

Samba Capital is a corporate body authorized under license Number. (07069-37), in accordance with the Authorized Persons Regulations issued by the CMA.

## **Al Fareed Saudi Equity Fund**

(Open Fund)

### **Prospectus**

## Notices

This prospectus reflects the terms and conditions under which Samba Capital and Investment Management Company ("Fund Manger") provides investment management services to subscribers. These terms and conditions and appendices thereof constitute the agreement between the fund manager and the subscriber. Under this agreement, the Fund Manager is authorized and approved by CMA to practice securities business in the Kingdom of Saudi Arabia.

This agreement shall be legally binding, and shall govern the basis on which the Fund Manager shall provide its services to subscribers. This agreement supersedes any other previous agreements entered into between the Fund Manager and subscriber.

The Fund Manager may take, or cancel, any action that it may deem appropriate to ensure compliance with any regulations issued by CMA, and the Fund Manger shall not bear any responsibility in connection thereof towards the subscriber or any third party.

The Fund is an open-ended investment fund aiming at long-term capital growth through investment in the equities of enlisted companies in Saudi stock exchange market.

If the subscriber is an individual, the conditions of the this agreement shall be binding on his heirs, successors, executor, directors and personal representatives, trustees, assignees and the subscriber's acceptance of the terms and conditions herein, shall not automatically lapse by his death or disability. Similarly, if the subscriber is a legal entity, this agreement shall not automatically lapse by his death, disability, insolvency, bankruptcy or liquidation of any of its partners or shareholders. Notwithstanding the above, the Fund Manager may, at its own discretion, suspend any related transactions in connection with these terms and conditions , until it receives an order from the court or a power of attorney authorizing any of the heirs, executors, directors, personal representatives, trustees or assignees allowing to affect such transactions.

Potential investors have to read this document carefully before making any investment decision related to this Fund, and they should not take the Fund Manager's opinion as a recommendation to hold units in the fund. They should also understand that fund's risk level is high (see the paragraph related to the Fund risks in the Fund terms and conditions).

The Fund Manager shall exercise reasonable care during selection of the representative and affiliates, banks, agents, dealers, custodians, funds or investments, but it will not take any responsibility for any loss, damage or obligations or expenses that the subscriber may suffer due to failure of any of the above mentioned parties to perform their duties properly, at all times, unless such failure is attributable to deliberate default or gross negligence.

The Fund Manager's responsibility shall be limited to exerting his best endeavors to make the above mentioned parties to rectify any error they may commit. Under all circumstances, the Fund Manager shall not take any responsibility for any direct, indirect or consequent loss or damage, either attributable to any mistake, default or deliberate negligence, liquidation, bankruptcy, insolvency, or any other financial failures that may be inflicted by the above mentioned persons, and the Fund Manager shall take the necessary actions for recovery of any losses.

The Fund Manager and affiliates, may disclose the information in its possession or any information about the subscriber as may required by law, or for the purpose of performance of the services under this agreement.

The Fund's terms and conditions were issued on 15/12/2003. And the latest version has been updated on 31/07/2017

**Fund Prospectus**

**Al Fareed Saudi Equity Fund**

**Fund Manager**

**Samba Capital & Investment Management Company**

CR 1010237159

Kingdom Tower, Olaya

P.O. Box 220007, Riyadh 11311

Kingdom of Saudi Arabia

**Custodian**

**Samba Capital & Investment Management Company**

CR 1010237159

Kingdom Tower, Olaya

P.O. Box 220007, Riyadh 11311

Kingdom of Saudi Arabia

**Auditor**

**PricewaterhouseCoopers**

Kingdom Tower – 21<sup>st</sup> Floor

P.O. Box 8282, Riyadh 11482

Kingdom of Saudi Arabia

[www.Pwc.com](http://www.Pwc.com)

+966 11 211 0400

## Fund Summary

Fund currency	SAR
Risk Level	High
Benchmark Index	S&P index for Saudi equities.
Purpose	Long term capital growth through Investment in the equities of enlisted companies in Saudi stock exchange market.
Minimum subscription amount	SAR 7500
Minimum additional subscription amount	SAR 2000
Minimum redemption amount	SAR 2000
Subscription and Redemption	Twice a week
Last date for subscription and redemption	12:00 pm Sunday for Monday's valuation and 12:00 pm Tuesday for Wednesday's valuation
Dealing / valuation days	Every Monday and Wednesday.
Payment of the value of redeemed units to subscribers	Within four business days from Valuation day
Subscription fees	None
Management fees	1.75 % annually
Redemption fees	0.75% of redeemed assets at the 1 <sup>st</sup> year 0.5% of redeemed assets at the 2 <sup>nd</sup> year 0.25% of redeemed assets at the 3 <sup>rd</sup> year
Other fees	Not exceeding 0.5 % of the total fund assets, (See financial disclosure summary)
Offering date	15/12/2003
Initial unit price	SAR 10

