

**SEDCO Capital IPO Fund**

"An open-ended public investment Fund compliant with Shariah Guidelines and Controls, investing in Saudi stocks that adhere to Shariah Guidelines and Controls. The Fund is established in accordance with the Investment Funds Regulations issued by the Board of the Capital Market Authority in the Kingdom of Saudi Arabia".

**Fund Manager:**



**Saudi Economic and Development Securities Company (SEDCO Capital)**

CMA License No. (11157-37)

The Fund's Terms and Conditions have been reviewed and approved by the Fund's Board of Directors. The Fund Manager and the members of the Fund's Board of Directors are jointly and severally responsible for the accuracy and completeness of the information contained in these Terms and Conditions. Furthermore, the members of the Fund's Board of Directors and the Fund Manager acknowledge and confirm the correctness and completeness of the information contained in these Terms and Conditions and confirm that the information and data contained herein are not misleading.

The Capital Market Authority has approved the offering of the Fund's Units. The Authority does not bear any responsibility for the contents of these Terms and Conditions, nor does it provide any assurance regarding their accuracy or completeness. The Capital Market Authority does not give any recommendation regarding the feasibility of investing in the Fund, and its approval of the offering of the Fund's Units should not be considered as a recommendation to invest in it. The decision to invest in the Fund lies with the Investor or their representative.

SEDCO Capital IPO Fund has been approved as an investment Fund compliant with Shariah Guidelines and Controls, as endorsed by the Shariah Supervisory Committee appointed for the Fund.

The Terms and Conditions of this Fund, and all other documents, are subject to the Investment Funds Regulations issued by the CMA. To the best of the Fund Manager's knowledge at the time of the update, the information contained in these Terms and Conditions and other documents provides a full, clear, accurate, and non-misleading disclosure of all material facts related to the Fund. Prospective investors are advised to read and understand the Fund's Terms and Conditions along with its other documents before making an investment decision. The Fund's performance can also be reviewed in its reports.

Investors are advised to read and understand the Fund's Terms and Conditions. In case of difficulty in understanding these Terms and Conditions, consulting a professional advisor for guidance is recommended.

This is the updated version of the Terms and Conditions reflecting the updates on the offering dates according to our CMA letter dated 13/08/2024.

**Date of CMA Notification for Fund Unit Offering**

**18/12/1445H corresponding to 25/06/2024G**

**Date of Issuance of Terms and Conditions**

**18/12/1445H corresponding to 25/06/2024G**

**Date of Updating the Terms & Conditions**

**03/02/1446H corresponding to 13/08/2024G**

This document is an unofficial English translation of the official Arabic document and is provided for information purposes only. The Arabic document published on the CMA's website ([www.cma.org.sa](http://www.cma.org.sa)) remains the only official, legally binding version and shall prevail in the event of any conflict between the two languages versions.

**Terms and Conditions Guide**

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**Fund Summary**

<b>1. Fund Name</b>	SEDCO Capital IPO Fund.
<b>2. Fund Category/Fund Type</b>	An open-ended public investment Fund compliant with Shariah Guidelines and Controls, investing in Saudi stocks that adhere to Shariah guidelines.
<b>3. Fund Manager Name</b>	Saudi Economic and Development Securities Company (SEDCO Capital).
<b>4. Fund Objective</b>	The Fund aims to achieve capital growth in the medium to long term by investing in Initial Public Offerings (IPOs) and Rights Issues of companies listed on the Saudi stock market, including the Main Market and the Parallel Market, in compliance with the Shariah Guidelines and Controls approved by the Fund's Shariah Supervisory Committee.
<b>5. Risk Level</b>	High Risk.
<b>6. Minimum Subscription and Redemption</b>	Minimum Subscription: 5,000 Saudi Riyals. Minimum Additional Subscription: 2,000 Saudi Riyals. Minimum Redemption: 2,000 Saudi Riyals.
<b>7. Days of Dealing/Valuation</b>	Every Business Day.
<b>8. Days of Announcement</b>	The Fund Manager will publish the Unit prices on the Business Day following the dealing/valuation day on the website of the Saudi Stock Exchange (Tadawul) and on the Fund Manager's website.
<b>9. Redemption Payment Date</b>	Redemption payments will be made no later than the fourth (4 <sup>th</sup> ) day following the valuation day, based on the published Net Asset Value (NAV).
<b>10. Unit Price at Initial Offering (Nominal Value)</b>	Ten (10) Saudi Riyals.
<b>11. Fund Currency</b>	Saudi Riyals.
<b>12. Fund Duration and Maturity Date</b>	The Fund is open-ended with no specific duration or maturity date.



<b>13. Fund Start Date</b>	12/03/1446H corresponding to 15/09/2024G.
<b>14. Terms and Conditions Issuance Date</b>	18/12/1445H corresponding to 25/06/2024G.
<b>15. Early Redemption Fees</b>	A 2% early redemption fee will be charged if the Units are redeemed within ninety (90) days of the subscription period. This fee is charged once and deducted directly from the investment amount.
<b>16. Benchmark Index</b>	The benchmark index for the fund is SC Saudi IPO Total Return Index. The benchmark is calculated by the fund manager according to the index calculation mechanism. The Benchmark includes the total return of all the IPOs in Main market and Nomu after the inception of benchmark.
<b>17. Fund Operator Name</b>	Saudi Fransi Capital Company.
<b>18. Custodian Name</b>	Saudi Fransi Capital Company.
<b>19. Auditor Name</b>	Ernst & Young.
<b>20. Management Fees</b>	1.75% of the Fund's Net Asset Value (NAV), calculated daily on a yearly basis, will be deducted and paid to the Fund Manager at the end of each Gregorian month.
<b>21. Subscription and Redemption Fees</b>	A maximum of 2% of the subscription value. There are no redemption fees for the Fund.
<b>22. Custodian Fees</b>	The Fund pays a fee to the Custodian of 0.02% of the Net Asset Value (NAV) under custody annually, with a minimum of fourteen thousand (14,000) Saudi Riyals.
<b>23. Fund Operator Fees</b>	The Fund pays an operator fee of 0.05% of the Net Asset Value (NAV) under custody annually, with a minimum of thirty-six thousand (36,000) Saudi Riyals.
<b>24. Dealing Expenses</b>	These fees are paid by the Fund based on the actual cost, and the total amount will be disclosed in the Fund's reports.
<b>25. Other Fees and Expenses</b>	The Fund Manager has the right to charge the Fund for all other expenses and costs resulting from the Fund's activities. These



	<p>expenses and costs include, but are not limited to, the cost of acquiring and disposing of Investments, insurance expenses, fees related to third-party services such as legal, advisory, professional, and technical services, banking transaction expenses, government fees imposed by relevant governmental authorities, public service fees, printing and publishing costs of periodic reports, and Unitholder meeting expenses. In all cases, only actual expenses and fees, in addition to legally imposed taxes, will be deducted, with a maximum of 1% of the Fund's Net Asset Value (NAV) annually.</p>
<p><b>26. Performance Fees</b></p>	<p>Not Applicable</p>



## Terms and Definitions

- (1) **Kingdom or Saudi Arabia:** The Kingdom of Saudi Arabia.
- (2) **Authority or CMA:** The Capital Market Authority in the Kingdom.
- (3) **Capital Market Law:** The Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, including any amendments made from time to time.
- (4) **Investment Funds Regulations:** Investment Funds Regulations issued by the Board of the Authority in the Kingdom of Saudi Arabia pursuant to Resolution 1-219-2006 dated 03/12/1427H corresponding to 24/12/2006G based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and amended by CMA Board Resolution No. 2-22-2021 dated 12/07/1442H corresponding to 24/02/2021, and any other amendments that may occur thereto.
- (5) **Capital Market Institutions Regulations:** The Capital Market Institutions Regulations issued by the Board of the Authority under Resolution No. 1-83-2005 dated 21/05/1426H, corresponding to 28/06/2005G, pursuant to the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, and amended by the Authority Board Resolution No. 1-101-2023 dated 08/04/1445H, corresponding to 23/10/2023G, including any further amendments made from time to time.
- (6) **Anti-Money Laundering Law:** Anti-Money Laundering Law issued by Royal Decree No. (M/20) dated 05/02/1439H corresponding to 25/10/2017G.
- (7) **Fund Manager:** Saudi Economic and Development Securities Company (SEDCO Capital).
- (8) **Fund Operator:** Saudi Fransi Capital Company.
- (9) **Custodian:** Saudi Fransi Capital Company.
- (10) **Board of Directors or Board of Directors of the Fund:** Refers to the board whose members are appointed in accordance with the provisions of the Investment Funds Regulations and as stipulated in these Terms and Conditions, to oversee the duties of the Fund Manager.
- (11) **Units:** The share of any holder in the Fund, which consists of Units or parts thereof, with each Unit being considered as representing an undivided share in the net Assets of the Fund.
- (12) **Initial Offering Period:** The period during which the Fund's Units are offered for subscription in accordance with these Terms and Conditions.
- (13) **Net Asset Value (NAV) of the Fund:** The total value of the Fund Assets minus its liabilities.
- (14) **Total Asset Value of the Fund:** The value of the Fund Assets as assessed in accordance with the asset valuation methods specified in these Terms and Conditions.



- (15) **Unitholder, Investor, Subscriber, Client, or Qualified Investor:** These terms are synonymous and are used to refer to a person who owns Units in the Fund in accordance with these Terms and Conditions, representing an undivided share in the Net Asset Value (NAV) of the Fund.
- (16) **The Fund:** SEDCO Capital IPO Fund.
- (17) **Calendar Day:** Means any day, whether a Business Day or not.
- (18) **Business Day:** A Business Day in the Kingdom of Saudi Arabia according to the official working days of the Authority.
- (19) **Terms and Conditions or Document:** Refers to these Terms and Conditions, which govern the operation of the Fund and the relationship between the Fund Manager and Investors and are signed between the Fund Manager and the Unitholders.
- (20) **Fund Assets or Investments:** Refers to all the Fund Assets and Investments, which include cash and cash equivalents such as bank deposits, securities, and any other assets, whether tangible or intangible, that the Fund may own.
- (21) **Value Added Tax (VAT):** An indirect tax imposed on all goods and services bought and sold by businesses, with some exceptions. VAT is levied at each stage of the supply chain, from production and distribution to the final sale of the good or service, in accordance with the VAT Law issued by Royal Decree No. (M/113) dated 02/11/1438H and its implementing regulations, including any amendments that may occur.
- (22) **Ordinary Fund Resolution:** Means a resolution requiring the approval of Unitholders representing more than 50% of the total Units held by those present at a Unitholders' meeting, whether attending in person, by proxy, or through modern technological means.
- (23) **Special Fund Resolution:** Means a resolution requiring the approval of Unitholders representing 75% or more of the total Units held by those present at a Unitholders' meeting, whether attending in person, by proxy, or through modern technological means.
- (24) **Fund Currency or Saudi Riyal:** Refers to the Saudi Riyal, the official currency of the Kingdom, which is used for the valuation of Unit prices.
- (25) **Subscription Form:** The document used to subscribe to the Fund and purchase its Units, along with any required documents in accordance with the regulations of the Authority and the Anti-Money Laundering Law and its implementing regulations. It includes any attached information signed by the Client for the purpose of subscribing to and purchasing Units of the Fund, subject to the Fund Manager's approval.
- (26) **Zakat Authority:** The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.
- (27) **G:** Gregorian calendar.
- (28) **H:** Hijri calendar.
- (29) **Accountants Authority:** The Saudi Organization for Certified Public Accountants (SOCPA).



- (30) **Main Market:** The primary Saudi financial market in the Kingdom of Saudi Arabia.
- (31) **Parallel Market:** A market parallel to the Main Market, characterized by lower listing requirements, where stocks are traded that are registered and accepted for listing in accordance with the relevant rules.
- (32) **Initial Public Offerings (IPOs):** The initial public issuances or subscriptions offered for the first time on the Main Market or the Parallel Market at nominal value or through book building.
- (33) **Rights Issues:** Tradable securities that grant the holder the right to subscribe to new shares issued at the time of approving an increase in the related company's capital.
- (34) **Money Market Transactions:** Refers to short-term deposits and commercial financing contracts.
- (35) **Real Estate Investment Traded Funds (REITs):** An investment Fund that trades its Units on the Main Market or the Parallel Market, with its primary investment objective being the investment in developmentally constructed real estate capable of generating regular and rental income. A specified percentage of the Fund's net profits is distributed in cash to the Unitholders annually, at a minimum, during the Fund's operation period.
- (36) **Exceptional Circumstances:** Refers to any situations beyond the control of the Fund Manager, which the Fund Manager believes, if they occur (or any of them), could negatively and unusually affect the Fund Assets due to various political, economic, or regulatory factors. These include, but are not limited to, an economic crisis, force majeure, war, currency collapse, general government decisions, or government decisions related to precautionary and preventive measures, wars, civil unrest, civil disobedience, natural disasters, economic blockade, trade boycott, legislative decisions of the markets, suspension of trading, inability to communicate with the market for any reason such as computer system failure, or any reason beyond the control of the Fund Manager.
- (37) **Benchmark:** SEDCO Capital Saudi IPO Total Return Index.





## Terms and Conditions

### (1) Investment Fund

#### a) Name, Class, and Type of the Fund

SEDCO Capital IPO Fund is an open-ended public investment Fund compliant with Shariah Guidelines and Controls, investing in Saudi stocks that adhere to Shariah Guidelines and Controls.

#### b) Issue Date of Fund Terms and Conditions and Last Update

18/12/1445H corresponding to 25/06/2024G.

#### c) Date of CMA Approval for Offering Fund Units

18/12/1445H corresponding to 25/06/2024G.

#### d) Fund Duration and Maturity Date

The Fund is open-ended with no specific duration or maturity date.

### (2) Governing Law

The Fund and the Fund Manager are subject to the Capital Market Law, its implementing regulations, and other relevant laws and regulations applicable in the Kingdom.

### (3) Investment Policies and Practices

#### a) Investment Objectives of the Fund

The Fund aims to achieve medium to long-term capital growth by investing in Initial Public Offerings (IPOs) of companies listed on the Saudi stock market, including the Main Market and the Parallel Market, in compliance with the Shariah Guidelines and Controls approved by the Fund's Shariah Supervisory Committee.

