute dividends to the Unitholders as set out in a notice to the Unitholders.

**c. How Distribution will be paid:**

The Fund Manager intends to reinvest capital gain and periodic coupon payments in the Fund, which will be reflected in higher NAV and unit price. However, the Fund Manager may, at its sole discretion, distribute dividends to the Unitholders based on the Fund's performance and market conditions as set out in a notice to Unitholders, as to the accounts of the Unitholders available to the Fund Manager.

## 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) of the Investment Funds Regulations 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](http://www.alahlicapital.com) and Tadawul's website: [www.Tadawul.com.sa](http://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](http://www.alahlicapital.com) and Tadawul's website: [www.Tadawul.com.sa](http://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 statements 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 unitholder 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**

- Obtain a subscription confirmation form upon subscribing to the Fund;
- Exercise its rights pertaining to the units held in the Fund, including but not limited to voting at the meeting of the Unitholder;
- Receive the Fund's reports and data in accordance with paragraph (13) of the Fund's Terms and Conditions and in accordance with Article (76) "Reporting to Unitholders" of the Investment Funds Regulations;
- Inspect the NAV and all historical NAV figures at the registered offices of the Fund Manager, and receive details of NAV in respect of the Units owned by such Unitholder.
- Receive an updated copy of the Terms and Conditions of the Fund in Arabic free of charge;
- Request a meeting of the Unitholders;
- Receive an invitation from the Fund Manager to attend Unitholders' meeting,
- Appoint a representative to attend the meeting of the Unitholders on his behalf;
- Receive the Fund's procedures for dealing with conflict of interest;
- Receive a copy of the complaints handling procedures upon request to the Fund Manager free of charge;
- Receive an extract of the Unitholders' register upon request free of charge;
- Remove a Fund Board member by way of a special fund resolution;
- Unitholders have the right to redeem their units before any fundamental or non-fundamental changes occur without imposing redemption fees.
- Receive notifications as required under the Investment Funds Regulations and these Terms and Conditions;
- Obtain the Fund's audited financial statements, upon request to the Fund Manager;
- 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;
- Approve fundamental changes (as defined in the Investment Funds Regulations); and
- 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 Board shall consult with the compliance officer and approve overall policies regarding voting rights attributed to the Fund based on the securities included in its portfolio of assets.

The Fund Manager shall decide, at its discretion, and in accordance with the voting policies and procedures approved by the Fund Board, to exercise or not to exercise any voting rights after consultation with the compliance officer, and shall maintain full records documenting the exercise of such voting rights (including the reasons for exercising or not exercising them in any particular way). Unitholders will be provided with this policy upon request. The voting rights policy can also be viewed through the Fund Manager's website and Saudi Exchange (Tadawul) website.

### 17) Unitholders' Liability

Other than losing their respective investment in the Fund or part thereof, Unitholders shall not be liable for the debts and obligations of the Fund.

### 18) Units Characteristics

Fund's Units shall be issued in two classes i.e. Class (A) and Class (B). Both classes are different in terms of the fees and charges applicable to Classes (A) and (B) as provided in paragraph (9) "Fees Charges and expenses" of these Terms and Conditions. Unit Classes (A) and (B) shall be issued based on the value of the Fund's initial subscription amount and the same may not be transferred from one class to another.

All units are held in uncertificated form. The Fund Manager maintains a record of all Unitholders. Following every transaction, the investor will receive a confirmation containing full details of the transaction.

Unless otherwise provided therein, if the units are shared by two or more persons, any investment in the Fund shall be deemed a joint property of such persons, and they shall authorize the Fund Manager in writing to act on behalf of all or any of them.

The Fund Manager may issue an unlimited number of Unit Classes (A) and (B) in the Fund. Each unit represents an equal pro-rata interest in the Fund.