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## Definitions

- 1- "Jurisdiction" or "Authority" means the Capital Market Authority which is established under the Capital Market law promulgated by Royal Decree No. (M/30) dated 2/6/1424H. It is a government authority having legal personality and financial and administrative autonomy. It reports directly to the President of the Council of Ministers. It regulates and develops the Capital Market, and issues rules, directives and instructions for implementing the Capital Market law and regulations.
- 2- "Affiliates" mean the parent company and any of its subsidiaries or affiliates of the Fund Manager.
- 3- "Fund" means Al Fareed Saudi Equity Fund.
- 4- "Fund Manager" or (Samba Capital) means Samba Capital and Investment Management Company.
- 5- "Regulations/Implementing Regulations" mean laws, regulations, rules, procedures, instructions, directives issued by CMA dealing with implementation of the Capital Market law or other applicable laws in the Kingdom, or any law applied by CMA.
- 6- "Net Asset Value" means Fund value for the purpose of purchase, redemption or transfer of the units, after deduction of the fund obligations from the total assets value (including fees paid to the Fund Manager).
- 7- "Subscriber" means each investor in the Fund. Investor may be a natural person or a legal entity.
- 8- "Samba" means Samba financial Group.
- 9- "Valuation day" means the day in which the net value of the Fund Assets is defined for the purpose of purchase, redemption or transfer of the units.

## Terms and Conditions

- 1. Fund's name** Al Fareed Saudi Equity Fund
- 2. Fund Manager's Address** CR 1010237159  
Kingdom Tower , Olaya  
P.O. Box 220007, Riyadh 11311  
Kingdom of Saudi Arabia  
[www.Sambacapital.com](http://www.Sambacapital.com)
- 3. Fund Starting Date** 15/12/2003
- 4. Regulator** The Fund and Fund Manager's acts shall be governed by the CMA Laws and regulations. It should be noted that Samba Capital is a corporate body licensed under the Authorized Persons Regulations issued by CMA, license No. (07069-37).
- 5. Fund terms and conditions issue date and latest update** The Fund terms and conditions were issued on 15/12/2003 .and the latest version has been updated on 31/07/2017
- 6. Subscription** SAR 7500 as a minimum subscription and minimum balance of the investor  
SAR 2000 as a minimum for the additional subscription.
- 7. Fund Currency** SAR.  
If payment for the unites was by any other currency, it shall be changed to the currency determined by the Fund Manager, based on the current exchange rate applicable by Samba at that time, and purchase shall be effective as from collecting of the amount in the determined currency, based on the unit price.
- 8. Fund Objectives** Long term capital growth through Investment in the equities of enlisted companies in Saudi stock exchange market, with distribution of semi-annual profits as determined by the Fund Manager based on the performance of the Fund and the market conditions.  
The Benchmark index shall be S&P index for Saudi equities.
- 9. Main Investment** (1) The Fund shall mainly deal in shares of Saudi

## Strategies

listed companies and capital markets, and shall deal in the shares of Samba Financial Group, the parent company and Fund Manager's joint party.

(2) The Fund shall invest not less than 90% of its assets in Saudi shares, in the normal market conditions. The balance shall be retained in the form of cash or investments in the capital markets.

(3) Investment shall be made in certain shares through progressive analysis which depends on the long-term value and the expected growth. The Manager shall assess companies and study the profits, the assets value and cash flows of the relevant company and also the earning multiples and profit margins and liquidation value of the company.

(4) The Fund Manager shall visit the eligible companies, as may be necessary for additional information.

(5) The Fund Manager may maintain a substantial portion or all of the Fund assets in the form of cash or in the form of short or long-term investments in the capital markets, if he believes that the market conditions or the economic situation is not relatively fit for investment.

(6) The Fund Manager may seek finance for the Fund, provided that any borrowed amount shall not exceed 10% of the net Asset value, except borrowing from its manager or any of its affiliates to cover redemptions.

## 10. Main Risks of investment in the Fund

The Fund is suitable for an investor who seeks capital growth and willing to accept high risks in anticipation of return on his investments at the long run.

The Fund shall be subject to the market fluctuations. Thus, the price of the units may fall or rise, and upon redemption, the subscriber may not recover his invested amount, and there is risk that he may lose all his investments in Fund.

The main risks of investment in the Fund include:

- Risks associated with securities and stock market fluctuations

Investment in the capital markets is highly risky, it is susceptible to high fluctuations and affected by many economic and industrial factors. Accordingly, the Fund investments may decline.

- Economic risk at the local and regional level



The Capital markets are affected by fluctuation of the oil price and the international economy in general. Usually, capital markets decline at the time of slump and recession.

- Currency and Interest Rate Risks

Such risks manifest themselves in case of payment for the units in a currency which is different from the Fund currency. Differences in the exchange rate may, as the case may be, lead to increase or decrease in the units price. Similarly, fluctuation of the interest rate may be adversely reflected on the investment.

- Liquidity Risks

Liquidity implies quick and easy selling of the asset and converting it into cash. Some shares may become less liquid than others, which means that they cannot be sold quickly or easily, and some shares may be illiquid due to legal restrictions or due to the nature of investment or absence of purchasers who are interested in certain shares.