#### b) Type of Securities the Fund will Primarily Invest In

The Fund primarily invests its assets in shares of companies listed on the Saudi stock market that comply with the Shariah Guidelines and Controls approved by the Fund's Shariah Supervisory Committee, across various sizes and sectors. To achieve its objectives, the Fund may also invest in the following:

- Initial Public Offerings (IPOs) of companies listed on the Saudi stock market, including the Main Market and the Parallel Market.
- Rights Issues of companies listed on the Saudi stock market.
- Initial Public Offerings (IPOs) of Real Estate Investment Traded Funds (REITs).



- Money Market Transactions that comply with the Shariah Guidelines and Controls approved by the Fund's Shariah Supervisory Committee, executed with a party regulated by the Saudi Central Bank or a similar regulatory Authority outside the Kingdom. These transactions must be issued by counterparties with an investment-grade credit rating according to the Fund Manager's assessment. The counterparties involved in Money Market Transactions in which the Fund invests, or their issuers, must be rated by international rating agencies (such as Standard & Poor's, Moody's, Fitch) or local agencies, with a long-term or short-term credit rating of no less than investment grade (BBB or its equivalent, or higher). The Fund Manager does not intend to invest with counterparties below investment grade. In all cases, the Fund will not invest in unrated financial instruments.
- Sukuk that comply with the Shariah Guidelines and Controls approved by the Fund's Shariah Supervisory Committee, issued by counterparties with an investment-grade credit rating according to the Fund Manager's assessment. The sukuk issues and counterparties in which the Fund invests, or their issuers, must be rated by international rating agencies (such as Standard & Poor's, Moody's, Fitch) or local agencies, with a long-term or short-term credit rating of no less than investment grade (BBB or its equivalent, or higher). The Fund Manager does not intend to invest in sukuk issues or with counterparties below investment grade. In all cases, the Fund will not invest in unrated sukuk issues.

**c) Investment Concentration Policies in Certain Securities, Industries, Groups Of Sectors, Countries, or Specific Geographic Regions, Including the Minimum and Maximum Limits for those Securities**

Subject to paragraph (b) above and Article (41) of the Investment Funds Regulations, the Fund primarily invests its assets in shares of companies listed on the Saudi stock market that comply with the Shariah Guidelines and Controls approved by the Fund's Shariah Supervisory Committee, across various sizes and sectors, as outlined in paragraph (d) below.

**d) The Table Below Shows the Minimum and Maximum Investment Percentages for Each Type of Investment**

Type of Assets (Investments)	Minimum Percentage of Net Asset Value (NAV)	Maximum Percentage of Net Asset Value (NAV)
Initial Public Offerings (IPOs) of companies listed on the Saudi stock market, including the Main Market and the Parallel Market *	50%	100%
Rights Issues of companies listed on the Saudi stock market	0%	50%
Initial Public Offerings (IPOs) of Real Estate Investment Traded Funds (REITs)	0%	40%
Money Market Transactions that comply with Shariah Guidelines and Controls	0%	40%
Sukuk that comply with Shariah Guidelines and Controls	0%	40%

\*Note: It is worth noting that the Fund Manager aims to adhere to the minimum Investment percentage in accordance with the initial public offerings available in the market and the allocation percentage granted to the Fund in these offerings.



Under normal circumstances, the Fund Manager will not hold cash liquidity and Money Market Transactions/Funds exceeding 40% of the Fund's Net Asset Value (NAV). However, this percentage may be increased to up to 100% of the Fund's Net Asset Value (NAV) in certain situations, such as the sale of some assets until the cash liquidity is reinvested, at the beginning of the Fund's period until investment opportunities are identified and available cash is invested, or in exceptional cases such as economic crisis, force majeure events, the absence of IPOs in the market, among others.

**e) Securities Markets Where the Fund May Potentially Buy and Sell Its Investments**

The Saudi stock market, including the Main Market and the Parallel Market.

**f) Disclosure of whether the Fund Manager Intends to Invest in the Fund's Units**

The Fund Manager, its affiliates, or its employees have the right to invest in the Fund without receiving any special treatment compared to the Investments of other Unitholders.

**g) Types of Transactions, Methods, and Tools that the Fund Manager May Use to Make Investment Decisions for the Fund**

The Fund Manager relies on research tools and focuses on companies with strong fundamentals and promising long-term potential. The investment decision-making process begins by identifying suitable companies through financial analysts' recommendations. This is followed by conducting quantitative analysis based on key indicators such as price-to-earnings ratio, price-to-book ratio, dividend yield, return on equity, and others. Afterward, a comprehensive qualitative analysis is performed to evaluate each company individually, understand its future trends, and determine a fair stock valuation. The Fund Manager then starts asset allocation, considering the relative weights of companies in the benchmark index, risk requirements, market trends, economic and political conditions, and their suitability for the Fund's objectives. This process aims to create an optimal asset mix for the Fund to minimize risks.

**h) Types of Securities that Cannot Be Included in the Fund's Investments**

No investments will be made in any securities other than those mentioned in these Terms and Conditions.

**i) Any Other Restrictions on the Types of Securities or Other Assets in Which the Fund May Invest**

There are no other restrictions except for the investment constraints and limits imposed by the Investment Funds Regulations and these Terms and Conditions.

**j) The Extent to which the Fund Assets May Be Invested in Units of a Fund or Funds Managed by the Fund Manager or Other Fund Managers**

The Fund Manager has the right to invest in any other investment Fund that complies with the Shariah Guidelines and Controls approved by the Fund's Shariah Supervisory Committee, whether managed by the Fund Manager, its affiliates, or any other manager, in accordance with the constraints imposed by Article (41) of the Investment Funds Regulations. The Fund will bear the fees of the Funds in which it invests.



**k) The Fund's Authority to Lend and Borrow, the Fund Manager's Policy on Exercising Lending and Borrowing Powers, and its Policy Regarding Pledging Fund Assets**

The Fund may obtain financing for its account, provided it does not exceed 15% of the Fund's Net Asset Value (NAV) and after obtaining approval from the Fund's Board of Directors and the Fund's Shariah Supervisory Committee. The Fund does not intend to engage in any lending operations. The financing amount will depend on the financing terms and prevailing market conditions at the time.

In the event that it becomes necessary to pledge the Fund Assets, the Fund Manager will comply with any instructions or regulations issued by the relevant authorities in this regard.

**l) Maximum Limit for Transactions with Any Counterparty**

The Fund Manager will adhere to the limits imposed by the Investment Funds Regulations regarding the maximum limit for transactions with any counterparty where applicable.

**m) The Fund Manager's Policy for Managing Fund Risks**

When making investment decisions, the Fund Manager will exercise caution to ensure that these decisions align with the highest standards of investment practices, aiming to achieve the Fund's investment objectives.

**n) Benchmark Index, along with Information about the Index Provider**

The benchmark index for the fund is SEDCO Capital Saudi IPO Total Return Index. This benchmark is calculated by the fund manager according to the index calculation mechanism, the Benchmark of the Fund includes total return of all the IPOs in Main market and Nomu after the inception of benchmark.

Benchmark Calculation Methodology:

Benchmark of the Fund is internally calculated and includes total return of all the IPOs in Main market and Nomu after the inception of benchmark. IPOs will be added to benchmark on the day of listing at IPO price and exit after 3 years. Till the benchmark gets fully invested in IPOs, 1-Month SAIBID return will be used to calculate returns on uninvested component. Each main market IPO gets 5% weight and Nomu IPO 1% weight at entry through proportional weight displacement of other constituents. The weight of each listed company in the BM would be capped at 20%. BM Rebalancing happens on monthly basis to ensure that the BM abide by all of its guidelines.

**o) Derivatives Contracts**

Not applicable.

**p) Any Exemptions Approved by the Authority Regarding Investment Restrictions or Limits**

Not applicable.



#### (4) Main Investment Risks in the Fund

- a) The Fund is exposed to high volatility due to the composition of its investments.
- b) The past performance of the Fund or the benchmark index is not an indicator of the Fund's future performance.
- c) There is no guarantee for Unitholders that the Fund's absolute performance or its performance relative to the benchmark will repeat or match its past performance.
- d) Investing in the Fund is not considered a deposit with any bank.
- e) Investors are subject to the risk of losing money when investing in the Fund.
- f) This Fund is classified as high-risk, and the risks that may lead to changes in the Fund's net assets or returns include the following:

- **Financial Market Risks**

Since the Fund is valued based on the market value of the securities it owns, the capital value of the Fund's Investments will remain volatile due to fluctuations in the financial market. Stock prices in the markets are subject to sharp fluctuations, which may include sudden and steep declines, potential capital loss, and a negative impact on the Fund's Net Asset Value (NAV). No guarantee or assurance can be provided for the future performance of securities, and past performance records do not reflect future results.

- **Economic Risks**

Financial markets in which the Fund invests are linked to the overall economic situation, which impacts company profitability, inflation levels, interest rates, and unemployment rates. Therefore, economic fluctuations can negatively or positively affect the Fund's performance.

- **Unit Price Volatility Risk**

The Unit price of the Fund is subject to fluctuations due to the volatility of the prices of the securities in which the Fund invests, which may negatively impact the Investments of the Unitholders.

- **Political, Legal, Regulatory, and Legislative Risks**

These risks include political instability, the issuance of new legislation or laws, or changes to existing legislation or laws, which may negatively impact the Fund's Investments.

- **Interest Rate Fluctuation Risks**

These are risks arising from fluctuations in the value of financial instruments due to changes in interest rates. As a result, the value of securities and company shares can be positively or negatively affected by interest rate fluctuations.



- **Risks of Subscribing to IPOs and Capital Increases**

Investing in IPOs and capital increases involves risks associated with limited shares. In cases where the IPO is oversubscribed and demand exceeds the supply of offered shares, a maximum limit is set for the number of shares per Subscriber, and the remaining shares are allocated in limited quantities to each Subscriber. Additionally, Investors may have insufficient knowledge of the issuing company, which may have a limited performance history. Issuing companies may belong to new economic sectors, and some may be in the development stage without generating operational income in the short term, increasing the risks of subscribing to their shares.

There may also be delays in listing the shares of a company that was subscribed to during the IPO period, leading to the freezing of the subscription amount, which limits the investment opportunities available to the Fund. This negatively impacts the Fund's performance and Unit price.

- **Potential Conflict of Interest Risks**

The Fund is exposed to various conflicts of interest as the Fund Manager, its subsidiaries, directors, officers, and their companies may be directly or indirectly involved in numerous activities and businesses that may sometimes compete with the Fund. These risks arise in situations where the Fund Manager's objectivity and independence in decision-making are influenced by interests that may affect their investment decisions, potentially impacting the Fund's performance negatively. This could adversely affect the Fund's ability to achieve its investment objective, including the growth of returns and its ability to achieve a better market value for its Units.

- **Reliance on Fund Manager's Personnel Risks**

The success of the Fund primarily depends on the qualitative performance of its management team affiliated with the Fund Manager. The loss of services from any of the management team members (whether due to resignation or other reasons) or the inability to attract and retain additional staff can significantly impact the Fund's operations and opportunities. This affects the Fund's ability to identify, analyze, and execute suitable investment opportunities in line with its strategies and practices, negatively impacting the Fund's performance, Net Asset Value (NAV), and Unit price.

- **Reliance on Technology Risks**

The Fund Manager relies on technology to manage the Fund. However, its information systems may be susceptible to breaches, attacks by viruses, or partial or complete malfunctions, which could limit the Fund Manager's ability to manage the Fund's Investments effectively. This could negatively impact the Fund's performance, Net Asset Value (NAV), and Unit price.

- **Investment Concentration Risks**

The concentration of the Fund's Investments within a specific geographic area, namely the Kingdom, may expose the Fund to investment concentration risks. These risks may include the economic situation and its impact on interest rates and exchange rates, as well as government regulations, legislation, and political stability, all of which could negatively affect the Fund's Investments.



- **Risks of Incorrect Predictions and Changes in Market Conditions**

The future performance of the Fund heavily depends on changes in supply and demand conditions in the sectors in which the Fund invests. These conditions can be influenced by regional and local economic and political situations, increased competition, leading to a decline in the value of acquired assets and fluctuations in supply and demand. Incorrect predictions used by the Fund Manager to make investment decisions can also negatively impact the Fund's performance.

- **Risks of Compliance with Shariah Guidelines and Controls**

The Fund's Investments must follow Shariah Guidelines and Controls, which apply to the Fund's Investments and, to a certain extent, to its activities and investment diversification. To comply with these standards and regulations, the Fund may be required to divest from an investment or part of it if the investment or its structure violates these standards and regulations. The Fund Manager may have to sell some Investments at prices that may sometimes be unfavorable to adhere to Shariah standards, negatively impacting the Fund's Investments. Additionally, by complying with Shariah Guidelines and Controls, the Fund may miss out on investment opportunities if the Shariah Supervisory Committee determines that a proposed investment does not comply with Shariah Guidelines and Controls, thus preventing the Fund from considering it. Under certain conditions, these factors may negatively affect the Fund's financial performance or Investments compared to the results that could be obtained if Shariah Guidelines and Controls were not applied to the Fund's Investments.

- **Risks of Investing in Unrated Debt Instruments**

In the absence of a credit rating for the sukuk that the Fund Manager may wish to invest in, the Fund Manager will conduct a thorough study, analysis, and evaluation of the sukuk in question before making an investment decision. This process includes a credit analysis of the issuer and the related securities. This constitutes a part of the risks that may affect the Fund's performance.

- **Risks of Investing in Rights Issues**

Tradable Rights Issues are subject to price fluctuations due to overall market conditions or the specific circumstances of the related companies, which may impact the value of the Fund's Investments and its performance.

- **Risks of Investing in Real Estate Investment Traded Fund (REITs)**

Investing in Units of Real Estate Investment Traded Funds (REITs) involves exposure to the risk of changes in the value of the real estate assets invested in by those Funds, as well as the price volatility of those Units in the market. This may impact the value of the Fund's Investments and its performance.

- **Financing Risks**

In general, financing can lead to greater fluctuations in the Fund's Net Asset Value (NAV) or result in the Fund incurring losses greater than its investment. The Fund may also face delays in repaying borrowed amounts on time due to reasons beyond the Fund Manager's control, which could force the Fund Manager to sell some of its investments. This would negatively impact the Fund Assets and,



consequently, the Unit prices. Financing also entails a higher degree of risk, increasing the Fund and its Investments' exposure to factors such as rising debt costs and economic downturns, which can adversely affect the Fund's net assets.

- **Risks of Diminishing Allocation Ratio**

As multiple licensed companies and investment Funds are invited to participate in Initial Public Offerings (IPOs), there is a possibility of a decrease in the allocation ratio due to an increased number of participating entities. This could potentially lead to missed investment opportunities that may impact the Fund's performance and Unit price.