### 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 must, after obtaining the approval of the unitholders, obtain the approval of the Authority and ensures the approval of Shariah committee to the proposed fundamental changes.
- 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 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 bylaws and regulations issued by CMA Board in addition to the applicable instructions in the Kingdom in relation to the investment fund and in accordance with the requirements of Investment Funds Regulations and 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](http://www.alahlicapital.com).
  - Tadawul Website: [www.tadawul.com.sa](http://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)
<b>Net Profit</b>	<b>1,304,239</b>

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**

- Any business or other interests of the Fund Manager that are of fundamental importance or may conflict with the activities of the Investment Fund without prior disclosure of the conflict (when possible) or immediate disclosure of conflict of interest to the Fund Board, and obtaining its approval of that action, the Fund Manager shall not engage in any action that involves:
  1. A material conflict between the interests of the Fund Manager or the Fund sub-manager and the interests of any investment fund it manages.
  2. A conflict between the interests of any investment fund it manages and another investment fund or another customer account.
- The Fund Manager may manage other investment funds with objectives or strategies wholly or partly similar to the Fund's objectives and strategies.
- The Fund Manager may enter into arrangements of issuing securities in which the Fund invests or may invest or advise on issuance of securities in which the Fund invests or may invest.
- The Fund Manager shall avoid any type of conflict of interest between the interests of the Fund and the interests of the Unitholders, and shall not advance the interests of a certain group of Unitholders to the detriment of other Unitholders.



- The Fund Board shall be notified of any conflict of interest, and its approval shall be sought in respect of any conflict of interest that may arise during operation of the Fund.
- Any conflict of interest shall be disclosed immediately on the Fund Manager website and on Tadawul website and in the Fund's annual report.

**i. Right of the Fund Manager to appoint a Fund Sub-Manager**

- The Fund Manager may appoint one or more third parties or affiliates as sub-managers for the Fund.
- The Fund Manager may delegate or assign its powers, as the Fund Manager may deem fit and appropriate, to one or more financial institutions, to act as an advisor, trustee, agent or broker for the Fund, which is hereinafter referred to as "the authorized party", and to enter into a contract with that authorized party to provide investment and/or custody and deposit services for any securities and assets, whether directly or through any third party. In the event of delegation or assignment of powers, the Fund Manager shall exercise reasonable care in selecting any third party in respect of the Fund (such as subsidiaries, banks, agents, brokers and custodians). However, the Fund Manager shall not be liable for any loss, damage due to failure by any such persons to perform their duties as required at all times, unless such failure results from fraud, negligence, misconduct or deliberate negligence of the Fund Manager.
- Unitholders understand that the Fund Manager shall not disclose any information about the Unitholders to the above-mentioned authorized party or to any third party unless such disclosure is required by law, or if such disclosure is necessary to enable the authorized party to perform its duties.

**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 paragraphs (c) and (d) 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.
- The fund operator shall be responsible for valuing the assets of the fund. In so doing, the fund operator shall conduct a full and fair valuation as per paragraph (10) of these 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.

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

The fund operator may delegate one or more third parties or affiliates as a fund sub-operator.

## 23) Custodian

**a. Custodian's name**

HSBC Saudi Arabia.

**b. Authority authorization number and date**

License no. (37-05008) dated 17 Shawal 1426H, corresponding to 19 November 2005G.

**c. Custodian's address**

Olaya, P.O. Box 2255, Riyadh 11283, Kingdom of Saudi Arabia.

Tel: +966920005920

Website: [www.hsbcSaudi.com](http://www.hsbcSaudi.com)



**d. Primary roles and function of the Custodian**

- Notwithstanding the delegation by a custodian to one or more third parties under the provisions of the Investment Funds Regulations or the Capital Market Institutions Regulations, the custodian shall remain fully responsible for compliance with its responsibilities in accordance to the provisions of Investment Funds 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 its duties and responsibilities to one or more third parties or affiliates to act as sub-custodian for the Fund. The Custodian shall be fully responsible for the obligations thereof under the provisions of Investment Funds Regulations, whether performed directly or delegated to a third party under the Investment Funds Regulations or the Capital Market Institutions Regulations; The Custodian shall be liable to the Fund Manager and the Unitholders for any losses that may be incurred by the Fund due to the Custodian's negligence or act of fraud or intentional misconduct. The Custodian shall, at its own expenses, bear the fees of the sub-custodian.