- Sectors Risks

Some sectors in the capital market may be negatively or positively affected, which may consequently affect the Fund performance, depending on the fund's exposure to such sectors.

- Credit Risks

Credit risks is when the borrower or the counterparty, in a loan contract or repurchase agreement, may not be able to pay or abide by the timeframe for payment or totally fails to pay. All companies and countries that borrow and also the bonds and securities themselves, may undergo a credit valuation.

Subscriber's investments in the Fund shall not be deemed as guaranteed liabilities by the Fund Manager or any affiliate or subsidiary, but shall be subject to the above mentioned investment risks.

The Fund Manager shall not be liable for any claim(s) whatsoever, for any lost opportunity or an actual loss that may be incurred by the subscriber,

except in case of deliberate or gross negligence by the Fund Manager.

Subscriber's investments in the Fund shall not be deemed as a deposit and shall not be also construed as a deposit with any local bank.

### **11. Fees and Expenses**

Subscriber agrees to pay the following to the Fund Manager:

(a) Management fees of 1.75% annually, for managing of the Fund ("management fees"), to be paid in arrears, on quarterly basis, and to be calculated and be payable on basis of the net assets value of the Fund, for each quarter, as established at every valuation day during the relevant quarter.

(b) Redemption fees equal to 0.75% of redeemed assets at the 1<sup>st</sup> year, 0.5% at the 2<sup>nd</sup> year and 0.25% at the 3<sup>rd</sup> year.

(c) Other charges , which shall be calculated on each valuation of the Fund, and which shall not exceed 0.5% of the total Fund assets, shall be as follows:

1- Audit fees.

2- Remuneration of the Fund independent directors.

3- Administrative expenses (e.g. custody, report printing expenses and benchmark index calculation services).

For further information, please see the financial disclosure summary herein.

### **12. Dealing charges**

The subscriber agrees to pay the Fund Manager the costs for dealing with securities which constitute a part of the Fund assets.

### **13. Board of Directors**

#### **Irfan Said (Chairman)**

Corporate Finance & Investment Banking Head since 2014

BA, Economics, Wesleyan University, Connecticut, USA - 1993. MA, Economics, Georgetown University, Washington, D.C, USA, 1996.

Mr. Said has over 21 years of corporate finance advisory and arranging experience. His expertise extends across a broad spectrum of products including Debt & Equity Capital Markets, Mergers & Acquisition and Financial Advisory across multiple geographies and in a wide variety of industries. Prior to joining Samba Capital, he worked in Samba Financial Group in Saudi Arabia, ANZ Investment Bank in India and ICF Kaiser International in USA.

Mr. Said is a member of the Operating Committee and the Valuation Committee.

**Beji Tak-Tak ( Member)**

Head of Risk Management Group at Samba Financial Group

Two bachelor degrees in Politics & Economics and in Business Management from France.

More than 20 years experience with Citibank.

**Abdullah AlShaikh (Member)**

Head of Legal

Holds a Bachelor degree in Law, King Saud University, Riyadh - 2003. Master in Law (LL.M), Harvard Law School, Cambridge Massachusetts, USA - 2007. Mr. Al-Shaikh has more than 12 years of experience in banking and financial law. Before joining Samba Capital, he worked as an in-house counsel for the Saudi Arabian Monetary Agency (SAMA) and the Capital Market Authority (CMA). In addition, when seconded to NASDAQ OMX Group he also worked as a legal advisor in the office of the General Counsel of NASDAQ OMX Group, USA. Prior to this he worked with Denton Wilde Sapte LLP as an associate lawyer in their offices in Dubai and Riyadh. Mr. Al-Shaikh is a member of the Operating Committee

**Qusai Al-Fakhri (Independent Member)**

One of the founders of the Arab-style real estate development company and a partner and chief executive of the company, bachelor's degree in financial management with honors from King Fahd University of Petroleum and Minerals.

The above mentioned persons are members in the board of the following funds:

Qusai Al-Fakhri	Abdullah AlShaikh	Beji Tak Tak	Irfan Said	Samba Capital Investment Funds
X	X	X	X	International Trade Finance Fund (Sunbullah USD)
X	X	X	X	International Trade Finance Fund (Sunbullah SAR)
X	X	X	X	Al Musahem Saudi

				Equity Fund
X	X	X	X	Al Razeen SAR Liquidity Fund
X	X	X	X	Al Razeen USD Liquidity Fund
X	X	X	X	Al Raed Saudi Equity Fund
X	X	X	X	Izdihar China Equity Fund
X	X	X	X	Al-Fareed Saudi Equity Fund
X	X	X	X	Al-Raed GCC Fund
X	X	X	X	Al Jood GCC Equity Fund
X	X	X	X	Al Musahem GCC Fund
	X	X		Samba Real Estate Fund
X	X	X	X	Al Ataa Saudi Equity Fund
X	X	X	X	Americas Equity Fund
X	X	X	X	Europe Equity Fund
X	X	X	X	Asian Equity Fund
X	X	X	X	Global Equity Fund
X	X	X	X	Al Nafees Global Commodities Equity Fund

The Board of directors' tenure shall be one renewable year, and the functions and responsibilities of the board members shall include but not limited to:

- Approval of all substantial contracts, decisions and reports in which the Fund is a party.
- Oversee, and endorse, as may be deemed appropriate, of any conflict of interests that may be disclosed by the Fund Manager pursuant to the investment funds regulations.
- Meet twice a year as a minimum, with the compliance officer (Compliance Committee) and the anti-money laundering and counter-terrorist officer, to ensure compliance of the Fund Manager with all the applicable rules and regulations.
- Endorse any recommendation that may be raised by the liquidator, if such liquidator is appointed.
- To ensure completeness of the Fund terms and conditions and compliance thereof with the investment funds regulations.

