

**Al Razeen SAR Liquidity Fund**

(Specialised Public Investment Fund – Money Market Fund - Open)

**Terms and Conditions**

- a) Al Razeen SAR Liquidity Fund is a specialised public investment fund – money market fund – open which invests primarily in short term Money Market Instruments and other investment funds with similar objectives.
- b) The Fund Manager is Samba Capital & Investment Management Company, a Saudi company authorized under license Number. (07069-37), in accordance with the Authorized Persons Regulations issued by the CMA.
- c) The Terms and Conditions of the Fund and all other documentation pertaining to the Fund comply with the Investment Funds Regulations and contain complete, clear, accurate, not misleading, updated and amended information on the Fund.
- d) Prospective investors should read these Terms and Conditions, the Information Memorandum and all other documentation pertaining to the Fund, carefully in their entirety and seek appropriate legal, tax, financial and other advice before making any investment decision regarding the Fund.
- e) Prospective investors must sign and accept the Fund's terms and conditions prior to subscribing to the Fund's Units.
- f) The Fund's terms and conditions were issued on 13/10/1988G and the latest version was updated on 30/12/2019.
- g) Date of approval of the CMA to establish the Fund: 04/04/2009G as per CMA approval letter, and date of Unit offering is 13/10/1988G.

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## Definitions

The following definitions apply throughout these Terms and Conditions and the Information Memorandum:

<b>Affiliate</b>	A person who Controls another person or is Controlled by that other person, or who is under common Control with that person by a third person. In any of the preceding, Control could be direct or indirect.
<b>Auditor</b>	PricewaterhouseCoopers.
<b>Authorised Persons Regulations</b>	Authorised Persons Regulations issued by the Board of the CMA pursuant to Resolution No. 1-83-2005 dated 21/05/1426H corresponding to 28/06/2005G as amended pursuant to the CMA Board Resolution Number 3-85-2017 dated 27/12/1438H corresponding to 18/09/2017G.
<b>Authority or CMA</b>	The Saudi Arabian Capital Market Authority specified in the Capital Market law promulgated by Royal Decree No. (M/30) dated 02/06/1424H, a government authority having financial and administrative autonomy and reporting directly to the Prime Minister. The CMA oversees the regulation and development of the Capital Market, and issues regulations, rules and instructions as necessary to implement the Capital Market Law and regulations.
<b>Board</b>	The board of directors of the Fund.
<b>Business Day</b>	The day on which Saudi banks are open for business in the Kingdom.
<b>Capital Market Law</b>	The Capital Market Law issued pursuant to Royal Decree Royal Decree No. (M/30) dated 02/06/1424H and its Implementing Regulations.
<b>Control</b>	The ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a Relative or Affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the governing body; "controller" shall be construed accordingly.
<b>CRSD</b>	The Committee for the Resolution of Securities Disputes.
<b>Custodian</b>	HSBC Saudi Arabia.
<b>Dealing Days</b>	The days on which subscription and redemption requests are processed, being every Business Day.
<b>Fund</b>	Al Razeen SAR Liquidity Fund.
<b>Fundamental Change</b>	Means any one of the following changes:

- a change which significantly changes the purposes or nature of the Fund;
- a change which alters the status of the Fund's risks;
- the voluntary withdrawal of the Fund Manager from its position as fund manager; or
- any other instances determined by the CMA from time to time as being a fundamental change and reported to the Fund Manager.