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

The Custodian may delegate its duties and responsibilities to one or more third parties or affiliates to act as sub-custodian for the Fund. The Custodian shall be fully responsible for the obligations thereof under the provisions of Investment Funds Regulations, whether performed directly or delegated to a third party under the Investment Funds Regulations or the Capital Market Institutions Regulations; The Custodian shall be liable to the Fund Manager and the Unitholders for any losses that may be incurred by the Fund due to the Custodian's negligence or act of fraud or intentional misconduct. The Custodian shall, at its own expenses, bear the fees of the sub-custodian.

**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.
- If the CMA exercises its powers to remove the Custodian, the Fund Manager must appoint a replacement custodian to the Fund in accordance with the CMA's instructions, and in such case the Fund Manager as well as the removed Custodian shall co-operate fully in order to facilitate a smooth transfer of responsibilities to the replacement custodian during the first (60) days of appointing the replacement custodian. The Custodian must transfer, where the CMA determines it to be necessary and applicable in its absolute discretion, all contracts related to the Fund to the replacement custodian.
- The Fund Manager may remove the Custodian pursuant to a written notice, if the Fund Manager reasonably believes that the removal of the Custodian is in the best interests of the Unitholders. In such case, the Fund Manager will immediately inform the CMA and the Unitholders in writing. The Fund Manager shall appoint a replacement Custodian within (30) days of receiving the termination notice. The removed Custodian is required to fully cooperate with the Fund Manager to facilitate a smooth



transfer of responsibilities to the replacement custodian. The Fund Manager will also immediately disclose the appointment of a replacement custodian to the Fund on its website and the Tadawul website.

## 24) Fund Board

### a. Names of Fund Board members

The Fund Board consists of the following members:

- |                           |                                   |
|---------------------------|-----------------------------------|
| • Ali Al Hawas            | Chairman - Non-Independent Member |
| • Naif Abduljalil Al-Saif | Non-Independent Member            |
| • Ammar Bakheet           | Independent Member                |
| • Amr Shahwan             | Independent Member                |

### b. A Brief about the Fund Board members' qualifications

- **Ali Al Hawas (Chairman - Non-Independent Member)**  
Executive Vice President, and Head of Global Markets at Saudi National Bank. He joined Samba in 2008 and has over 24 years of Treasury business experience. He is member of Bank's Asset Liability Management Committee and responsible of managing the business under Samba Global Markets Ltd platform. He holds a diploma certificate from ACI University.
- **Naif Al-Saif (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.
- **Ammar Bakheet (Independent Member)**  
He has more than 27 years of experience in the financial sector. Specialized in business establishment in the financial sector, strategy development, securing regulatory and legislative approvals, building of the operational infrastructure, and building the administrative teams to run such businesses.  
The founding partner and CEO of Mnasah Digital Platform a technical financial company specialized in operating and running of a digital platform specialized in financing of small and Medium-sized enterprises (SMEs) Kingdom of Saudi Arabia (2017-Present). Head of asset management & product development - Audi capital 2007-2017. Establishment of the Investment Division at RAKBank (Dubai) (2003 -2006). Working at Samba Capital as Saudi Equity Funds manager (1998-2002). And, Co-founding Bakheet Investment Company (1993- 1998).
- **Amr Shahwan (Independent Member)**  
He's a Managing Director at Majd Arabia Management Consultant Co., Riyadh, Kingdom of Saudi Arabia. Amr holds a Bachelor's degree in Business Administration from The Amman Ahliya University. Has more than 25 years of experience in family office consulting, investment consulting, strategy, and business planning. He is Founder of Kartal Advisory Limited, UAE. During the span of his excellent carrier, Mr. Shahwan has served the top ranked organizations (MASIC, SAMBA Financial Group, Al Majdouie Group, Arbah Investment Group, Baker Tilly KSA) in Saudi Arabia and Jordan on high level Key positions (CEO, Director, General Manager etc.).