- To ensure that the Fund Manager acts for the benefit of unit holders in accordance with the Fund terms and conditions and the investment funds regulations.
- The Fund Manager's fiduciary responsibility to unit holders includes a duty of loyalty and duty to exercise reasonable care.

#### **14. Fund Manager**

Samba Capital and Investment Management Company  
 CR 1010237159  
 Kingdom Tower , Olaya  
 P.O. Box 220007, Riyadh 11311  
 Kingdom of Saudi Arabia

The CMA Board has issued license No. (07069-37) to Samba Capital and Investment Company to practice securities business in the Kingdom, in the following areas:

- Dealing
- Managing
- Custody
- Arranging
- Advising

The Fund Manager shall endeavor to avoid any conflict of interests between its interests and the interests of any of its affiliates, the investment fund it manages, and the interests of subscribers, or between the interests of various subscribers. In case of any dispute, all subscribers should be fairly treated by the Fund Manager through disclosure of such dispute or refraining from acting for the benefit of any subscriber at the expense of others. The Fund Manager shall not advance its own interest to the detriment of subscribers' interests, without written approval of the subscriber who is well acknowledged with the details.

A subscriber hereby authorizes the Fund Manager to delegate or assign its powers, as the Fund Manager may deem fit and appropriate, to one or more financial institutions (at the risk of the subscribers), to act as an advisor, trustee, agent or broker for the Fund, which is hereinafter referred to as " the authorized party", and to enter into a contract with that authorized party for providing of investment and/or custody and deposit services for any securities and assets, whether directly or through any third party.

Subscriber understands that the Fund Manger shall

not disclose any information about subscriber to the above mentioned authorized party or to any third party unless such disclosure is required by law, or if such disclosure is necessary to enable the authorized party to perform its duties.

- 15. Custodian** Samba Capital and Investment Management Company  
CR 1010237159  
Kingdom Tower , Olaya  
P.O. Box 220007, Riyadh 11311  
Kingdom of Saudi Arabia
- 16. Auditor** The Fund Manager has appointed PWC as an external auditor  
**PricewaterhouseCoopers**  
Kingdom Tower – 21<sup>st</sup> Floor  
P.O. Box 8282, Riyadh 11482  
Kingdom of Saudi Arabia  
[www.Pwc.com](http://www.Pwc.com)  
+966 11 211 0400
- 17. Audited Financial Statements** The Fund Manager shall prepare audited financial statements, by end of each Gregorian year, within a period not later than (90) calendar days from closing of each Gregorian year. Copies of these statements shall be sent to all subscribers, at their request, through Samba Capital centers free of charge, and also copies shall be sent to the potential subscribers upon their written request. The Fund Manager shall also prepare audited interim financial statements every six months, within a period of (45) days from closing of the period, and sent the same to subscribers, upon their request, through Samba Capital centers and also copies shall be sent to the potential subscribers upon their written request.
- 18. Unit Characteristics** The Fund is an open-ended investment fund. The Fund Manager, at its sole discretion and without prejudice to other conditions reflected in this document, may issue unlimited number of units in any fund provided that they shall be of the same category. Each unit represents a proportional share in the fund and equals its peers in the fund. In case of liquidation of the Fund, the unit's net value which is available for distribution to subscribers shall be divided among the units on a pro rata basis.
- 19. Other Information** **Investment Effective Date:** Investment by a

subscriber shall be effective and in full force based on the price announced at the valuation day following receipt of the funds. In case of payment by cheque, investment shall be effective only on the valuation day following receipt of net funds, provided that such funds should be received before 12 P.M., on each Sunday and Tuesday, otherwise the investment becomes effective only at the next valuation day following receipt of the funds.

**Credit nature of the Funds:** Subscriber understands the credit nature of the fund, and that any decision taken by the Fund Manager from time to time, in accordance with these conditions, regarding the assets that are deposited with the Fund, shall be at the risk and responsibility of the subscriber, provided that such risk is not attributable to the gross negligence or forgery by the Fund Manger.

**Segregation and Custody:** The Fund manager shall maintain records and accounts reflecting the assets, obligations and expenses incurred in the operation and administration of the fund. The fund assets shall be maintained with one or more custodian at different locations with the financial institutions that the Fund Manager may select, at its own discretion, (including but not limited to any affiliate).

The Fund Manager may, at any time, maintain such assets with any affiliate in accordance with the conditions that it may deem fit, provided that the fees or commission paid by the Fund Manger to such parties shall not exceed those fees and commissions paid to other parties providing similar services under similar circumstances.