- **The Risks of Securities being Delayed in Their Listing After Subscription**

In the case of the Fund subscribing to IPOs, these subscriptions are tied to their scheduled listing on the stock market. Therefore, any delay in listing represents a risk that could affect the Fund's Investments and performance.

- **Risks of Non-Distribution or Reduced Distributions**

The issuer of the financial instrument may reduce or suspend its distributions due to unforeseen underlying issues, payments, or unexpected obligations, impacting the Fund's returns with reduced or nonexistent distributions.

- **The Risks of Callability**

Some securities may include a call option, allowing the issuer to redeem them before their maturity date (such as sukuk). This option exposes the Fund to reinvestment risks, as the Fund may not find a similar investment with comparable returns.

- **Issuer Related Risks**

The performance of the issuer of the financial securities may change over time due to changes in its management, financial conditions, demand for its products or services, leading to a decrease in the value of its shares. This can negatively impact the Fund's performance, Net Asset Value (NAV), and Unit price.

- **Risks of Credit Rating Decline**

In case of a credit rating decline for the issuer of any financial instrument, the Fund Manager may be compelled to divest from it. This exposes the financial instrument to sharp fluctuations, potentially impacting the Unit value within the Fund negatively.

- **Market Risks and Selection Risks**

Market risks refer to the potential decline in the value of one or more markets in which the Fund invests, including the possibility of sharp and unexpected market downturns. Selection risks, on the other hand, involve the possibility that the performance of securities chosen by the Fund may be lower than the overall market performance, relevant benchmarks, or securities chosen by other Funds with similar investment objectives and strategies. In both cases, the Fund and Unitholders are exposed to potential





losses due to the realization of these risks.

- **Risks of Investing in Parallel Markets**

Investing in stocks of companies listed on the Parallel Market carries several risks. These companies often have lower liquidity compared to those listed on the Main Market. Participation in the Parallel Market is restricted to a specific category of Investors, limiting investment opportunities compared to the Main Market. Additionally, the volatility ratio for companies in the Parallel Market tends to be higher than in the Main Market.

The Fund's Investments may be negatively impacted due to these risks, including the possibility of sudden price declines and potential loss of capital or part thereof. Consequently, the Fund Unit price may also be adversely affected by such declines or volatility. Companies listed on the Parallel Market may be newly established or have a short operational history, with limited human and financial resources compared to those on the Main Market. Moreover, disclosure and listing requirements for companies on the Parallel Market are relatively less stringent compared to those on the Main Market.

- **Other Risks Related to the Parallel Market**

In addition to the risks associated with limited disclosure and due diligence, governance requirements for companies listed on the Parallel Market are relatively lower compared to those listed on the Main Market. Moreover, the Parallel Market is considered newly established, making investment in emerging markets, especially, subject to multiple risks such as delays in transaction settlement and securities registration and custody. Additionally, the market capitalization of securities listed on the Parallel Market may be relatively limited compared to the Main Market, thereby exposing the Fund Assets and Investments to higher price volatility and lower liquidity compared to the Main Market, potentially adversely affecting the Fund's performance and Unit price.

- **Credit Risks**

Either a trading party or the issuing entity of any financial instrument, whether a sovereign entity or a corporation, may be unable or unwilling to meet its financial obligations in a timely or absolute manner, thereby affecting the expected income of the Fund and causing a decline in Unit prices.

- **Risks of Controlling a Large Percentage of the Fund Assets**

Some Investors in the Fund may own a large percentage of its assets, which could affect the Fund's investment distribution if there is a withdrawal by one or a group of these controlling Investors. This could impact the Fund's returns.

- **Risks of Insufficient Disclosure in Offering Documents**

Investment decisions are based on information disclosed in offering documents for candidate companies. These documents may contain inaccurate information or omit essential details necessary for investment decisions. Given the significant reliance on disclosed information in making investment decisions, the risks associated with such decisions persist if offering documents include inaccurate information or fail to mention critical details, potentially negatively impacting the Fund's performance



and Unit price.

- **Liquidity Risks**

The Fund Manager may not be able to meet all redemption requests if the total value of these requests reaches 10% or more of the Net Asset Value (NAV) of the Fund, or if some Investments cannot be liquidated due to weak or nonexistent market trading.

- **Non-Guarantee of Investment Returns**

There is no guarantee that the Fund will achieve returns for its Investors or that returns will be proportional to the risks of investing in the Fund and the nature of the transactions described in these Terms and Conditions. The Unit value may decline, and Investors may lose some or all of the capital they invested in the Fund. There is no guarantee that the expected or targeted returns of the Fund will be realized. All figures and statistics provided in these Terms and Conditions are for illustrative purposes only and do not represent profit expectations. Actual returns may vary and can differ from the illustrative figures and statistics provided in these Terms and Conditions.

- **Fund Management Risks**

Unitholders will not participate in the management of the Fund nor receive detailed financial information available to the Fund Manager. Therefore, no person may subscribe to the Fund unless willing to entrust the Fund Manager with all aspects of Fund management.

Additionally, the Fund relies on the diligence and skill of the Fund Manager to achieve the Fund's investment objective and manage all aspects and Assets of the Fund. The performance of the Fund Manager cannot be guaranteed. Thus, the success of the Fund heavily depends on the personal efforts and practical experience of the individuals working for the Fund Manager who exclusively manages the Fund. The continued presence of all individuals working for the Fund Manager throughout the Fund's duration cannot be assured. The loss of any or all of these key personnel or any inability to retain them may negatively impact the Fund's performance.

- **Risks of Dealing with a Third Party**

The Fund may engage in transactions with a third party that may not be able to fulfill its contractual obligations under these transactions due to changes in financial conditions, management, demand, products, or services. This may result in non-compliance with agreed commitments or contracts, thereby negatively impacting the Net Asset Value (NAV) of the Fund and Unit price.

- **Sovereign and Political Risks**

The Fund's value and Investments can be negatively affected by geopolitical developments, social instability, changes in government policies, and other political and economic developments, all of which can have a detrimental impact on the performance of the Fund Assets and Unitholder returns.

- **Natural Disaster Risks**

These risks include volcanoes, earthquakes, epidemics, hurricanes, floods, and any natural phenomenon



beyond human control that can cause extensive damage to property and assets. They adversely affect various economic and investment sectors, thereby negatively impacting the performance of the Fund Assets and Unitholder returns.

- **Risks of Changes in Market Activity Levels in the Invested Markets**

General market movements in financial markets, prevailing and expected economic conditions, profit rates, financing costs, Investor sentiment, and overall economic conditions can all negatively impact the value of invested assets. Liquidity shortages can also negatively affect the market value of Units. Therefore, investing in the Fund is only suitable for Investors capable of bearing the associated risks.

- **Inflation Risks**

As fixed-income securities, sukuk are exposed to inflation risks, where inflation rates may rise while the yields of the underlying sukuk remain stable without relative increases. If inflation rises above the percentage yield of the underlying sukuk, the Fund may incur losses on its Investments, negatively affecting Unitholder returns.

- **Risks of Collecting Zakat from Investors in Investment Funds**

The Zakat Authority in the Kingdom has established rules for the collection of Zakat from Investors in investment Funds, as announced by the Zakat Authority according to Minister of Finance Decision No. (29791) dated 09/05/1444H. According to this decision, investment Funds established according to the regulations of the Authority before the enforcement of this decision must register with the Zakat Authority for Zakat purposes before the end of their fiscal year at the time of the decision's enforcement.

Investment Funds, including those structured as special purpose entities licensed by the Authority, are not subject to Zakat collection from Investors under the rules specified, provided they do not engage in economic activities or investment activities outside those specified in their foundational regulations or specific Terms and Conditions. This decision applies to fiscal years beginning on or after 01/01/2023G.

Given the recent implementation of the rules for Zakat collection from Investors in investment Funds, the exact impact on the Fund and consequently its financial position and operations is not fully clear. Understanding the nature and application of these Zakat rules is crucial, as non-compliance with any obligations imposed by related regulations may result in financial penalties and other regulatory sanctions. Investors are advised to seek advice regarding their Zakat obligations related to their Investments in the Fund.

- **Legal and Regulatory Risks**

The information provided in these Terms and Conditions is based on current and declared legislation as of the date of these Terms and Conditions. Legal and regulatory changes may occur in the investment environment within or outside the Kingdom, or other changes during the Fund's duration, which could adversely affect the Fund or its Investments, leading the Fund to be subject to legal claims necessitating



recourse to competent courts for compensation. Legal proceedings and enforcement actions can be lengthy, potentially exposing the Fund to cumulative losses until it receives adequate compensation, thereby impacting the Fund's performance and Unitholders' income.

- **Environmental, Social, and Governance (ESG) Risks, Particularly Climate Risks**

Environmental, social, and governance (ESG) risks refer to the three factors used to measure the sustainability and societal impact of an investment. Environmental, social, and governance (ESG) criteria can help better assess the future financial performance of companies (returns and risks). Environmental issues related to properties, such as hazardous material use, can negatively impact their value. As part of environmental, social, and governance (ESG) risks, climate risks can increase exposure to losses, making assets less liquid, generating lower income, or subjecting them to environmental regulation. Additionally, climate change may lead to higher insurance costs.

Integrating environmental, social, and governance (ESG) risks into the investment decision-making process may lead to excluding profitable Investments from the Fund's portfolio and could also prompt the Fund to sell Investments that have been performing well. Assessing environmental, social, and governance (ESG) risks is somewhat subjective, and there is no guarantee that all Investments made by the Fund will align with the interests or values of any specific Investor. Environmental, social, and governance (ESG) risks can manifest in various ways, such as through environmental, social, or governance-related events or circumstances that significantly impact the value of one or multiple Investments, thereby negatively affecting the Fund's returns. Environmental, social, and governance (ESG) risks can manifest in various forms, including but not limited to:

- Non-compliance with environmental, social, or governance standards can damage reputation, leading to reduced demand for products and services, or loss of business opportunities for a company or industrial group. It can also result in changes to sector regulations, rules, or laws, potentially leading to fines, penalties, or changes in consumer behavior that impact a company or the entire sector's growth and development prospects.
- Changes in regulations or laws may lead to increased demand, thereby causing unnecessary increases in the stock prices of companies perceived to meet high environmental, social, and governance standards. The prices of these financial assets may become more volatile if market participants' perceptions regarding companies' adherence to environmental, social, and governance standards change.
- Changes in regulations or laws may incentivize companies to provide misleading information about their environmental, social, or governance standards or activities.

- **Risks of Litigation with Third Parties**

The Fund may face lawsuits brought by third parties due to its activities, potentially leading to legal proceedings. This could result in expenses for defense and litigation against claims, as well as settlements or judgments that could reduce the Fund Assets. Those appointed by the Fund Manager to



handle such matters may receive compensation from the Fund, adversely affecting its performance, Net Asset Value (NAV), and Unit price.

- **Risks of Value-Added Tax, Income Tax, Withholding Tax, Capital Gains Tax, and Any Other Tax**

As of the date of these Terms and Conditions, no investment in the Fund is subject to income tax, withholding tax, capital gains tax, or any other tax. However, the imposition of Value-Added Tax (VAT) was officially decided in the Kingdom in January 2018. It is not expected that the investment in the Fund will be subject to Value-Added Tax (VAT), but the Fund may be required to pay Value-Added Tax (VAT) on the acquisition or disposal of certain Fund assets, as well as the amounts due for services provided to the Fund. In all cases, Investors should seek advice regarding the impact of Value-Added Tax (VAT) on their Investments in the Fund. If Value-Added Tax (VAT) is applied to the investment in the Fund and/or income tax and withholding tax and/or capital gains tax and/or any other tax, it will negatively affect the value of the Units in the Fund.

It is expected that the Fund Manager and service providers to the Fund will be subject to Value-Added Tax (VAT), and as a result, the payments due to the Fund Manager and/or service providers will be adjusted to take Value-Added Tax (VAT) into consideration. The Value-Added Tax (VAT) imposed on services may affect the Units and Assets of the Fund.

- **Withholding Tax Risks**

Under Saudi tax regulations, any payment made by a resident person (whether or not they are obligated to pay taxes) to a non-resident person is subject to tax according to the regulations issued by the Zakat Authority regarding withholding taxes. Therefore, any payment of distributions by an investment Fund to a non-resident shareholder is subject to withholding tax at a rate determined by the relevant authorities. According to current practices, investment Funds are not required to make any tax withholdings (except for withholding tax) on payments made from the Fund to Unitholders. Consequently, any withholding tax that may be due on distributions from the Fund (if any) could reduce the returns from any investment in the Fund. Potential Investors should consult their tax advisors regarding the tax implications of investing in, holding, and disposing of Units.

- **Trading Suspension Risks**

The suspension of trading in the entire market or a group of securities can lead to risks associated with the unavailability and loss of numerous investment opportunities due to the inability to sell or buy. This can negatively affect the Fund's Investments and the Unit price.

Warning Regarding the Effects of Shariah Standards and Controls and Responsible Investment Guidelines (Environmental, Social, and Governance Standards)

The restrictions on investment as stipulated in Sharia standards and controls (for example, the inability to invest in certain sectors and activities) may result in the Fund performing less favorably compared to Funds with similar investment objectives but not subject to Sharia standards and controls and/or the responsible investment guidelines of the Fund or any underlying investment Funds.

- **Future Data Risks**



These Terms and Conditions may contain forward-looking statements regarding future events or the future performance of the Fund. In some cases, future data risks can be identified by terms such as “**expects**”, “**believes**”, “**continues**”, “**estimates**”, “**anticipates**”, “**intends**”, “**may**”, “**might**”, “**plans**”, “**should**”, “**will**”, or the negative of these terms or other similar expressions. These statements are only predictions. Actual events or results may differ materially. When evaluating these statements, Investors should specifically consider various factors including the risks mentioned in this section “**Key Risks of Investing in the Fund**”, as these factors could cause actual events or results to differ materially from those in the forward-looking statements. The Fund Manager has no obligation to update any forward-looking statements after the date of these Terms and Conditions to align them with actual results or changes in expectations.

The risks mentioned in paragraph (f) above do not provide a complete and comprehensive explanation or summary of all the risk factors involved in investing in the Fund’s Units. It is essential that all potential Investors seek independent advice from their professional advisors.