**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**

Independent Board members shall be remunerated by the Fund Manager for attending at least two Board meetings per annum, which is the minimum number of the Fund's Board meetings, which shall be paid from the Fund's assets. It should be noted that this remuneration represents a sum of USD 5,333 per year for the sole independent director. Independent Board Members shall also be entitled to travel allowances of a maximum of USD 2,000 paid from the Fund's assets. They shall not be included in the remuneration paid to independent directors. For more details, please revert to paragraph (9) "Fees, Charges and Expenses" from this Terms and Conditions.

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

As of the date of the Terms and Conditions, the Fund Board is composed of certain employees of the Fund Manager. However, the Fund Board members have fiduciary duties to Unitholders and will use their best efforts to resolve all conflicts by exercising their good faith judgement. Furthermore, Board members may



hold Units in the Fund, have a banking relationship with companies in which their shares are acquired, sold or maintained by the Fund or on its behalf, or with which the Fund has Murabaha transactions. However, if any conflict of interests arises, such conflict shall be communicated to the Fund Board for approval in which case the conflicted Board member shall not be entitled to vote on any resolution taken by the Fund Board in respect of which the conflicted Board member has any direct or indirect interest.

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

Fund/Board Member	Ali Al Haws	Naif Al-Saif	Ammar Bakheet	Amr Shahwan
SNB Capital Al Sunbullah USD	✓	✓	✓	✓
SNB Capital Al Sunbullah SAR	✓	✓	✓	✓
SNB Capital Al-Raed GCC Fund	✓	✓	✓	✓
SNB Capital Al Ataa GCC Equity Fund	✓		✓	✓
SNB Capital Al Ataa Saudi Equity Fund	✓		✓	✓
SNB Capital Al Jood GCC Equity Fund	✓		✓	✓
SNB Capital Al Raed Saudi Equity Fund	✓		✓	✓
SNB Capital Al Razeen USD Liquidity Fund	✓		✓	✓
SNB Capital Al Razeen SAR Liquidity Fund	✓		✓	✓
SNB Capital Al Musahem GCC Fund	✓		✓	✓
SNB Capital China Equity Fund	✓		✓	✓
SNB Capital Global Equity Fund	✓		✓	✓
SNB Capital Al Musahem Saudi Equity Fund	✓		✓	✓
SNB Capital Arab Markets Equity Fund	✓		✓	✓
SNB Capital GCC Financial Sector Fund	✓		✓	✓
SNB Capital Corporates Sukuk Fund	✓		✓	✓
SNB Capital Sovereign Sukuk Fund	✓	✓	✓	✓
SNB Capital Real Estate Fund			✓	
SNB Capital GCC Growth and Income Fund		✓		
SNB Capital Global REITs Fund		✓		
SNB Capital Fund of REITs Fund		✓		



Fund/Board Member	Ali Al Haws	Naif Al-Saif	Ammar Bakheet	Amr Shahwan
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		✓		

## 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 Yaqubi (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](http://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:

- There are any outstanding and material allegations of professional misconduct in relation to audit functions by the auditor;
- The auditor of the fund ceases to be an independent auditor;
- The auditor of the fund is no longer registered with the Authority;
- The Fund Board determines that the auditor does not have sufficient qualifications and experience to perform a satisfactory auditing functions or that changing the auditor is in the interest of the unitholders; or



- 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](http://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 within 30 business days, 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**  
The Fund has obtained a waiver from the Capital Market Authority from complying with the requirements of paragraph (e) of Article (71) "Valuation" from the Investment Funds Regulations.
- f. **General Information**
  - All decisions relating to the Fund taken by the Fund Manager shall be based only on publicly available information.