Each subscriber holds an accumulated interest in the fund assets based on the net asset value of the subscriber's units.

**Information in Public Domain:** All decisions relating to the Fund taken by the Fund Manager shall be based only on the information available to the public.

**Profits and Distribution:** In case of any dividends from the companies owned by the Fund, they shall be reinvested in the Fund. Reinvestment of such dividends in the Fund shall improve value and price of its units.

**Power of Attorney:** The subscriber hereby irrevocably appoints the Fund Manager as its agent with all the powers, including authorization and substitution, to execute and deliver any documents that the Fund Manager may deem necessary to obtain or sell the Fund's assets, or to invest the Fund's money or transfer any of the Fund's assets to

any third party who is nominated for the position of Fund Manager, or to exercise any of the powers entrusted to the Fund Manager, or to perform any of the functions and responsibilities of the Fund Manager in connection with any Fund. Any document required under that power of attorney should be executed by the duly authorized representative of the Fund. Accordingly, the subscriber hereby agrees that the Fund Manager or his duly authorized representative shall execute all documents and perform all works and do other things that fall within its powers for the purpose of enforcement of these terms and conditions in general and this article in particular.

**Force Majeure:** Unless as may be otherwise provided herein, the Fund Manager shall not be deemed in default or be responsible towards the subscriber or any third party, for any delay, or error or failure to perform or delay in performance of any of its functions and duties due to any force Majeure including Acts of God, boycott, labor strike, interruption of power or communication services, civil commotion or any similar act which is beyond the reasonable control of the parties. The Fund Manger shall notify the subscriber in writing of any material delay which is attributable to such circumstances.

**Special Commission Arrangements:** The Fund Manager may enter into special commission arrangements which shall be limited to execution of transactions on behalf of its customers, or for providing of research services, subject to the investment funds regulations.

**20. Fund Manager’s Investment in the Fund**

Fund Manager may invest in the Fund for its own account. Such investment must be disclosed in the financial statements, and shall receive the same treatment of other unit holders. Noting that the Fund Manager does not currently have any investments in the Fund.

**21. Shariah-based investment funds**

N/A

**22. International Investment Funds**

N/A

**23. Initial Offers**

N/A



## **24. Subscription and Redemption Procedures**

### **Subscription:**

Subscribers who are interested in purchasing units in the Fund may complete and hand to the Fund Manager the relevant form which is obtainable from Samba Capital, with authorization to debit their accounts with Samba. Subscription in the Fund shall be through purchase of units based on the valuation price, as defined herein. The Fund Manager may, at its sole discretion, deny subscription of any person in the Fund, if such subscription, among other things, is violating any law or the regulations which are enforced by regulators from time to time.

The Fund's units shall be valued on twice a week basis based on the closing price of the capital markets on Monday and Wednesday, noting that the deadline for acceptance of subscription applications shall be before 12 P.M., on each Sunday and Tuesday, and the prevailing price shall be applied on the following valuation day.

The minimum initial subscription for corporate saving plans/ Regular investment related to Samba Financial Group is SAR 3000 and SAR 500 for any additional subscription on monthly basis.

### **Redemption:**

a) Redemption requests may be made on the form which is obtainable from Samba capital centers or through alternative channels (e.g. Samba Capital phone, Samba Capital Online).

b) Redemption shall not be less than SAR 2000.

The maximum period of time that may lapse between redemption by the unit holder and payment of redemption proceeds, shall be four business days following the valuation day.

c) In the event that the total number of redemptions or transfer requests , at any valuation day, exceeds 10% of the total number of units available at the previous valuation day, the Fund Manager, at its own discretion, may postpone all or part of any redemption or transfer requests to the following valuation day on a pro rata basis, taking into account always the 10% limit, which shall be used only during the periods in which redemption and/or transfer requests impose restrictions on liquidity, which may be negatively reflected on the remaining unit holders.

d) At the time of receiving any redemption request, if such redemption would lead to decreasing of the subscribers investment to less than the minimum subscription amount, all the invested amount by such subscriber in that fund will be redeemed without providing the subscriber with a prior notice. Proceeds of all redemptions will be transferred to the subscriber's current account specified by the subscriber.

If subscription and/or transfer request, at any valuation day, may make subscriber's investments exceed 10% of the total number of units of the previous day, the Fund Manager shall deny subscription pursuant to the investment funds regulations.

e) Subscriber may request transfer of his investments or part of it from a fund to another. In such a case, the transfer request shall be treated as an independent redemption request from the first fund and subscription in the second fund as per the respective T&C of the funds.

Based on the transfer request, in case that the subscriber's investment falls below the minimum initial subscription amount, the Fund Manager may treat such request as a request for transfer of all investments to the fund to which the subscriber requested to transfer the investments.