There is no guarantee that the Fund Manager can provide regarding the achievement of the investment objectives stated in these Terms and Conditions. Subscribers should consider the risk factors mentioned above before investing in the Fund, as they could potentially affect the Net Asset Value (NAV) of the Fund.

The Fund Manager or any of their affiliates is not liable for any financial loss to the Fund unless it results from deliberate actions by the Fund Manager. The Fund Manager is responsible to the Unitholders for losses of the Fund caused by their fraud, gross negligence, misconduct, or deliberate dereliction of duty.

All Subscribers interested in investing should make their decision independently or in consultation with their professional advisors regarding the legal, financial, and tax risks associated with this Fund. The risks mentioned above do not constitute a summary of all the risks involved in investing in the Fund, but they do represent the principal risks that the Fund may face.

#### **(5) Risk Assessment Mechanism**

The Fund Manager acknowledges the existence of an internal mechanism for assessing the risks associated with the Fund Assets.

#### **(6) Targeted Class for Investing in the Fund**

The Fund targets Investors interested in investing in the Saudi stock market, which involves high risk.

#### **(7) Investment Restrictions and Limitations**

The Fund Manager is committed to adhering to the restrictions and limits imposed by the investment Funds regulations, these Terms and Conditions, and in compliance with Sharia standards and controls during the management of the Fund.

#### **(8) Currency**

The Fund’s currency is exclusively the Saudi Riyal, and the Fund will not accept any Funds in any currency



other than the Saudi Riyal. Subscriptions to the Fund are accepted in Saudi Riyals only.

**(9) Fees, Charges, and Expenses**

**a) A Detailed Statement of All Payments From The Fund Assets and the Method of Their Calculation (\*)**

Type of Fees and Charges	Details
<b>Fund Management Fees</b>	1.75% of the Net Asset Value (NAV) of the Fund is calculated daily on an annual basis and is deducted and paid to the Fund Manager at the end of each Gregorian month.
<b>Subscription and Redemption Fees</b>	2% maximum of the subscription value. There are no redemption fees in the Fund.
<b>Redemption Fees</b>	A rate of 2% will be calculated as an early redemption fee if the units are requested to be redeemed within ninety (90) days of the subscription period, paid once and deducted directly from the investment amount.
<b>Custodian Fees</b>	The Fund pays a fee to the Custodian of 0.02% of the Net Asset Value (NAV) under custody annually, with a minimum of fourteen thousand (14,000) Saudi Riyals
<b>Fund Operator Fees</b>	The Fund pays a fee to the Fund Operator equal to 0.05% of the Net Asset Value (NAV) of the assets under custody annually, with a minimum of thirty-six thousand (36,000) Saudi Riyals.
<b>Dealing Expenses</b>	Paid by the Fund based on actual cost, and the total value will be disclosed in the Fund's reports.
<b>Auditor's Fees</b>	The Fund pays auditor's fees amounting to (65,000) from the Net Asset Value (NAV) for the first year of the Fund's inception.
<b>Fees for Independent Board Members</b>	Five thousand (5,000) Saudi Riyals per meeting for each member, up to a maximum of twenty thousand (20,000) Saudi Riyals annually per member, paid after each meeting.
<b>Annual Regulatory Fees imposed by the Authority</b>	The Fund pays the regulatory fees imposed by the Authority amounting to (7,500) Saudi Riyals annually.
<b>Annual Publication Fees (Tadawul)</b>	Five thousand (5,000) Saudi Riyals paid annually by the Fund to the market.
<b>Shariah Compliance Officer Fees</b>	The Fund pays Shariah compliance monitoring fees, which are a lump sum amount of (30,000) Saudi Riyals annually. The fees are paid to the Shariah compliance officer, who is responsible for disbursing the amounts to the Shariah compliance committee and any other relevant entity regarding Shariah standards and controls.



<b>Shariah-Compliant Financing Expenses</b>	Borne by the Fund when they exist according to prevailing market rates, calculated on each valuation day, and paid according to the requirements of the financing bank.
<b>Other Fees and Expenses</b>	The Fund Manager has the right to charge the Fund all other expenses and costs resulting from the Fund's activities, which include, but are not limited to, the cost of acquiring and disposing of Investments, insurance expenses, and fees related to services provided by third parties, which include, but are not limited to, the cost of legal, advisory, professional, and technical services, banking transaction expenses, government fees imposed by relevant governmental and related entities, or fees for public services, printing fees, and publishing periodic reports and Unitholder meetings, and in all cases, only the actual fees and expenses plus imposed taxes will be deducted, with a maximum of (1%) of the Net Asset Value (NAV) of the Fund Assets annually.

(\*) All amounts mentioned in this clause do not include Value-Added Tax (VAT), which will be calculated as an additional amount as necessary and when applicable.

**b) A Table that Details All Fees and Expenses, Explaining How Service Charges, Commissions, and Fees are Calculated, and the Timing Of Their Payment By The Fund (\*)**

Types of Fees and Expenses	Imposed Rate (or Imposed Amount)	Basis of Calculation	Timing of Calculation	Basis of Payment
<b>Fund Management Fees</b>	1.75%	From the Net Asset Value (NAV)	Annually	Paid semi-annually
<b>Subscription and Redemption Fees</b>	2%	From cash subscription amounts	At subscription	Paid once at subscription
<b>Custodian Fees</b>	0.02%	From the net asset value	Every valuation day	Paid semi-annually
<b>Dealing Expenses</b>	Borne by the Fund (if applicable)	According to prevailing market rates	Upon executing each transaction	Paid on demand
<b>Fund Operator Fees</b>	0.05%	From the net asset value	Every valuation day	Paid semi-annually
<b>Auditor's Fees</b>	65,000	Fixed annual amount	Every valuation day	Paid semi-annually
<b>Fees for Independent Board Members</b>	40,000	Fixed annual amount	Calculated after each meeting	Paid after each meeting
<b>Annual Regulatory Fees</b>	7,500	Fixed annual amount	-	Paid annually





<b>imposed by the Authority</b>				
<b>Annual Publication Fees (Tadawul)</b>	5,000	Fixed annual amount	-	Paid annually
<b>Shariah Compliance Committee Fees</b>	30,000	Fixed annual amount	Every valuation day	Paid annually
<b>Shariah-Compliant Financing Expenses</b>	Borne by the Fund (if applicable)	According to prevailing market rates	Every valuation day	Paid according to the requirements of the financing bank
<b>Other Fees and Expense</b>	0.1%	From the total value of the Fund Assets annually	Every valuation day	Paid annually

(\*) All amounts mentioned in this item do not include Value-Added Tax (VAT), which will be calculated as an additional amount as necessary and when applicable.

**c) A Hypothetical Table Illustrating the Ratio of the Fund's Costs to the Total Value of the Fund Assets at Both the Fund Level and the Unitholder Level Throughout the Life of the Fund, Including Both Recurring and Non-Recurring Costs**

Assuming that the average total Assets of the Fund during the year are (10,000,000) Saudi Riyals and the amount invested by the Unitholder is (10,000) Saudi Riyals.

<b>Fees and Expenses</b>	<b>Percentage of Fund Assets</b>	<b>Percentage of Amount Invested by Unitholders in Saudi Riyals</b>
<b>Fund Management Fees</b>	1.75%	175
<b>Subscription Fees</b>	2%	200
<b>Custodian Fees</b>	0.02%	2
<b>Dealing Expenses</b>	According to prevailing market rates	-
<b>Fund Operator Fees</b>	0.05%	5
<b>Auditor's Fees</b>	65,000	65
<b>Fees for Independent Board Members</b>	0.4%	40
<b>Annual Regulatory Fees Imposed</b>	0.08%	8



<b>by the Authority</b>		
<b>Annual Publication Fees (Tadawul)</b>	0.05%	5
<b>Shariah Compliance Committee Fees</b>	0.30%	30
<b>Shariah-Compliant Financing Expenses</b>	According to prevailing market rates	-
<b>Other Fees and Expenses</b>	0.1%	10

**d) A Statement Detailing the Fees Imposed on Subscriptions, Redemptions, and Ownership Transfers Paid by Unitholders, and the Method of Calculating these Fees**

<b>Type of Fees and Charges</b>	<b>Statement</b>	<b>Calculation Method</b>
<b>Subscription Fees</b>	2%	Paid once and deducted directly at the time of subscription, whether it is a new subscription or an additional one.
<b>Redemption Fees</b>	Not applicable	Not applicable
<b>Early Redemption Fees</b>	2%	Paid once and deducted directly from the investment amount if the redemption of Units is requested within ninety (90) days from the subscription period.

**e) Information Related to Special Discounts and Commissions, and an Explanation of the Fund Manager's Policy Regarding Special Discounts and Commissions**

Not applicable.

**f) Information related to Zakat and/or Tax (If Applicable)**

- Value Added Tax (VAT) will be applied according to the instructions of the executive regulations issued by the Zakat Authority on all fees, expenses, and costs subject to VAT.
- All fees and expenses mentioned in these Terms and Conditions and/or any related documents do not include VAT unless otherwise stated. If VAT is imposed or may be imposed on any service provided to the Fund, the Fund will pay the service provider (in addition to any other fees or expenses) a total equal to the registered value of this tax on the VAT invoice for the relevant



service. Similarly, if VAT is imposed or may be imposed on any service provided by the Fund, the service recipient will pay the Fund (in addition to any other fees or expenses) a total equal to the value of this tax.

- The Fund Manager does not handle the Zakat distribution for the Unitholders; it is the responsibility of each Unitholder to calculate and pay Zakat on their Units in the Fund, as Zakat is subject to the rules for collecting Zakat from Investors in investment Funds.
- The Fund Manager commits to providing the Zakat Authority with all reports and requirements regarding Zakat declarations according to the rules for collecting Zakat from Investors in investment Funds. The Fund Manager will also provide Unitholders with Zakat declarations upon request according to the rules for collecting Zakat from Investors in investment Funds. Investor is subject to the provisions of the rules for collecting Zakat from Investors in investment Funds who own investment Units in the Fund are responsible for calculating and paying Zakat on these Investments. Details on the rules for collecting Zakat from Investors in investment Funds can be accessed through the website: (<https://zatca.gov.sa/ar/Pages/default.aspx>).

**g) Statement of Any Special Commission Negotiated by the Fund Manager (If Applicable)**

Not applicable.

**h) A Hypothetical Example Illustrating All Fees, Expenses, and Transaction Costs Paid From the Fund Assets or by the Unitholder based on the Fund's Currency**

The hypothetical table mentioned above in paragraph (c) of this Article (9) of the Terms and Conditions includes all fees, expenses, and transaction costs paid from the Fund Assets or by the Unitholder based on the Fund's currency.

**(10) Valuation and Pricing**

**a) Detailed Statement on How Each Asset Owned by the Fund is Valued**

No.	Assets	Valuation Method
1	<b>Securities listed or traded on the capital market</b>	The closing price on the market or system, and if the securities are suspended, they are valued according to the last price before suspension (unless there is conclusive evidence that the value of these securities had decreased prior to the suspension).
2	<b>Unlisted Sukuk</b>	Book value plus accrued profits.
3	<b>Sukuk listed or traded on any regulated securities market or on an automated pricing system</b>	If market or system conditions do not allow for the valuation of Sukuk as stated in (1)



		above, it may be valued as stated in (2) above.
<b>4</b>	<b>Money Market Transactions</b>	Nominal value plus accrued profits.
<b>5</b>	<b>Investment Funds</b>	The latest Net Asset Value (NAV) published per Unit.
<b>6</b>	<b>Any other investment in accordance with what is stipulated in these Terms and Conditions</b>	The fair value determined by the Fund Manager based on disclosed methods and rules in the Terms and Conditions and after verification by the Fund's auditor.

**b) Detailed Statement on How Each Asset Owned by the Fund is Valued**

The Fund Assets mentioned in paragraph (a) above are valued on each valuation day, noting that valuation days are every Business Day of each week, provided that they are Business Days in the markets where the Fund invests. The Fund Manager will publish Unit prices on the Business Day following the valuation day.

**c) Statement of the Actions to be Taken in the Event of a Valuation or Pricing Error**

In the event of a valuation or pricing error of any asset of the Fund or a miscalculation of the Net Asset Value (NAV), the Fund Manager will do the following:

- Immediately inform the Authority about any valuation or pricing error amounting to (0.5%) or more of the Unit price and disclose it on the Fund Manager's website, the market website, and in the reports prepared by the Fund Manager in accordance with the investment Funds regulation requirements.
- The Fund Manager must include in the reports to the Authority, prepared in accordance with the investment Funds regulation requirements, a summary of all valuation or pricing errors.

**d) Details of the Method for Calculating the Unit Price for the Purposes of Executing Subscription and Redemption Requests**

The Unit price is calculated by dividing the net asset value by the total number of existing Units of the Fund on the relevant valuation day.

The net asset value of the Fund is calculated by deducting the Fund's liabilities from the total asset value.

**e) Place and Time of Publishing the Unit price, and its Frequency**

The net asset value of the Fund and the Unit price are announced through the Fund Manager's website ([www.sedccapital.com](http://www.sedccapital.com)), and the Saudi Stock Exchange (Tadawul) website ([www.saudiexchange.sa](http://www.saudiexchange.sa)) on the Business Day following the dealing day.



**a) Details of the Initial Offering**

The Initial Offering Period begins with the date 14/02/1446H corresponding to 18/08/2024G and lasts for 20 Business Days. The Fund Manager has the right to extend the Initial Offering Period for a similar duration, not to exceed (60) days, and reserves the right to close it earlier than this date. The Unit price at inception will be (10) Saudi Riyals.

**b) Specific Dates and Deadlines for Submitting Subscription and Redemption Requests on Any Dealing Day, and the Responsibilities of the Fund Manager regarding these Requests**

Subscription and redemption requests in the Fund are accepted and executed on every dealing day, noting that the dealing days on which these requests are fulfilled are all Business Days of each week.

Subscription and redemption requests must be submitted before 2:00 PM on the dealing day to be executed at the valuation price on the following day. Requests submitted after 2:00 PM are considered to be received on the next Business Day.