- The subscriber hereby authorizes the Fund Manager to delegate, transfer or assign, as the Fund Manager deems appropriate, to one or more financial institutions (at the responsibility and risk of subscribers) to act as consultant, sub-manager, custodian, agent or broker and to contract with such authorized party for the purpose of providing, as required by the context, investment management services and/or the secure custody of securities and assets either directly or through a third party.
- The Unitholder understands that the Fund Manager will not disclose any information relating to the Unitholder to the said authorized party or any third party unless any law or regulation in any jurisdiction in force gives effect to such disclosure, or if the relevant authorized party considers the disclosure necessary to enable it to perform its duties.
- Except as may be otherwise provided herein, the Fund Manager shall not be deemed in default or be liable towards the Investor or any third party, for any delay, or error or failure to perform or delay in performance of any of its functions and duties due to any force majeure events, including acts of God, boycotts, labor strikes, interruptions of power or communication services, civil commotions or any similar acts which are beyond the reasonable control of the Fund Manager. The Fund Manager shall notify the Investor in writing of any material delay which is attributable to such events or circumstances.
- Subject to the Investment Funds Regulations and the Capital Market Institutions Regulations, the Fund Manager may enter into special fee arrangements which shall be limited to the execution of transactions on behalf of the Fund, or the provision of research for the benefit of the Fund.
- The Fund Manager shall keep information obtained from Unitholders confidential, except where the disclosures required by the Capital Market Law or the applicable laws or regulations of the Kingdom or countries of the Gulf Cooperation Council or has been consented by the relevant Unitholder to be disclosed.
- If the Investor is a natural person, the provisions of this Document shall be binding on his heirs, successors, executors, personal representatives, trustees, assignees and the Investor's acceptance of the provisions hereof shall not automatically lapse upon his death or disability. If the heirs do not desire to own Units in the Fund or if the investment therein is not commensurate with them, they may redeem their Units in the proportion to their ownership in the Fund. If the investor is a legal entity, the provisions of this agreement shall not automatically lapse by its insolvency, bankruptcy or liquidation, or that of any of its partners or shareholders (or the death of any of them, to the extent they are natural persons). Notwithstanding the above, the Fund Manager may, at its own discretion, suspend any related transactions in connection with this document, until it receives an order from the court or a power of attorney authorizing any of the Investor's heirs, executors, personal representatives, trustees or assignees to affect such transactions.
- The Fund Manager and its affiliates may disclose any information they have, including any information about the investor, to any third party for any reason, including as required by the law to perform the services hereunder, and the investor hereby agrees to such disclosure.
- The dealing services provided to the Fund may be performed through the Brokerage Department of the Fund Manager or other entities licensed to carry out dealing activities, provided that they are made in similar circumstances and to the best interests of the Fund and the Unitholders.
- The Fund Manager shall send all information, notices and correspondence relating to the Fund to the Unitholders at the address set out in the Account Opening Form or via the available electronic channels. Unitholders shall, at all times, notify the Fund Manager of their respective mail and communication addresses. In addition, they shall immediately notify the Fund Manager of any change in their addresses and contact numbers by updating their information through the Fund Manager's website or by visiting any of its Investment Centers. If the Unitholders fail to notify the Fund Manager of their correct address and contact numbers, or if they request the Fund Manager not to send data and notices about their investments in the Fund, then the Unitholders shall relieve the Fund Manager of any liability and waive their rights or claims against the Fund Manager which may arise directly or indirectly, for any failure to provide them with such data, notices or any information about their investments, as well as any rights that may arise from failure to respond to such notices, verify information or correct any errors or alleged errors in any such data, documents or information.



### 32) Unitholder Declaration

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

#### INVESTOR'S CONSENT & APPROVAL

Client's/ Investor's Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

On behalf of the Company: \_\_\_\_\_

Authorized Signatory(ies): \_\_\_\_\_

Company's Stamp: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Mobile \_\_\_\_\_

Tel. No.: \_\_\_\_\_

Fax no.: \_\_\_\_\_