If the transfer request gives rise to redemption of subscriber's investment in any of the funds, or transfer of his investments from a fund to another, and if , at any time, the account or declaration of the net assets of that other fund is suspended, the net proceeds of such redemption shall be maintained for the account of the subscriber, and investment in the fund to which investments shall be transferred to shall be effective and for the price prevailing at the time of the earliest valuation day of the prices of that fund. The Fund Manager shall not take any responsibility for any claims or demands of any kind in connection with any lost opportunity or actual loss that may be incurred by the subscriber.

f) Unless otherwise referred to, if units are jointly held by two or more persons, any investment in the fund shall be deemed as a joint property of those persons, and they authorize the Fund Manager to act on their behalf based on written instructions from all or any of them. If subscriber is a legal entity, he should, before allowing him to invest in the Fund, furnish to the Fund

Manager a copy of his CR and articles of association and partnership agreement or other articles of incorporation and company decisions, if any, to the satisfaction of the Fund Manager.

## **25. Valuation of the Fund's Assets**

The Fund manger shall establish the value of the Fund net assets allocated for subscription and redemption in the units by subtracting of the liabilities from the total assets value of the relevant fund, including, without limitation, the fees and expenses prescribed by these terms and conditions. The unit price shall be determined by dividing of net amount on total number of units outstanding at the relevant valuation day.

The purchase price of the Fund units or redemption price shall be the net assets value, on the basis of the price of each individual unit, which is disclosed at every Tuesday and Thursday.. If banks in the Kingdom are closed at any valuation day, the valuation day in that case shall be the following day on which Saudi banks are open. Unit valuation shall be declared through "Tadawul" System and through Samba Capital electronic services, Samba Capital communication and investment centers.

**Delay of valuation of Fund's Assets:** The Fund Manager may delay valuation of the Fund's assets for a period not later than two days from the deadline for submission of the purchase and redemption instructions, if the Fund Manager reasonably determines that it is not possible to evaluate a substantial part of these assets in a reliable manner, subject to prior approval of the Fund Board of Directors.

## **26. Liquidation and Appointment of a Liquidator**

The Capital Market Authority shall have the power to appoint a replacement fund manager or a liquidator or to take any other measures it deems necessary, as appropriate, in the event of:

1. A fund manager ceasing to carry on securities business without notification to the Authority under the Authorized Persons Regulations.
2. A request by a fund manager to the Authority to cancel its authorization as a fund manager under the Authorized Persons Regulations
3. The death or incapacity of a portfolio manager, if no other registered person employed by the fund manager can manage the investment fund and if a suitable replacement cannot be found sufficiently promptly
4. The determination by the Authority of a

significant violation or violations of these Regulations, the Capital Markets Law or its Implementing Regulations by the fund manager or the investment fund significant enough in number and/or seriousness as to pose a real threat to the fund manager's ability to continue to perform its duties to investors;  
or

5. Any other event determined by the Authority on reasonable grounds to be of sufficient significance

## 27. Dilution Charges

N/A

## 28. Termination

If in the opinion of Fund Manger that the value of the fund assets under his management is not enough to justify continuation of the Fund, or in case of any changes to law or regulations or occurrence of specified events, which constitute a valid reason for termination of the fund, it may terminate the fund by a notice to subscribers and subject to the CMA approval. In such case, the fund assets shall be liquidated and its remaining proceeds shall be distributed to subscribers by a liquidator, whose acts shall be always governed by the laws and implementing regulations and instructions of the competent authority.

## 29. Reporting to unit holders

**Newsletters and periodical statements:** The Fund Manger shall send to each subscriber, by the end of each quarter, a statement reflecting net assets value of the Fund units, value of his investment in the Fund, unit price and total units held y him in the Fund.

**Mail Address:** All statements, notices and correspondences relating to the Fund, shall be sent by the Fund Manger to subscribers at their address shown in the current account opening form.

Subscribers shall notify the Fund Manager, at all times, of their correct mail addresses and inform the Fund manger immediately of any change to their addresses. In case that subscribers fail to notify the Fund Manager of their correct address, or if they ask the Manager not to send the statements and notices about their investments in the Fund, they agree to protect the Fund Manager and relieve it from any responsibility and waive their rights or claims against the Fund Manager, which may directly or indirectly arise from failure to provide them with such statements and notices or any information about their investments, or any rights that may arise from their

failure to respond to such notices, or to verify the information or correct any alleged errors or mistakes in any of these statements or information.

**30. Conflict of Interests**

Without prejudice to the Fund interests, subscriber understands and agrees that the Fund Manager or any of his directors, employees, may from time to time:

- 1) Hold investment units in the Fund.
- 2) Have a banking relationship with companies whose securities are maintained or purchased or sold to the Fund or on its behalf.

The Fund Manager shall avoid any type of conflict between the Fund interests and subscriber's interests, and shall not advance the interests of a certain group of investors to the detriment of other investors in the same fund.

Any conflict of interests should be disclosed in the Fund Manager annual report and should be communicated to the Fund Board.

The Fund Board of Directors shall be notified of any conflict of interests, and its approval of any conflict of interests that may arise during operation of the Fund, should be sought. All procedures for handling of conflict of interests shall be made available as may be requested.