**c) Subscription, Redemption, or Ownership Transfer Procedures**

- A Subscriber wishing to invest in the Fund must open an account with the Fund Manager through which the subscription process is executed.
- Completion and submission of the Subscription Form, signing these Terms and Conditions, and delivery to the Fund Manager.
- The subscription amount is deducted directly from the Subscriber 's account with the Fund Manager. The minimum number of Units or their value that must be owned by the Unitholder:
- Minimum subscription: (5,000) Saudi Riyals.
- Minimum additional subscription: (2,000) Saudi Riyals.
- Minimum redemption: (2,000) Saudi Riyals.
- A fee of 2% is charged as an early redemption fee if the redemption of Units is requested within ninety (90) days from the subscription period, paid once and deducted directly from the investment amount.
- Subscription requests can be submitted manually by the Subscriber at the branches of the Fund Manager or electronically through the Fund Manager's website.
- The maximum duration between the redemption process and the disbursement of the due redemption amount to the Unitholder is (4) Business Days.
- Ownership transfer procedures of Units are subject to the provisions regulating the transfer of ownership to other Investors as stated in paragraph (g) below.



**d) Restrictions on Dealing in Fund Units**

The Fund Manager will adhere to the provisions and requirements of the investment Funds regulation and these Terms and Conditions when processing subscription and redemption requests.

**e) Circumstances in which Dealings in the Units are Deferred or Suspended, and the Procedures Followed in such Cases**

The Fund Manager may suspend transactions in the Fund Units if:

- Requested by the Authority.
- The Fund Manager reasonably believes that the suspension is in the interests of the Unitholders.
- Trading is suspended in the Main Market where the securities or other assets owned by the Fund are traded, either generally or specifically to the extent that the Fund Manager reasonably believes is significant relative to the Net Asset Value (NAV) of the Fund.
- The Fund Manager is unable to perform the valuation of the Fund or to liquidate its assets in exceptional or emergency circumstances or it becomes impractical to do so.

The Fund Manager has the absolute right to refuse any subscription or redemption request, including those that would violate the regulations and rules of the financial market Authority and/or the regulations applicable to the Fund, including these Terms and Conditions.

In case of any suspension imposed by the Fund Manager:

- The Fund Manager will ensure that any suspension is only for the necessary and justified duration, considering the interests of the Unitholders.
- Regularly review the suspension and consult with the Fund's Board of Directors, the Custodian, and the Fund Operator regarding this.
- Notify the Authority immediately upon any suspension, explaining the reasons, and also notify the Authority and the Unitholders immediately upon the end of the suspension. This will be disclosed through the Fund Manager's website and any other public platform as per the regulations set by the Authority.
- The Authority has the power to lift the suspension if it deems it serves the interests of the Unitholders.

**f) Statement of Procedures for Selecting Redemption Requests that will be Deferred**

In accordance with the requirements and provisions of Article (66) of the Investment Funds Regulation, if redemption requests are postponed to the next trading day, they will be executed on a proportional basis, prioritizing based on the time of receipt of those requests.



**g) Description of the Provisions Regulating the Transfer of Ownership of Units to other Investors**

The process of transferring ownership of Units to other Investors is subject to the financial market system and its executive regulations, including the provisions regulating the transfer of Units to other Investors in the investment Funds regulation. In specific cases, such as death (God forbid) or under judicial rulings, ownership of the Units may be transferred.

**h) The Minimum Number or Value of Units that a Unitholder must Subscribe to, Transfer, or Redeem**

- Minimum subscription: (5,000) Saudi Riyals.
- Minimum additional subscription: (2,000) Saudi Riyals.
- Minimum redemption: (2,000) Saudi Riyals.

**i) Detailed Statement of any Minimum Amount the Fund Manager intends to Raise, and the Action Taken if that Minimum is not Reached in the Fund**

The minimum amount the Fund Manager intends to raise is five million (5,000,000) Saudi Riyals during the Initial Offering Period, whether original or extended, according to these Terms and Conditions. If the minimum is not met, the Fund Manager will refund the subscription amounts and any returns generated from their investment without any deductions.

**(12) Distribution Policy**

**a) Income and Dividend Distribution Policy, Including Details of Unclaimed Distributions**

The profits of the Fund's Units will not be distributed to the Investors, as the realized profits are reinvested in the Fund, and thus the reinvestment will reflect positively on the value and price of the Unit.

**b) Approximate Date of Maturity and Distribution**

Not applicable.

**c) How to Pay Distributions**

Not applicable.

**(13) Reporting to Unitholders**

**a) Information on Annual Financial Reports, Including the Quarterly Statement and the Preliminary and Annual Financial Statements**

- The Fund Manager will prepare the annual reports, including the audited annual financial statements, the preliminary financial statements, and the quarterly statement in accordance with the requirements of the Investment Funds Regulations. These will be provided to



Unitholders upon request at no cost.

- The quarterly statement of the Fund will be made available within (10) days from the end of the relevant quarter.
- The Fund Manager will prepare the preliminary financial statements and make them available to the public within (30) days from the end of the period of the statements.
- The annual reports of the Fund (including the annual financial statements) will be made available to the public within a period not exceeding (3) months from the end of the reporting period.

**b) Information on the Locations and the Means of Making Available Fund Reports prepared by the Fund Manager.**

The quarterly statement, preliminary financial statements, and annual reports of the Fund will be made available through the Fund Manager's website, the Saudi Stock Exchange (Tadawul), and any other website available to the public in accordance with the requirements of the Authority.

**c) Information on the Means of Providing Unitholders with the Annual Financial Statements**

Unitholders can obtain the annual financial statements of the Fund free of charge through the Fund Manager's website and the Saudi Stock Exchange (Tadawul). In addition, the Fund Manager will provide the annual financial statements of the Fund to Unitholders by submitting them to the Investor 's registered with the Fund Manager upon request address, free of charge.

**d) Acknowledgment of the Availability of the First Audited Financial Statement at the end of the Financial Year of the Fund with the Date of the End of that Year**

The Fund Manager will prepare the preliminary financial statements of the Fund and make them available to Unitholders within (30) days of the end of the statement period. The end of the Fund's initial accounting period is December 2024.

**e) Declaration Confirming the Commitment to Provide the Fund's Audited Annual Financial Statements Free of Charge Upon Request.**

The Fund Manager will provide the Fund's audited annual financial statements free of charge upon request by Unitholders.

**(14) Unitholders' Register**

**a) Preparation, Updating, And Maintenance Of The Unitholders Register**

The Fund Operator prepares an updated register of the Unitholders automatically through the Funds system and maintains it in the Kingdom. The Unitholder record is conclusive evidence of ownership of the Units thereof.





**b) Information on the Unitholders Register.**

The Unitholders register is made available to any unitholder free of charge upon request (provided that it only concerns the Units they own).

**(15) Meeting of Unitholders**

**a) Circumstances In Which a Meeting of Unitholders is Called**

- The Fund Manager may, on its own initiative, call a meeting of the Unitholders provided that the subject of the matter of the invitation does not conflict with the responsibilities and duties of the Fund Manager under the Investment Funds Regulations.
- The Fund Manager must call a meeting of the Unitholders within (10) days from the date of receiving a written request from the Custodian.
- The Fund Manager must call a meeting of the Unitholders within (10) days of receiving a written request from one or more Unitholders who own or collectively own at least 25% of the value of the Fund's Units.

**b) Procedures for Calling a Meeting of the Unitholders**

- The invitation to the Unitholders meeting will be posted on the website of the Fund Manager and the Saudi Stock Exchange (Tadawul) website and any other website available to the public in accordance with the regulations set by the Authority, at least (10) days prior to the meeting with a period not exceeding (21) days before the meeting, provided that the announcement and notification shall specify the date the date, place, time, agenda and proposed resolutions, and a copy of the same will be sent to the Authority.
- When preparing the agenda of the Unitholders meeting, the Fund Manager must take into account the topics that the Unitholders wish to list, and Unitholders who own at least (10%) of the value of Fund Units have the right to add one or more topics to the agenda of the Unitholders meeting, provided that the proposed topic does not overlap with the responsibilities and duties of the Fund Manager under the provisions of the Investment Funds Regulations.
- The Fund Manager may amend the agenda of the Unitholders meeting during the announcement period referred to above, provided that this is announced on the Fund Manager's website, the Saudi Stock Exchange (Tadawul) website and any other website available to the public in accordance with the guidelines set by the Authority's, at least ten (10) days before the meeting and not more than twenty-one (21) days before the meeting.
- In the event that the Unitholders approve any of the resolutions proposed at the Unitholders meeting, and this necessitates amending these Terms and Conditions, the Fund Manager shall amend these Terms and Conditions in accordance with the approved resolution.
- The Unitholders meeting shall not be valid unless attended with a number of Unitholders



collectively owning at least (25%) of the value of Fund Units.

- If the quorum specified in the above paragraph is not met, the Fund Manager shall call for a second meeting by announcing it on the Fund Manager's website, the Saudi Stock Exchange (Tadawul)'s website, and any other publicly accessible site according to the regulations set by the Authority, not less than five (5) day notice before the scheduled date of the second meeting. The second meeting shall be valid if attended by any number of Unitholders.

**c) Method of Voting for Unitholders and Voting Rights in Unitholders' Meetings**

- Every Unitholder shall be entitled to appoint a proxy to represent such Unitholder at a Unitholders meeting.
- Each Unit held by a Unitholder shall represent one vote at the meeting of Unitholders.
- Meetings of Unitholders may take place, participate in its deliberations, and vote on its decisions by means of modern technology, in accordance with the regulations set by the Authority.
- The Unitholder has the right to exercise all rights related to the Units, including voting rights at Unitholders' meetings and obtaining Unitholders approval for any changes that require their consent in accordance with the Investment Funds Regulations

**(16) Unitholders' Rights**

**a) List of Unitholder Rights**

- The right to obtain an updated copy of the Terms and Conditions in Arabic at no charge.
- The right to obtain the annual unit register statement for any financial investment in the Fund's Units. free of charge, which displays all information pertaining to the concerned Unitholder
- The Unitholder shall have the right to obtain a free copy of the Unitholder register, which displays all information that is relevant to the requesting Unitholder only.
- The right to obtain the audited financial statements of the Fund, free of charge, upon request.
- The right to receive notification of any change in the Fund's Terms and Conditions, in accordance with the Investment Funds Regulations.
- The right of the Unitholders to be notified upon the Fund Manager's desire to terminate the Investment Fund at least (21) days in prior to the intended date for the Fund's termination.
- The right to attend the Unitholders meetings and vote on decisions.
- The right to receive the procedures for complaint handling upon request.
- The right to receive redemption proceeds within the specified times outlined in the Terms and Conditions.



- Any other rights granted to Unitholders under the laws, regulations and instructions of the Authority.

**b) The Fund Manager's Policy Regarding the Voting Rights Associated with Any Fund Assets**

The Fund's Board of Directors shall consult with the Fund Manager's Compliance Officer and approve general policies related to voting rights attributed to the Fund's based on the securities contained in its asset portfolio. The Fund Manager shall decide, at its discretion and in accordance with the approved voting policies and procedures established by the Fund Board of Directors, decides whether to exercise or refrain from exercising any voting rights after consulting with the compliance and commitment officer. The Unitholders will be provided with this policy upon their request.

**(17) Unitholder's Liabilities**

Notwithstanding the loss of all or part of the Unitholder's investment in the Fund, the Unitholder shall not be liable for the debts and liabilities of the Fund. The Unitholders will be responsible for the payment of Zakat on the Units they invest in

**(18) Unit Characteristics**

All the Units are of a single category. Unitholders have equal rights and are treated equally by the Fund Manager. Each Unit represents an equal common share of the Fund Assets.

**(19) Changes to the Fund's Terms and Conditions**

**a) Provisions Governing Changes to the Fund's Terms and Conditions and the Approvals and Notifications Specified under the Investment Funds Regulations**

The provisions governing the change of the Terms and Conditions of the Fund shall be divided into two parts in accordance with the Investment Funds Regulations, based on the type of change in accordance with Article (62) and Article (63) of the Investment Funds Regulations according to the following:

**First:** Approval of the CMA and Unitholders on the Fundamental Changes:

- The Fund Manager shall obtain the consent of the Fund Unitholders to the proposed Fundamental Change by way of an Ordinary Fund Resolution.
- The Fund Manager, having obtained the consent of Unitholders, shall obtain the approval of the CMA on the proposed Fundamental Change to the Fund.
- The Fund Manager must obtain the consent of the Fund Board of Directors before making any Fundamental Change.
- **"Fundamental Changes"** means any of the following situations:
  - A change which significantly changes the purposes, nature or class of the Fund.



- A change which alters the risk profile of the Fund.
  - Voluntary withdrawal of the Fund Manager from the position as a Fund Manager.
  - Any other events determined by the CMA from time to time and advised to the Fund Manager.
- The Fund Manager must obtain the approval of the Fund Board of Directors before making any Fundamental Changes.
  - The Fund Manager shall send a notice to Unitholders and shall disclose the details of the Fundamental Changes on its website and on any other website available to the public, subject to CMA's guidelines, (10) days prior to the effective date of the change.
  - Details of the Fundamental Changes shall be shown in the public Fund's reports prepared by the Fund Manager in accordance with the Investment Funds Regulations
  - Unitholders have the right to redeem their Units before any Fundamental Changes takes effect without imposition of any redemption fees, if applicable.

**Second:** Notifying the CMA and the Unitholders of any Non-fundamental Changes:

- The Fund Manager shall notify the CMA and Unitholders of and shall disclose on its website and on any other website available to the public, subject to CMA's guidelines, any Non-fundamental Changes to the public Fund, (10) days prior to the effective date of the change.
- The Fund Manager shall obtain the Fund's Board of Directors approval prior to introducing any Non-fundamental Change.
- **"Non-fundamental Change"** any change that does not form part of the Fundamental Changes.

**b) Procedures to be Followed For Notification of Any Changes to the Fund's Terms and Conditions**

- The Fund Manager shall send a notice to Unitholders and shall disclose the details of the Fundamental Changes on its website and, Saudi Stock Exchange (Tadawul)'s website and any other website available to the public in accordance with CMA's guidelines (10) days prior to the effective date of the change.
- The Fund Manager shall notify the CMA and announce on its website and, Tadawul's website and any other website available to the public in accordance with CMA's guidelines of any Non-fundamental Change (10) days prior to the effective date of the change.
- The Fund Manager must obtain the approval of the Fund Board of Directors before making a Non-fundamental Change.



## **(20) Termination and Liquidation of the Fund**

### **a) Events Triggering the Termination of the Fund and the Procedures thereof in Accordance with the Investment Funds Regulations**

- If it is determined that the value of the Fund Assets is insufficient to justify the continued operation of the Fund.
- Due to other reasons or circumstances under the provisions of the Investment Funds Regulations.
- In the event of any change in regulations.
- If there is a change to the laws, regulations that govern the Fund's operations
- The Fund Manager's decision to terminate and discontinue the Fund.