<b>Fund Manager</b>	Samba Capital & Investment Management Company.
<b>Group</b>	In relation to a person, means that person and each of its Affiliates.
<b>Independent Fund Director</b>	An independent fund director who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence: <ol style="list-style-type: none"> <li>1) being an employee of the Fund Manager or any of its Affiliates, or any sub-manager or the Custodian; or has a material business, or contractual relationship with the Fund Manager, any sub-manager or the Custodian;</li> <li>2) he, during the preceding two years, has been a senior executive of the Fund Manager or any of its Group;</li> <li>3) he is a first-degree relative of any board member or any senior executives of the Fund Manager or of any other company within that Group; or</li> <li>4) holds Control over the Fund Manager or any of its Group during the preceding two years.</li> </ol>
<b>Index</b>	SIBOR 1-month index.
<b>Information Memorandum</b>	The information memorandum of the Fund made available to potential unitholders to assist them in making an informed judgment regarding the investment being offered to them and which includes the information specified in Annex 2 of the Investment Funds Regulations.
<b>Investment Funds Regulations</b>	The Investment Funds Regulations issued by the CMA Board pursuant to Resolution Number 1-219-2006 dated 03/12/1427H corresponding to 24/12/2006G, as amended pursuant to the CMA Board Resolution Number 1-61-2016 dated 16/08/1437H corresponding to 23/05/2016G.
<b>Investor or Unitholder</b>	Each investor in of owner of Units in the Fund.
<b>Issuer</b>	A person that issues securities or intends to do so.
<b>Kingdom</b>	The Kingdom of Saudi Arabia.
<b>Money Market Instruments</b>	Short-term deposits and securities, trade finance contracts and other similar investments.
<b>NAV</b>	Net asset value of the Fund less liabilities including the Fund's fees and expenses.

<b>Non-Independent Fund Director</b>	A member of the board who is not an independent fund director.
<b>Normal Market Conditions</b>	The normal circumstances of financial markets and economies as determined by the Fund Manager.
<b>Notifiable Change</b>	Any change that is not considered a Fundamental Change or Significant Change.
<b>Relative</b>	Husband, wife and minor children.
<b>SAR</b>	Saudi Arabian Riyals.
<b>Significant Change</b>	Means any change that is not a Fundamental Change, but which: <ul style="list-style-type: none"> <li>• would reasonably be expected to cause Unitholders to reconsider their participation in the Fund;</li> <li>• results in any increased payments out of the assets of the Fund to the Fund Manager or any member of the Fund Board or an affiliate of either;</li> <li>• introduces any new type of payment out of the assets of the Fund;</li> <li>• materially increases other types of payment out of the assets of the Fund; or</li> <li>• any other cases determined by the CMA as being a significant change and reported to the Fund Manager.</li> </ul>
<b>Stock Exchange or Tadawul</b>	The Saudi Arabian Stock Exchange.
<b>Terms and Conditions</b>	The terms and conditions of the Fund as constituted by this document and signed between the Fund Manager and the Unitholder.
<b>Unit</b>	The interest of the Unitholders in the Fund, and each unit shall be treated as representing one undivided interest in the assets of the Fund.
<b>USD</b>	United States Dollars.
<b>Valuation Days</b>	The days on which the Unit price is determined, by the Fund Manager, being each Business Day.
<b>Value Added Tax (VAT)</b>	Means the value added tax applied pursuant to the Value Added Tax (VAT) Law.
<b>Value Added Tax (VAT) Law</b>	Means the Value Added Tax (VAT) Law issued pursuant to Royal Decree No. (M/113) dated 2/11/1438H corresponding to 25/07/2017G, and its implementing regulations.

## AL RAZEEN SAR LIQUIDITY FUND

### KEY FACT SHEET

The following is a summary of the key facts relating to the Fund pursuant to Annex 3 of the Investment Funds Regulations.

#### 1. THE FUND

##### 1.1 Name, class and type of Fund and type of offer

Al Razeen SAR Liquidity Fund is a specialised public investment fund – money market fund - open which invests in short term Money Market Instruments and other investment funds with similar objectives.

##### 1.2 Investment objectives

The Fund's investment objective is to achieve liquidity and capital growth through investments in short term Money Market Instruments in SAR and/or USD. The Fund will also invest in other CMA licensed public investment funds with similar objectives and risks. The Fund may invest up to 20% of the Fund NAV in long-term investments such as sukuk, bonds and structured products denominated in SAR and/or USD.

##### 1.3 Investment policies and practices

The Fund:

- shall mainly invest in short term Money Market Instruments denominated in SAR and/or USD;
- may invest up to 20% of the Fund NAV in long-term investments such as sukuk, bonds and structured products (other than securitisation) denominated in SAR and/or USD; and
- may invest up to 10% of the Fund NAV in other CMA licensed public investment funds with similar objectives and risks.