**31. Voting Rights Policies**

The Fund Manger shall consult with the compliance officer and approve overall policies regarding voting rights attributed to the Fund based on the securities included in its portfolio of assets. The Fund manger shall decide, at its discretion, to exercise or not to exercise any voting rights after consultation with the compliance officer

**32. Amendment of Terms & Conditions**

The Fund Manager may at any time, at its own discretion, amend these terms and conditions as may be dictated by the Fund interest, and shall seek the CMA prior approval of any material change to these terms and conditions, and notify subscribers by mail of the proposed change and furnish to them a copy of the updated terms and conditions, and such amendments shall be effective after (60) days from the notice date.

**33. Complaints**

In case of any complaint about the Fund, Unitholder shall send his/her complaint to the Customers Complaint Unit of the Fund Manager via any of the channels described on the Fund Manager's Website. The Fund Manager shall provide the

procedures of handling subscribers' complaints if they so request. In case a settlement is not reached or no answer within thirty business days, Unitholder is entitled to submit his/her complaint to Investors Complaints Department at CMA. He/she may also submit his/her complaint to the Committee for the Resolution of Securities Disputes after ninety calendar days as of the date of submitting the complaint to CMA, unless otherwise CMA notifies the complainant to submit his/her complaint to the Committee for the Resolution of Securities Disputes before the lapse of this period.

#### **34. Applicable Law**

The Fund conditions and transactions shall be governed by the Saudi applicable laws and regulations. Any dispute arising from connection with these conditions shall be brought before the Committee for Resolution of Securities Disputes at the CMA. The subscriber admits and agrees that purchase or selling of the Fund assets and investments and properties shall be governed also by the Kingdom laws and regulations.

The Fund Manager may take any action that it may deem necessary to ensure compliance with any applicable laws that are issued by any competent authority, and shall not take any responsibility towards the subscriber or any third party.

#### **35. Compliance with Investment Fund Regulation**

These terms and conditions and other documents of the Fund shall be governed by the investment funds regulations issued by the CMA which require full, correct and express disclosure of all material information about the Fund.

## 36-Financial Disclosure Summary

### 36-1 Fees & Expenses

Type	Percent/Amount (SAR)
Subscription Fees	N/A
Redemption Fees	N/A
Fund management fees (management fees)(**)	1.75% annually from the fund net assets
Early redemption fees	N/A
Archiving fees and other archiving services	N/A
Independent chartered accountant fees as per the concluded contract (*)	33,250
Borrowing expenses for the investment fund	N/A
Expenses related to the registration of units or other administrative services	N/A
Regulatory fees (as per the fees imposed by CMA) (*)	7,500
Fees related to the services of unit owners' register	N/A
Instructive index fees	Fund fees are the portion of the net fees paid to seven funds in SAR. An amount of SAR 67,500 is allocated of the total amount payable by each fund based on the fund net assets to the net assets of the said funds
CMA fees (trading) as per the received invoices (*)	5,000 SAR
If the investment fund has received transactions expenses	The Fund is not a holding one
Total of independent board directors remunerations	Estimated expenses of the fund out of the total expenses for the seven funds account for SAR 80,000 annually for two independent directors in relation with all funds compliant with Sharia requirements, which will be allocated based on the fund net assets percent against the total assets of the said funds
Foreign fund financial arrangement	N/A

### 36-2 Fees Calculation Formula, Collection Method and Payment Time:

(\*) Payable expenses shall be calculated and beard according to the number of due days for each calendar day and shall be paid upon receiving the invoices.

(\*\*) Management fees shall be calculated for each calendar day of the fund and payment is made on a quarterly basis. Payable fees shall be calculated and beard and paid according to the number of due days for each calendar day (shall be deducted from the fund account) at the end of each quarter.

Management fees = (fund assets – other payable expenses) x % 1.75% x (number of days falling between the current and former calendar day) x  $\frac{1}{360}$ .

### 36-3 Fund assets, fees and actual expenses during 2016:

Net Asset Value	54,984,937.00
Units in issue	2,613,106.00
Unit Price	SAR 21.04
Management Fees	935,826.00
Independent Fund Board members	2,248.37
CMA's Annual Fee	7,500.00
Index Fees	0
Dividends Purification Fees	N/A
Tadawul fees	5,000.00
Dealing Fees	46,517.58
Custody Fees	N/A
Audit Fees	33,250.00
Sub-manager Fees	N/A
Borrowing Cost	N/A
Legal Fees	N/A
Admin Fees / Other Fees	0.00
Fund Expense Ratio	<b>0.09%</b>
Dealing Expense Ratio	<b>0.08%</b>
Redemption / Early Redemption	9,986.00
Subscription Fees	NA
Subscription & Redemption Fee to NAV	<b>0.02%</b>

### 36-4 Illustrative Example of the Fund Fees & Expenses Calculation Method Using and Assumptive Investment

<b>Assumptions:</b>		
1. Sole investor		
2. Investment value SAR 100m (10,000,0000 unit x SAR 10 unit price)		
3. Return on investment = 5% quarterly		
4. Keep 10% of the investment in cash		
Investment Value		100,000,000 SAR
Fund details	Cash (A)	10,000,000 SAR
	Investments (B)	90,000,000 SAR
Valuation of investments at the end of the first quarter assuming the increase of their value by 5%	C= B + (Bx5%)	94,500,000 SAR