The Fund Manager shall follow the following procedures for terminating the Fund in accordance with the provisions of Article (22) of the Investment Funds Regulations:

- The Fund Manager must complete the process of selling the Fund Assets and distribute the Unitholders' entitlements to the Unitholders prior to the end of the Fund's Term.
- For the purpose of terminating the 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's Board of Directors approval on such plan prior to carrying out any procedure in this regard.
- In case the Fund's Terms and Conditions provide that the Fund will be terminated upon the occurrence of the aforementioned events, the Fund Manager must terminate the Fund immediately upon the occurrence of such event and notify the CMA and Unitholders in writing and announce on its website and, Tadawul's website and any other website available to the public in accordance with the requirements of the Authority, within (5) days from the occurrence of the event triggering the termination of the Fund.
- The Fund Manager must notify the Authority and Unitholders in writing of the details of the termination plan and procedures of the Fund at least (21) days prior to the intended termination date, without breaching the Terms and Conditions of the Fund.
- The Fund Manager shall notify the Authority in writing and announce on the Fund Manager website, the Saudi Stock Exchange (Tadawul)'s website, or any other publicly available website according to the regulations specified by the Authority, of the Fund's termination within (10) days after the Fund's termination period ends, in accordance with the requirements outlined in the Investment Funds Regulations
- The Fund Manager shall treat all Unitholders equally during the Fund termination or



liquidation process.

- The Fund Manager shall immediately upon the end of Fund's term or liquidation, distribute the entitlements of the Unitholders to them, without delay and in a manner that does not conflict with the interests of Unitholders and the Fund's Terms and Conditions.
- The Fund Manager must announce on its website and the Saudi Stock Exchange (Tadawul)'s website the expiry of the Fund Term.
- The Fund Manager shall provide the Unitholders with the Fund termination report, in accordance with the requirements of the Investment Funds Regulations within a period not exceeding (70) days from the date of completion of the Fund's termination, including the final audited financial statements of the Fund for the period subsequent to the last audited annual financial statements.

**b) Procedures For Liquidation of the Fund**

Not Applicable.

**c) In the event of the expiry of the Fund Term**

In the event of the expiry of the Fund Term, the Fund Manager shall not receive any fees deducted from the Fund Assets.

**(21) Fund Manager**

**a) Name of the Fund Manager, Duties and Responsibilities**

**Name of Fund Manager**

Saudi Economic and Development Securities Company (SEDCO Capital).

**Duties and Responsibilities of the Fund Manager**

- Management and operation of the Fund.
- Offering of the Fund Units.
- Ascertaining the accuracy of the Fund's Terms and Conditions, ensuring that they are complete, clear, valid and not misleading.
- Developing policies and procedures to assess the risks which affect the Fund's Investments and to ensure that they are swiftly dealt with, provided such policies and procedures include a risk assessment process to be conducted at least once a year.



- Cooperating with all persons concerned with the performance of the Fund's activities, including the Custodian and the Auditor, and providing them with all requirements to carry out their duties and mandates in accordance with the Investment Funds Regulations.
- Acting for the benefit of Unitholders in accordance with the Investment Funds Regulations, the Capital Market Institutions Regulations and the Fund's Terms and Conditions.
- Complying with all the principles and obligations provided in the Capital Market Institutions Regulations, including the duty of fidelity towards the Unitholders, which involves conducting business in their best interest and exercising reasonable care.
- Preparing investment plans and objectives of the Fund.
- Evaluate the investment opportunities available for the Fund.
- Preparing an annual report containing an evaluation of the performance and quality of the services provided by the parties concerned with the provision of the Fund's material services, including the Custodian.
- Managing the Fund Assets for the benefit of the Investors in accordance with the Terms and Conditions.
- Ensuring the legality and validity of all contracts concluded for the benefit of the Fund.
- Compliance with the provisions of the Investment Funds Regulations, whether it performs its responsibilities and duties directly or assigned to an external party under the provisions of the Investment Funds Regulations and the Capital Market Institutions Regulations.
- Comply with the provisions of the Investment Funds Regulations when submitting applications for approval or notifications to the CMA.
- Comply with these Terms and Conditions.
- Preparing an annual report containing all the complaints and action taken in respect of them and submitting it to the Fund's Board of Directors.
- Implement the investment strategies described under these Terms and Conditions.
- Appointing an Auditor and other professional service providers for the Fund including legal counsel.
- Consult with the Fund's Board of Directors from time to time to ensure compliance with the regulations of the Capital Market Authority and these Terms and Conditions.
- Arranging the liquidation of the Fund upon its termination.
- Implementing the Fund's compliance monitoring scheme and providing the CMA with the implementation results upon request.



**b) Number and Date of Issue of CMA License**

Saudi Economic and Development Securities Company (SEDCO Capital) is a closed joint stock company, with its headquartered in Jeddah under Commercial Registration No. (4030194994), licensed and regulated by the Capital Market Authority under license number (11157-37) dated 19/04/2009G.

**c) Registered Address and Head Office Address of the Fund Manager**

Saudi Economic and Development Securities Company (SEDCO Capital)  
P.O. Box 4384 Jeddah 21491  
Jeddah, Al Murjan Dist., King Road  
Red Sea Markets Center  
Phone: 2151500  
Fax: +966 12 690 6599

**d) The website address of the Fund Manager, and any related website address including information about the Fund**

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

**e) Fund Manager Paid-up Capital**

Two-hundred million (200,000,000) Saudi Riyals.

**f) Summary of the Fund Manager's Financial Information Detailing Revenues and Profits for the Previous Fiscal Year**

Description	Fiscal Year Ending December 31, 2023
Revenue	198,592,476 (SAR)
Expenses	160,571,871 (SAR)
Net Income	32,840,918 (SAR)

**g) Primary Roles and Responsibilities of the Fund Manager in relation to the Fund**

Please refer to paragraph (a) on "Duties and Responsibilities of the Fund Manager".

**h) Any Other Business Activities or Interests of the Fund Manager That Are of Material Significance, or May Conflict with the Activities of the Fund**

The Fund Manager seeks to exert its utmost efforts to resolve any conflict of interest that may arise between the Fund Manager, members of the Fund's Board of Directors, the concerned parties, and Unitholders, including cases that may affect the Fund Manager's performance and implementation of its duties towards the Fund.

The Fund may also enter into transactions with the Fund Manager or its affiliates or companies





that were affiliated with it in the past, or with other entities in which SEDCO Capital as the Fund Manager has direct or indirect rights. For example, SEDCO Capital, as the Fund Manager or some of its affiliates, may provide specific services to the Fund. All transactions that take place between the Fund and the Fund Manager and its affiliates and entities in which SEDCO Capital as the Fund Manager has direct or indirect rights, will be disclosed to the Fund's Board of Directors.

Moreover, the Fund Manager (or any of its affiliates, related companies, or a related party) may enter into transactions with the Fund and/or with any service provider to the Fund based on which the Fund Manager in any other capacity other than as a Fund Manager, directly or indirectly, may provide services for certain fees or charges.

As of the date of these Terms and Conditions, there is no material conflict of interest that would affect the Fund Manager in the performance and implementation of its duties towards the Fund.

**i) Fund Manager Right to Appoint a Sub-Fund Manager**

Subject to the provisions of the Investment Funds Regulations, the Fund Manager may assign one or more third parties or any of its affiliates to act as a sub-Fund Manager, and the Fund Manager shall pay the fees and expenses of any sub-Fund Manager from its own resources.

**j) The Provisions Governing the Removal and Replacement of the Fund Manager**

The CMA may remove the Fund Manager in relation to any specific investment Fund, and take any action it deems appropriate to appoint a replacement Fund Manager for that Fund, or take any other measure it deems appropriate at its discretion, in any of the following events:

- If the Fund Manager ceases performance of the activity of managing investments and operating funds, or discontinues the activity of Investments' management, without notifying the CMA of that in accordance with the Capital Market Institutions Regulations.
- If the CMA cancels, withdraws or suspends the Fund Manager's license to engage in the activity of managing investments and operating funds or the activity of managing investments.
- If the Fund Manager files an application with the CMA to cancel its license to engage in the activity of managing investments and operating funds or the activity of managing investments.
- If the CMA determines that the Fund Manager is in breach - to an extent that the CMA deems material - of the Law or its Implementing Regulations.
- In the event of death, incapacitation or resignation of the investment portfolio manager who manages the assets of the investment Fund, and the unavailability of another person registered with the Fund Manager capable of managing the assets of the investment Fund or the Assets of the Funds managed by the investment portfolio manager.



- In any other event which the CMA reasonably finds to be materially significant.

## (22) Fund Operator

### a) Fund Operator Name

Saudi Fransi Capital Company.

### b) Number and Date of Issue of CMA License

Saudi Fransi Capital Company (a closed joint stock company owned by Saudi Fransi Bank) under the Commercial Registration No. (7001522544), dated 26/03/1427H, licensed by the Capital Market Authority (1153-37) dated 26/02/1432H, with its Head Office: 8092 King Fahad Road - Riyadh 12313-3735, Kingdom of Saudi Arabia.

### c) Registered Address and Business Address of the Fund Operator

Saudi Fransi Capital Company  
Head Office: 8092 King Fahad Road  
Riyadh 12313-3735, Kingdom of Saudi Arabia  
Website: <https://www.sfc.sa>

### d) Fund Operator Basic Roles and Responsibilities in Relation to the Fund

- The Fund Operator shall be responsible for the operation of the Fund.
- The Fund Operator shall keep books and records related to the operation of the Fund.
- The Fund Operator prepares, updates and maintains the register of Subscribers in the Units in the Kingdom in accordance with the requirements of the Investment Funds Regulations
- Full and fair evaluation of the Fund Assets and calculation of the Fund's Unit Price.
- Executing and regulating all subscription and redemption requests in accordance with the Investment Funds Regulations, as well as these Terms and Conditions.

### e) Fund Operator Right to Appoint a Sub-Fund Operator

The Fund Operator may appoint sub-operators to the Fund. The Fund Operator shall pay the fees and expenses of any sub-operator out of its own resources.

### f) Mandates Assigned by the Fund Operator to a Third Party in relation to the Fund

None. However, the Fund Operator may appoint sub-operators to the Fund.

## (23) Custodian

### a) Custodian Name



Saudi Fransi Capital Company.

**b) Number and Date of Issue of CMA License**

Saudi Fransi Capital Company, a closed joint stock company, under Commercial Registration No. (7001522544), owned by the Saudi Fransi Bank, dated 26/03/1427H, licensed by the Capital Market Authority (1153-37) dated 26/02/1432H, with its Head Office: 8092 King Fahad Road - Riyadh 12313-3735, Kingdom of Saudi Arabia.

**c) Registered Address and Business Address of the Custodian**

Saudi Fransi Capital Company  
Head Office: 8092 King Fahad Road  
Riyadh 12313-3735, Kingdom of Saudi Arabia  
Website: <https://www.sfc.sa>

**d) Primary Roles and Responsibilities of the Custodian in relation to the Fund**

- The Custodian shall be responsible for fulfilling all of its obligations under the provisions of the Investment Funds Regulations, whether he performs his responsibilities and duties directly or has delegated them to a third party under the Investment Funds Regulations and the Capital Market Institutions Regulations.
- The Custodian shall be responsible for the segregating the Fund Assets and Investments and shall be responsible before the Fund Manager and Unitholders for the Fund's losses resulting from fraud, negligence, misconduct or intentional default on the part of the Custodian.
- The Custodian shall be responsible for the custody of the Fund Assets, for their protection in the interest of the Unitholders, and for taking all the required administrative actions relating to the custody of the Fund Assets.
- Upon an official request from the Fund Manager, the Custodian shall open a separate account with a local bank in the name of the Fund, for the benefit of the Fund.
- The Custodian shall take all necessary action to segregate the Fund Assets from any other assets, including the assets of the Custodian and the assets of its other Client s, such that those assets are segregated by registering the securities and other assets in the name of the Custodian for the benefit of the Fund. The Custodian is required to maintain all necessary records and other documents evidencing fulfilment of its contractual obligations.
- The Custodian shall deposit all cash amounts belonging to the Fund in the aforementioned account, and the Custodian shall deduct from that account the amounts used to finance Investments and expenses of managing and operations of the Fund in accordance with the provisions of the Investment Funds Regulations, the updated version of the Fund's Terms and Conditions received from the Fund Manager, and the contract under which the Custodian was



appointed by the Fund Manager.

- Carrying out professional due diligence when providing custody services. Besides, the Custodian shall be required to fully and duly perform its obligations stated under the relevant custody services agreement and under Part VII requirements of the Capital Market Institutions Regulations, and professional due diligence of a specialized provider of custody services as stated in Part III requirements of the Capital Market Institutions Regulations relating to custody.
- Fully cooperating with the requests of the Auditors and other advisers of the Fund as well as the Fund Manager as per the Investment Funds Regulations.

**e) Custodian Right to Appoint a Sub-Custodian**

The Custodian may appoint a third party(ies) or any of its affiliates as Fund sub-custodian. The Custodian shall pay any fees and expenses related to the sub-custodian out of its own resources.

It should also be noted that the Custodian is responsible for whether it performs responsibilities directly or assigns them to a third party under the provisions of the Investment Funds Regulations and the Capital Market Institutions Regulations.

**f) Mandates Assigned by the Custodian To A Third Party in relation to the Fund**

None.

**g) Provisions Governing the Removal and Replacement of the Custodian**

The Fund Manager may remove the Custodian by written notice if the Fund Manager reasonably considers that the removal of the Custodian is in the interest of the Unitholders, and the Fund Manager shall announce this on the Fund Manager's website and Saudi Stock Exchange (Tadawul) 's website.

If the Fund Manager removes the Custodian, the Fund Manager shall appoint a replacement within (30) days of the receipt of the written notice by the Custodian. The removed Custodian must cooperate with the Fund Manager to facilitate the smooth transfer of responsibilities to the replacement new Custodian. The removed Custodian shall, where necessary and appropriate, transfer to the new Custodian all contracts associated with the Fund.

The CMA have the power to remove the Custodian and take any other measures it deems necessary, as appropriate, in the following events:

- If the Custodian ceases to carry out the custody activity without notification to the CMA in accordance with the Capital Market Institutions Regulations.
- If the CMA cancels, withdraws or suspends the Custodian's license necessary to continue to



carry out the custody activity.