The Fund's strategy depends on the outlook of interest rates, which vary from time to time depending on the money market conditions. The Fund Manager shall study and analyse future interest rates through yield curve indicators, the impact of market predictions on the volatility of such rates as well as the daily monitoring and analysis of forecasts of the Fund's daily liquidity needs. The Fund Manager shall rely on the rating of the international credit rating agencies such as Moody's, Fitch and Standard & Poor's as a general practice. Furthermore, the Fund:

- shall not invest in institutions or fixed income instruments that fall below the investment grade of Baa3 according to Moody's rating and BBB- according to Fitch and Standard & Poor's ratings; *however*
- may invest up to 20% in unrated institutions or fixed income instruments provided that the Fund Manager uses its internal evaluation criteria for risk assessment of financial institutions and fixed income instruments.

The standards to be adopted by the Fund Manager for selecting investment funds are based on risks, liquidity, and yield of investments, as needed.

The Fund's investments shall not exceed 25% of its NAV in dealing with all third parties. The Fund Manager may invest the Fund's assets in securities issued by the Fund Manager or any of its affiliates.

The Fund shall have a weighted average maturity of no more than 120 calendar days.

The Fund Manager shall ensure that no less than 10% of the Fund's NAV is held in cash or investments with maturities or remaining maturities of no more than 7 days.

The Fund's investments shall be in the manner described below:

<b>Investment</b>	<b>Min of Fund assets</b>	<b>Max of Fund assets</b>
Short term Money Market Instruments in SAR and/or USD	80%	100%
Sukuk, bonds and structured products denominated in SAR and/or USD	0%	20%
Units of other CMA licensed public investment funds with similar risks	0%	10%

#### **1.4 Risk factors**

The Fund is suitable for an investor who seeks simple capital appreciation with relatively low risks. Given the nature of the Fund's investments, the value of its investments and income are likely to be volatile and, as a result, the Unit price may rise or fall and investments of unitholders are not implicit investments of the Fund Manager or any of its affiliates.

Key risk factors that unitholders should carefully consider prior to making an investment in the Fund are set out in Section 3 of the Information Memorandum. These risks include, among others, general risks and risks relating to the investments of the Fund.

#### **1.5 Historical data on fund performance**

The table below sets out the following information: the average total returns for the last year, the last three years and the last five years; the annual total return for each year of the past 10 years; and the Fund's performance against its benchmark for the past five years:

- The total returns of the Fund for the last year, the last three years, and the last five years or since inception (if applicable):

<b>Period</b>	<b>Average total returns of the Fund %</b>
<b>Past year</b>	2.28
<b>Past 3 years</b>	6.59
<b>Past 5 years</b>	9.85

Since inception	189.53
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- The annual total return for each year of the past ten years:

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
The average total returns of the Fund%	1.08	0.90	1.17	1.01	0.77	0.82	2.42	1.92	1.91	2.28

- The Fund's performance against its benchmark for the past five years or since inception, if applicable:

Period	The Fund's performance%	The benchmark performance%
Past year	2.28	2.56
Past 3 years	6.59	6.51
Past 5 years	9.85	9.13
Since inception	189.53	148.13

## 2. FEES, CHARGES AND EXPENSES

The table below sets out the details of the fees, charges and payments (exclusive of VAT) to be paid from the Fund's assets:

Type	Percentage/Amount (SAR)
<b>Management fees (subject to VAT in accordance with VAT Regulations)</b>	0.50% per annum of the Fund's net assets which shall be paid to the Fund Manager after deducting accrued expenses and liabilities, and which will be calculated in accordance with the following formula: $\frac{(\text{Fund assets} - \text{other accrued expenses}) \times (\text{administrative expenses}) \times (\text{number of days from the previous Valuation Day to the current Valuation Day})}{360} \times (1.05).$ <p>The management fee will be calculated and accrued on each calendar day and will be paid on a quarterly basis, which shall be calculated and payable based on the NAV of the Fund for each quarter as established at every Valuation Day during the relevant quarter.</p>
<b>Borrowing expenses</b>	According to prevailing market prices.
<b>Dealing fees (these fees will be subject to VAT in accordance with VAT Regulations)</b>	According to prevailing market prices.
<b>Custody fee (subject to VAT in accordance with VAT Regulations)</b>	0.0125% per annum of the total assets held by the Custodian.  Transaction fees (USD): USD 20 per transaction.