Total fund assets including cash	$D = A + C$	104,500,000 SAR
First quarter expenses (please see total expenses below)	$E = T \div 4$	(10,350) SAR
Net assets before deducting management fees	$AA = D - Z$	104,489,650 SAR
Management fees for the first quarter	$K = \text{Management fees} = (\text{fund assets} - \text{other accrued expenses}) \times 0.5\% \times (\text{number of days falling between the current and previous calendar day}) \times \frac{1}{360}$	(457,142) SAR
Net assets = Customer's net investment value by the end of the first quarter	$F = AA - K$	104,032,508 SAR
Unit price after the first quarter	$P = F \div \text{No. of Units}$	10.403 SAR
Return on investment for the customer by the end of the first quarter	$BB = P \div \text{Unit Offering Price}$	%4.03

<b>Total of other estimated expenses (*) of the fund for a full fiscal year excluding the management fees</b>	<b>Amount in SAR</b>
Independent auditor fees	25,000
Stock Exchange fees(Trading)	5,000
Supervision fees	7,500
Instructive index fees Standards and Poor's	1,100
Total remunerations of the independent fund board	2,800
Total of other expenses (annually)	41,400

(\*) The other expenses mentioned above are just estimates and may be decreased or increased during the year.

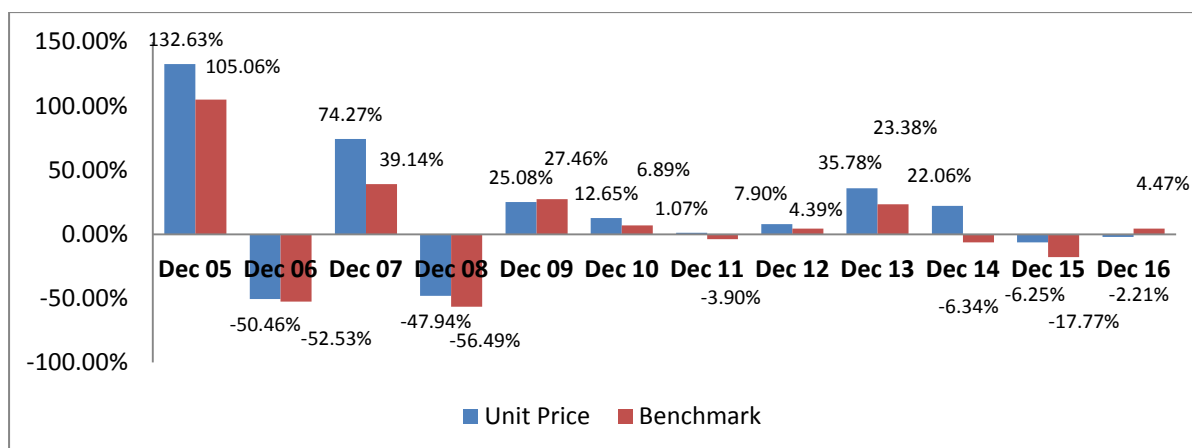
All fees and expenses are calculated on every evaluation day and deducted as quarterly payments

### Fund performance compared with Benchmark Index

Date	Unit Price	Unit price change rate	Benchmark	Benchmark change rate
Inception	10		10	
Dec 03	9.87	-1.32%	9.86	-1.35%
Dec 04	19.77	100.31%	18.47	87.20%

Dec 05	46.17	133.57%	38.37	107.80%
Dec 06	22.88	-50.44%	17.94	-53.26%
Dec 07	39.28	71.68%	25.08	39.83%
Dec 08	19.24	-51.01%	10.56	-57.91%
Dec 09	23.98	24.61%	14.12	33.73%
Dec 10	27.01	12.65%	15.09	6.89%
Dec 11	27.30	1.08%	14.50	-3.90%
Dec 12	29.46	7.90%	15.14	4.39%
Dec 13	40.00	35.78%	18.68	23.38%
Dec 14	48.82	22.06%	17.49	-6.34%
Dec 15	45.76	-6.25%	14.38	-17.77%
Dec 16	44.75	-2.21%	15.03	4.47%

Annual cumulative return	Change in unit price	Change in benchmark
Since 1 year	-2.21%	4.47%
Since 3 years	11.89%	-19.54%
Since 5 years	63.92%	3.62%
Since 10 years	95.60%	-16.22%



The Benchmark index shall be S&P index for Saudi equities.

**Disclaimer:**

The fund's previous performance or the previous index performance does not indicate on the fund's future performance.

The fund doesn't guarantee to the unit holders that its performance (or its performance compared to the index) will be recurrence or similar to the previous performance.

**Total remunerations of independent board members:**

The total remunerations paid to the fund board (independent) members are 2,248.37 SAR.

**Declaration:**

I/We, have read the prospectus and appendices related to the Fund and fully understood contents thereof, and we agree on them, and we have obtained a copy of the same and affixed our signature on it.

Subscriber's Full Name : \_\_\_\_\_

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

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