- If the Custodian files an application to the CMA to cancel its license necessary to carry out the custody activity.
- If the CMA determines that the Custodian has failed, in any manner which the CMA considers material, to comply with the Capital Market Law or its Implementing Regulations.
- In any other event determined by the CMA - based on reasonable grounds to be of sufficient significance.

If the CMA exercises its power pursuant to the above, the relevant Fund Manager shall appoint a replacement Custodian in accordance with CMA's instructions, and the Fund Manager as well as the isolated Custodian shall fully cooperate in order to help facilitate a smooth transfer of its responsibilities to the replacement Custodian during the first (60) days after appointing the replacement Custodian. The Custodian shall transfer, where the CMA decides it is necessary, all the contracts related to the Fund to which it is a party, to the replacement Custodian.

#### **(24) Board of Directors of the Fund**

**a) Names of the members of the Board of Directors of the Fund, indicating the Type of Membership**

- Mr. Ziad Al Akeel Chairman - (Independent)
- Mr. Hisham Ghouth - Board Member (Independent)
- Mr. Samer Abu Aker - Board Member (Non-Independent)
- Mr. Abdulwahab Abed - Board Member (Non-Independent)

**b) Qualifications of the Members of the Board of Directors of the Fund**

**- Mr. Ziad Al Akeel Chairman - (Independent)**

Mr. Ziad Al-Akeel has over sixteen 16 years of banking experience during which he held several leadership positions, the most recent being Vice President of the Private Banking Group (Saudi National Commercial Bank). He is currently the CEO and co-founder of Dar Al-Wessal Marketing, which was established in 2003 as a Saudi company specializing in real estate marketing and development and facility management. He has held numerous board memberships including, Co-founder and Board Member of Dar Al-Wessal, Eventage, and Cyber Financial in Texas, USA, a member of Alinma AlThoraya Real Estate Fund, former member of the credit committee of Samba Financial Group, and a former member of the Investment Products Committee (National Commercial Bank). Mr. Ziad Al-Akeel holds a bachelor's degree in business administration with a Finance major from the American University in Washington D.C., obtained in 1992. He also holds the Series 7 securities trading license from the state of



New York and a financial and administrative consultancy license from Saudi Arabia. Additionally, he has advanced studies in comprehensive residential development planning from Johns Hopkins University, and he completed the International Executive Program from INSEAD University in Paris.

- **Mr. Hisham Ghouth - Board Member-(Independent)**

Mr. Hisham has over (20) years of practical experience. Currently, Mr. Hisham holds the position of Senior Partner and Head of Business Development at Lakemore Partners. He holds a bachelor's degree in international law from King Abdulaziz University.

- **Mr. Samer Abu Aker - Board Member (Non-Independent)**

With more than (20) years of experience, Mr. Abu Aker served as the CEO of SEDCO Capital, a position he held after several positions in the company over (10) years. During his tenure as CEO, Mr. Abu Aker chaired the Management Committee and the Investment Committee at SEDCO Capital, where he directly oversaw aspects related to governance, investment and compliance. Prior to joining SEDCO Capital, Mr. Abu Aker held senior management positions at Bank of New York in New York, Alternative Investment Services in Bermuda, as well as the Royal Bank of Canada. He is a Certified Public Accountant and holds a bachelor's degree in accounting from Brock University in Canada.

- **Mr. Abdulwahab Abed - Board Member (Non-Independent)**

Mr Abed is SEDCO Capital's Acting Chief Executive Officer, his latest role in an illustrious 18-year association with the firm. A results-driven leader, he is well regarded in the investment and asset management industry for successfully managing a diverse range of business lines. Mr Abed brings to the role extensive hands-on experience in charting strategic business plans; negotiating investment opportunities across a range of asset classes and geographies; structuring funding for portfolios; developing optimal exit strategies; and building shareholder and client value. He also has sound legal expertise and proven experience in leading merger and acquisition (M&A) transactions and in negotiating deals and partnerships with a wide array of regional and international corporates.

Before his appointment as Acting CEO, Mr Abed held various roles in the firm, the most recent of which were Chief Business Development Officer, Chief Investment Officer, Head of Corporate Finance, Head of Real Estate and Vice President of Private Equity. He currently chairs the Investment, Management Committees and the Product Development Committee. Mr Abed has an MBA (Finance major) and a BSc (Finance and Accounting double majors), both from Bentley University's McCallum School of Business in the USA. Mr Abed is a graduate of Misk 2030 Leaders program.

**Roles and Responsibilities of the Board of Directors of the Fund**

- Approving all material contracts, decisions and reports to which the Fund is a party, including



- without limitation - approving the contracts for providing management services to the Fund and the contracts for providing custody services. This, however, contracts which are executed in accordance with the investment decisions excludes related to any Investments which the Fund had made or will make in the future.
- Reviewing the report which contains an evaluation of the performance and quality of the services provided by the parties concerned, so as to ensure that the Fund Manager carries out its responsibilities in the best interest of the Unitholders in accordance with the Fund's Terms and Conditions and the Investment Funds Regulations.
- Approving a written policy on the voting rights related to the Fund Assets.
- Overseeing and, where appropriate, approving or ratifying any conflict of interest the Fund Manager has identified.
- Meeting at least twice annually with the Fund Manager's compliance officer to oversee the Fund Manager's compliance with all applicable laws and regulations, including - without limitation - the requirements as stipulated in the Investment Funds Regulations.
- Approving all the Fundamental and Non-fundamental Changes provided in the Investment Funds Regulations, before the Fund Manager receives the approval of the Unitholders and the CMA or before it notifies them (where applicable).
- Ensuring the completeness and accuracy of the Terms and Conditions and any other document, whether contractual or otherwise, that includes disclosures related to the Fund and/or the Fund Manager and its management of the Fund, in addition to ensuring compliance of the foregoing with the provisions of the Investment Funds Regulations.
- Ensuring that the Fund Manager performs its responsibilities in the best interest of the Unitholders, in accordance with the Investment Funds Regulations and the Terms and Conditions.
- Evaluating the process in which the Fund Manager deals with the risks related to the Fund Assets, subject to the Fund Manager's policies and procedures on assessment of Fund-related risks and the method of dealing with them.
- Acting with integrity, good intent, due care and diligence and in the best interest of the Unitholders.
- Recording minutes of meetings showing all actions taken during the meetings and the decisions made by the Board.
- Reviewing the report containing all the complaints and action taken in respect of those complaints, which is referred to in the Investment Funds Regulations, so as to ensure that the Fund Manager carries out its responsibilities in the best interest of the Unitholders in accordance with the Fund's Terms and Conditions and the Investment Funds Regulations.



- Ensuring that the Fund Manager is committed to disclosing material information to Unitholders in accordance with the Terms and Conditions of the Fund and the Investment Funds Regulations.
- Conducting an annual assessment for each independent member to ensure that there are no relationships or circumstances that affect or may affect his/her independency in accordance with the provisions of the Investment Funds Regulations.

**c) Details of the Remuneration of the Fund Board Members**

Five Thousand (5,000) Saudi Riyals per meeting for each member and a maximum of Twenty Thousand (20,000) Saudi Riyals per annum for each member, payable after each meeting.

**d) Any Actual or Potential Conflict of Interests Between Any Board Member and the Fund**

The Fund's Board of Directors shall oversee and, where appropriate, approve or ratify any conflict of interest the Fund Manager has identified. The Fund's Board of Directors shall exercise care and diligence towards the Unitholders and make the utmost effort to resolve any conflict of interest in good faith and in the appropriate manner. The Fund Manager will disclose to the Fund's Board of Directors all transactions between the Fund and the Fund Manager, its subsidiaries and entities in which SEDCO Capital in its capacity as Fund Manager has direct or indirect interest.

Any conflict of interest will be disclosed by the Fund Manager to the Fund's Board of Directors as soon as possible and shall be disclosed in the Fund's annual reports.

As of the date of these Terms and Conditions, there is no actual or potential conflict between the interests of the Fund Board members and the interests of the Fund.

**e) Summary of All Boards of Other Funds on Which the Fund Board Member Participates In**

Name	Other Funds	Fund Manager	Role
<b>Mr. Ziad Al Akeel</b> <b>Chairman-</b> <b>(Independent)</b>	Itqan Capital Saudi Equity Fund Itqan Capital Multi-Assets Fund For Growth Daal Itqan Capital VC Fund Golden Deposits Fund Atta'meer Fund Al Tahaluf Real Estate Fund Triple Helix Private Equity	Itqan Capital	Board Member (Independent)





	Fund Red Sea Logistics Fund Ashrooq Real Estate Fund Itqan Logistics Fund		
	SEDCO Capital Real Estate Development Fund II SEDCO Capital REIT Fund SEDCO Capital - Ajdan Fairmont Fund Rikaz SEDCO Capital Fund SEDCO Capital Inspire Boulevard Fund Masar SEDCO Capital Real Estate Fund SEDCO Capital Grand Square Fund Asmou SEDCO Capital Fund SEDCO Capital Laghara Fund	SEDCO Capital	
	Alinma AlThoraya Real Estate Fund	Alinma Investment Company	
<b>Mr. Hisham Ghouth - Board Member (Independent)</b>	NA	NA	NA
<b>Mr. Samer Abu Aker- Board Member (Non-Independent)</b>	SEDCO Capital REIT SEDCO Capital Real Estate Built to Suit Fund II	Saudi Economic and Development Securities Company (SEDCO Capital).	Non-Independent Fund Board
<b>Mr. Abdulwahhab Abed Board Member (Non-Independent)</b>	SEDCO Capital Real Estate Development Fund II SEDCO Capital REIT Fund Rikaz SEDCO Capital Fund SEDCO Capital Ajdan Fairmont Fund SEDCO Capital Ishbilyah Fund SEDCO Capital Inspire Boulevard Fund	Saudi Economic and Development Securities Company (SEDCO Capital).	Non-Independent Fund Board



	Masar SEDCO Capital Real Estate Fund SEDCO Capital Grand Square Fund Asmou SEDCO Capital Fund SEDCO Capital Somou Park Fund SEDCO Capital Somou AlRemal Fund		
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**(25) Shariah Supervisory Committee**

SEDCO Capital (the Fund Manager) will act as the Shariah Controller of the Fund. SEDCO Capital has a Shariah Supervisory Unit, an internal Shariah advisor and a Shariah Supervisory Committee.

As the Shariah Controller, SEDCO Capital assumes the following responsibilities:

- Ensure that the Fund's Investments are compatible with Shariah Guidelines and Controls.
- Arranging Shariah audit by an independent firm.
- Disclosure of any Sharia violations to the Shariah Supervisory Committee.

These Terms and Conditions clarifies Shariah Guidelines and Controls. The Shariah Supervisory Committee has reviewed these Terms and Conditions and approved the Fund's structure and the offering of Units. The Shariah Controller of the Fund (the Fund Manager) will be responsible for the fees and expenses of the Shariah supervision of the Fund, including the fees of the Shariah Supervisory Committee, the Shariah auditors, the operations of the Shariah Supervisory Committee supervision, Investments and financing to ensure compliance with the Shariah Guidelines and Controls. In the event that any returns or other amounts received by the Fund do not comply with the Shariah Guidelines and Controls, the Shariah Controller of the Fund (the Fund Manager) calculates the purification amounts according to the methodology followed by the Sharia advisor, and the Investors will be notified of that on a regular basis, and the responsibility for paying the purification amounts falls on the Investors.

**a) Names and Qualifications of the Members of the Shariah Supervisory Committee**

- **Dr. Mohammed bin Ali Elgari - (Chairman)**

Education	Experience
(1) Bachelor of Economics and Management from King Abdulaziz University in Jeddah.	(1) Professor of Islamic Economics at King Abdulaziz University



Education	Experience
(2) Master of Economics from the University of California, USA.	(2) Former Director of the Islamic Economics Research Center.
(3) Ph.D. in Economics from the University of California, USA.	(3) Expert at the International Islamic Fiqh Academy, Organization of Islamic Cooperation.
	(4) Chairman and member of a group of Shariah boards and boards of many financial institutions in the Kingdom of Saudi Arabia and at the global level.

- **Dr. Mohammed Dawood Bakr - (Member)**

Education	Experience
(1) First university degree in Shariah from Kuwait University.	(1) Chairman of the Shariah Advisory Board of the Central Bank of Malaysia.
(2) PhD from the University of St Andrews in the United Kingdom.	(2) Chairman of the Securities Commission of Malaysia.
(3) He then completed his external bachelor's degree in jurisprudence at the University of Malaya.	(3) Founder and CEO of Amani Group.

- **Dr. Abdulaziz bin Khalifa Al-Qassar - (Member)**

Education	Experience
(1) Bachelor's degree in Shariah from Kuwait University.	(1) Professor at the Department of Comparative Jurisprudence and Shariah Politics at the College of Sharia and Islamic Studies at Kuwait University.
(2) Master's degree from Al-Azhar University.	(2) Member of the Shariah Supervisory Board for a number of investment companies in the Gulf countries.
(3) PhD in Law and Sharia from Al-Azhar University.	

**b) Roles and Responsibilities of the Shariah Supervisory Committee**

The roles and responsibilities of the Shariah Supervisory Committee include:



- Study and review the Fund's investment objectives and policies and the Fund's documents to ensure their compliance with Shariah Guidelines and Controls.
- Periodic Shariah supervision of the Fund.
- Determine the Shariah Guidelines and Controls necessary for the business, operations and Investments of the Fund and the financing related to the Fund in accordance with the Shariah Guidelines and Controls.

**c) Remuneration of the Shariah Supervisory Committee Members**

The Fund pays Sharia supervision fees, which are a lump sum of SAR 30,000 annually as agreed upon between the Fund Manager and the Shariah Controller. The aforementioned fees are paid in equal installments on a quarterly basis. The fees are paid to the Shariah Controller, who is responsible for paying the fees to the Sharia Supervision Committee and any other party in relation to any matters related to Shariah Guidelines and Controls.

**d) Details of the Shariah Guidelines and Controls and the Periodic Review**

Please refer to the Shariah Guidelines and Controls set out in Appendix (1) of these Terms and Conditions.

**(26) Investment Advisor**

Not applicable.

**(27) Distributor**

Not applicable.

**(28) Auditor Name**

Ernst & Young.

**a) Registered Address and Business Address of the Auditor**

Al Faisaliah Office Tower - 14th Floor  
King Fahad Road  
P.O. Box 2732 Riyadh 11461  
Kingdom of Saudi Arabia  
Tel: +966 (11) 215 9898  
+966 (11) 273 4740  
Fax: +966 (11) 273 4730  
Website: ey.com  
Email: ey.ksa@sa.ey.com



**b) Key Roles and Responsibilities of the Auditor**

The Auditor shall:

- Conduct an audit of the Fund's accounts with the aim of expressing an opinion on the financial statements to the Unitholders, and whether the financial statements reflect fairly, in all material respects, the financial position, results of operations, and cash flow information in accordance with generally accepted accounting standards in the Kingdom.
- Evaluate the adequacy of the accounting policies followed and the reasonableness of the accounting estimates made by the Fund, in addition to evaluating the overall presentation of the financial statements.
- Studying the internal controls related to the preparation of the Fund's financial statements to establish appropriate procedures under the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.
- Review the interim financial statements of the Fund in accordance with the standards of the Saudi Organization for Auditors and Accountants.

**c) Provisions Governing the Replacement of the Auditor of the Fund**

The Fund's Board of Directors shall reject the appointment of the Auditor or instruct the Fund Manager to replace the appointed Auditor in any of the following events:

- If strong allegations exist concerning the professional misconduct of the Auditor regarding the performance of its duties.
- If the Auditor of the Fund is no longer independent.
- If the Auditor is no longer registered with the CMA.
- If the Fund's Board of Directors decides that the Auditor no longer has sufficient qualifications and experience to perform the review and audit functions satisfactorily.
- If the CMA requests, at its discretion, requests changing the appointed Auditor of the Fund.

**(29) Fund Assets**

**a) A Statement that the Fund Assets are held by the Custodian for the benefit of the Fund**

The Fund Assets are held by the Custodian for the benefit of the Fund.

**b) A Statement Clarifying that the Custodian Must Segregate the Fund Assets**

The Custodian shall segregate the Assets of the Fund from its own assets and the assets of its other Clients.



**c) A Statement on the Ownership of the Fund Assets**

The Fund Assets are collectively owned by the Unitholders (common ownership). The Fund Manager, sub-manager, Custodian, sub-custodian, advisor or distributor, may not have any interest in the Assets of the Fund or any claim against those assets, unless the Fund Manager, sub-manager, Custodian, sub-custodian, advisor or distributor, is a Fund Unitholder, and in such case, within the limits of its ownership, or if such claims are permitted under the Investment Funds Regulations and disclosed in these Terms and Conditions.

**(30) Processing of Complaints**

The procedures for handling complaints will be provided upon request free of charge, and Unitholders can contact the Fund Manager in the event of any complaint that may arise at the following address:

**Compliance and Anti-Money Laundering**

**Saudi Economic and Development Securities Company (SEDCO Capital)**

P.O. Box 4384 Jeddah 21491

Jeddah, Al Murjan Dist., King Road

Red Sea Markets Center

Phone: 2151500

Fax: +966 12 690 6599

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

The Subscriber shall be entitled to submit his complaint to the Capital Market Authority (CMA). The Subscriber may also submit the complaint to the Committee for the Resolution of Securities Disputes after (90) Business Days following the date of submission of complaint to the CMA, unless the CMA has notified the complainant to file the complaint to the Committee prior to the expiration of such period.

**(31) Other Information**

**a) Conflicts of Interest Policies and Procedures**

The policies and procedures to be followed in addressing conflict of interest and any potential and/or actual conflict of interest, will be provided upon request free of charge.

**b) Competent Judicial Authority**

The Committee for Resolution of Securities Disputes is the judicial department having jurisdiction over any dispute which may arise out of, or in relation to, investing in investment Funds.

**c) List of Documents Available to Unitholders**

The list includes the following documents:

- Fund's Terms and Conditions.
- Contracts mentioned in the Terms and Conditions.



- Fund Manager Financial Statements.

**d) Any Other Information to the knowledge of the Fund Manager**

There is no other information to the knowledge of the Fund Manager and the Fund Board of Directors that is not included in these Terms and Conditions.

**e) CMA-Approved Exemptions**

There are no exemptions from the restrictions of the Investment Funds Regulations approved by the CMA.

**f) Anti-Money Laundering**

Further documents and information may be required alongside subscription application in compliance with the Saudi Anti-Money Laundering Law and its Implementing Regulations, along with verifying the Investors' identity (Know Your Client), noting that such information shall remain confidential. The Fund Manager has the right to request other necessary documents or information from the Investor. Failure to provide required documents or information can lead to the subscription being rejected.

Unitholders hereby confirm that the amounts used to subscribe to the Fund are not coming from any suspicious or illegal sources. If the Fund Manager has reason to suspect the legal source of the Funds associated with the Investor 's investment transactions, it shall suspend or reject the transaction, investigate the same, and report it to AML/CFT competent authority in the Kingdom, furnish it with information and documents necessary to complete the required investigation. However, according to the Saudi Law, the Fund Manager may not inform Unitholders of any suspected transactions.

**g) Confidentiality of information**

The Fund's business shall be conducted with the utmost confidentiality at all times, and this should not be construed as limiting access of the regulatory authority (CMA) of the Fund's records for the purposes of regulatory supervision, and the information necessary to open the Investor 's account, carry out its operations and comply with the regulations applicable to the necessary limit will be shared between the Fund Manager and other parties appointed by the Fund Manager, and the Unitholder also agrees that this information may be shared with the competent regulatory authorities.

**h) Death of Unitholder**

The Investor 's acceptance of these Terms and Conditions means that the Investor agrees that such Terms and Conditions remain in force in the event of the Investor 's death or disability until the heirs, personal representatives, trustees or successors submit the required documents determined by the Fund Manager in the event that the Unitholder is an individual. If the Investor is a legal person, these



Terms and Conditions will not expire in the event of any of the above to any partner or shareholder therein, and accordingly, the Fund Manager has the right to suspend any transactions related to these Terms and Conditions until the Fund Manager receives an order issued by a competent court or authority or other sufficient data to prove the validity of the aforementioned persons before allowing them to dispose of such Units.

**i) Accuracy of Information**

Subscribers shall be responsible for providing the Fund Manager with their correct postal and email addresses at all times and shall notify the Fund Manager immediately of any change in such addresses. In case Subscribers fail to provide the Fund Manager with the correct address, or if they ask the Fund Manager not to send mail including notices related to their Investments in the Fund, Subscribers hereby agree to protect the Fund Manager and relieve him from any liability, and to waive their rights and claims against the Fund Manager which may arise, whether directly or indirectly, from not being provided with the data, notices, or any other information related to investment in the Fund or the other ones arising from inability to reply or to verify the accuracy of information, correcting any errors or alleged errors in any of the statements or notices.

**j) Disclaimer**

Any information, registers, or notices served by the Fund Manager shall not be intended to provide any advice or valuation and shall not be considered as an advice for any Subscriber or Investor to invest or buy Units in the Fund. In addition, the Fund Manager shall not provide any advice to Subscribers regarding the Fund or investing therein. Every Investor shall be responsible for conducting his/her own independent investigations and valuation of the Fund creditworthiness and investing therein. The Fund Manager recommends that all prospective Investors should seek the advice of an independent, financial advisor.

**k) Seeking Advice**

Any information, registers, or notices served by the Fund Manager shall not be intended to provide any advice or valuation and shall not be considered as an advice for any Subscriber or Investor to invest or buy Units in the Fund. In addition, the Fund Manager shall not provide any advice to Subscribers regarding the Fund or investing therein. Every Investor shall be responsible for conducting his/her own independent investigations and valuation of the Fund creditworthiness and investing therein. The Fund Manager recommends that all prospective Investors should seek advice of an independent financial advisor licensed by the CMA.

**l) Partial Invalidity**

No invalidity or non-enforceability of any provision stated herein shall affect the validity and enforceability of the remaining provisions of these Terms and Conditions.

**m) Official Language**





The Fund Manager shall prepare these Terms and Conditions in English and Arabic. If there is a difference in meanings between the two texts, the Arabic text shall prevail being the official and prevailing text as per the CMA laws, regulations, and instructions.

**n) Force Majeure and Emergencies**

Subject to these Terms and Conditions regarding force majeure and emergencies, the Fund Manager shall not be deemed to be in breach of its obligations under these Terms and Conditions and shall not be liable for any direct or indirect losses arising out of force majeure events and emergencies, or actions accompanying any of the same due to matters and circumstances beyond the control of the Fund and/or Fund Manager. Force majeure events include without limitation, acts of God, diseases and epidemics, pandemics, government decisions and orders related to precautionary and protective measures, wars, civil strikes, civil disobedience, natural disasters, economic embargoes, trade boycotts, legislative decisions of markets, suspension of trading or inability to communicate with the market for any reason, such as a breakdown of the computer system or for any other reason beyond the control of the Fund Manager. In the event of any force majeure event or emergency, the dates related to the performance of the obligations shall be postponed as required by such circumstances and events. The Fund Manager shall endeavour in every way to limit the effects of any force majeure events and emergencies.

**o) Sharing Information**

Information relating to the opening of Unitholders' accounts, completion of transactions and compliance with applicable laws shall be shared between the Fund Manager and third parties selected by the Fund Manager which provide services to the Fund. Unitholders shall also agree that such information can be shared with related governmental and regulatory authorities, agencies, and bodies.

**(32) Additional Information Required for Other Types of Funds**

Not applicable.

**(33) Declaration of the Unitholder**

By subscribing to the Fund, the Unitholder hereby declares and confirms that he/she has duly examined these Terms and Conditions and agrees to the Units characteristics to which he/she has subscribed. Further, the Unitholder declares that he fully understands these Terms and Conditions and therefore confirms and undertakes to comply therewith alongside the relevant documents and the offering of Fund Units, and a copy of these Terms and Conditions was received and signed.



Name:

Signature:

Date:



## **Appendix No. (1) Shariah Guidelines and Controls**

This Appendix outlines the Sharia investment controls approved by the Sharia Committee.

### **a) Financial Instruments**

The Fund must not invest in or use any of the following instruments or any derivatives thereof:

- Futures contracts;
- Options;
- Swap agreements;
- preferred shares (where there is financial preference);
- Short selling (hedging tools); and
- other instruments where any of their components involve the payment or receipt of interest.

### **b) Borrowing, Leverage and Hedging**

If the Fund obtains financing, it will use Murabaha transactions or other forms compliant with Islamic Shariah principles.

### **c) Investment Selection**

**The Fund is prohibited from investing in:**

- Companies where the ratio of total conventional loans to the company's average market value or total assets over the last 24 months (whichever is greater) is equal to or exceeds 33% (Note: Total conventional loans = short-term loans + current portion of long-term loans + long-term loans).
- Companies where the sum of cash and interest-bearing securities divided by the company's average market value or total assets over the last 24 months (whichever is greater) is equal to or exceeds 33%.
- Companies where accounts receivable divided by the company's average market value or total assets over the last 24 months (whichever is greater) is equal to or exceeds 33%.
- Companies engaged in the following activities (referred to as prohibited activities):
  - Manufacturing, selling, and/or distributing alcohol, tobacco, pork, music, and pornographic products.



- Restaurants and hotels/motels except those that do not sell alcohol.
- Operating gambling and casinos and manufacturing various gambling machines.
- Operating cinemas and television broadcasting companies.
- Providing conventional interest-bearing financial services (e.g., non-Sharia-compliant banks, investment Funds, brokerage firms, insurance businesses, or any other traditional interest-bearing financial activities).
- Manufacturing military defense equipment or weapons.

Purification amounts are calculated by the Fund Manager according to the methodology followed by the Shariah auditor, and Investors are periodically notified about it. It is the responsibility of the Investors to carry out the purification.

**d) Local Liquid Strategy Funds (ETFs and Real Estate Investment Traded Funds (REITs))**

**Fund selection:**

- Priority in investing should be for established Funds that have a Shariah board overseeing and auditing the Fund's operations from a Shariah perspective, and the Fund's Investments should be compliant with Shariah provisions; in this case, it is accepted according to approved Shariah standards.
- If the proposed Fund is not structured and approved as Sharia-compliant, the following criteria apply:

Investment in private equity Funds is permissible provided the following guidelines are adhered to:

- The Fund must not buy shares or invest in conventional banks unless they are fully Sharia-compliant.
- The Fund must not buy shares or invest in conventional insurance companies unless they are fully Sharia-compliant.
- The Fund must not buy shares or invest in finance companies unless they are fully Sharia-compliant.
- The Fund must not buy shares or invest in existing financial (investment) companies unless they are fully Sharia-compliant.

**e) Banking Transactions and Use of Debt and Financial Loans:**

- All financing obtained by the Fund must comply with Sharia principles through any Sharia-acceptable financial instrument approved by the Sharia board.
- Any cash deposits/Investments (short or long term) must be placed with Islamic banks or



banks with Islamic windows using Sharia-acceptable financial instruments, except for current accounts in conventional banks for business activity purposes.

- The use of conventional hedging products is not allowed unless they are Sharia-compliant, such as profit rate swaps (PRS/IRS).
- Full purification of any income derived from conventional deposits or traditional hedging products and other non-permissible activities, if any, must be observed.

Investments in Money Markets such as Murabaha or other products issued by counterparties with an investment-grade credit rating, according to the Fund Manager's assessment, where counterparties involved in Islamic deposit transactions are rated by international rating agencies (Standard & Poor's, Moody's, Fitch) or local agencies, with a long-term or short-term credit rating not less than investment grade (BBB- or equivalent and above). The Fund Manager does not intend to invest in money market instruments with non-investment-grade counterparties. If there is no credit rating, the Fund Manager relies on their internal analysis to make investment decisions and will not exceed 10% of the Fund's net assets in non-rated Investments.

Investment in securities includes securities issued by the Fund Manager (or any of its affiliates) in compliance with Investment Funds Regulations and the Fund's investment strategies and restrictions.

Investment in private and public investment Funds are Funds that primarily invest in the aforementioned investment fields, including investment Funds managed by the Fund Manager (or any of its affiliates), in compliance with Investment Fund Regulations. Regarding income-generating Investments, specifically and in compliance with Investment Fund Regulations.

The Fund Manager may appoint brokers when investing in stocks listed on local markets to execute investment transactions and handle buy and sell orders on behalf of the Fund, as determined by the Fund, to facilitate investment transactions. If a broker or intermediary broker is appointed, the Fund Manager will appoint them following the internal policy for appointing service providers, which includes various factors to ensure transactions are executed through brokers with the best internal ratings based on several factors such as (fees and costs, execution speed, settlement efficiency, system quality used by the broker, research quality and breadth, any counterparty risks, access to a larger number of companies).