	Safe custody fees will be calculated each calendar day and will be paid monthly based on total assets under custody at the end of each month.
<b>Auditor fees (per executed contract - subject to VAT in accordance with VAT Regulations)</b>	SAR 50,000 per annum, which is a fixed sum deducted from the total assets of the Fund as per the contract with the auditor.
<b>CMA Supervision fees*</b>	SAR 7,500 per annum, which is a fixed sum deducted from the total assets of the Fund as per the fees prescribed by the CMA.
<b>Benchmark index fees</b>	Not applicable.
<b>Tadawul publication fees on Tadawul's website* (subject to VAT in accordance with VAT Regulations)</b>	SAR 5,000 per annum, which is a fixed sum deducted from the total assets of the Fund as per the fees prescribed by Tadawul.
<b>Fees of the Independent Fund Directors *</b>	Estimated to be around SAR 43,741 noting that these fees form a percentage of the total fees payable to independent fund directors of ten conventional funds managed by the Fund Manager which is SAR 80,000 per annum.  The fees shall be allocated based on the percentage of the NAV against the net asset value of the other conventional funds.
<b>Other fees and expenses (administrative expenses relating to unitholder meetings, report printing expenses, out of pocket expenses and others)</b>	These fees and expenses are not expected to exceed 0.5% of the NAV, and shall be calculated on each Valuation Day. This limit (i.e. 0.5% of the NAV) also covers fees and expenses payable by the Fund (including fees and expenses in this table) other than management, custody, dealing and borrowing fees and expenses.

*\* accrued fees and expenses shall be calculated according to the number of due days for each Calendar Day and shall be paid upon receiving invoices.*

For further details on the Fees, Charges, and Expenses, please refer to Section 7 of the Terms and Conditions and section 5 of the Information Memorandum.

### 3. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Terms and Conditions and the Information Memorandum will be made available for inspection and further information relating to the Fund may be obtained from the Fund Manager whose contact details are set below.

### 4. FUND MANAGER

#### **Samba Capital & Investment Management Company**

Address: Kingdom Tower, Olaya  
P.O. Box 220007, Riyadh 11311  
Kingdom of Saudi Arabia

Telephone: 800 7557000

Fax: +966 11 2117780

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

**5. CUSTODIAN**

**HSBC Saudi Arabia**

Address: 7267 Olaya, Al Murooj  
Riyadh 12283-2255  
Kingdom of Saudi Arabia

Telephone: +966920005920

Fax: +966112992385

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

**6. DISTRIBUTOR**

Not applicable.

## 1. GENERAL INFORMATION

### a. Fund Manager

Samba Capital & Investment Management Company, established under the laws of the Kingdom of Saudi Arabia with Commercial Registration Number 1010237159, and licensed by the CMA pursuant to license number 07069-37 dated 10 Jumada Al-Akhira 1428 H (corresponding to 25 June 2007 G), to carry out the activities of dealing as principal, agent & underwriter, managing investment funds & discretionary portfolios, arranging, advising and custody in securities. In addition, Samba Capital is authorized to provide Margin Lending facilities under its dealing license.

### b. Fund Manager Head Office

Kingdom Tower, Olaya, P.O. Box 220007, Riyadh 11311, Kingdom of Saudi Arabia, phone number: 800 7557000, Fax number: 11 2117780.

### c. Fund Manager Website

For further information about Samba Capital, please visit [www.Sambacapital.com](http://www.Sambacapital.com).

### d. Custodian

HSBC Saudi Arabia licensed by the CMA under license number 05008-37. Registered office: 7267 Olaya, Al Murooj, Riyadh 12283-2255, Saudi Arabia.

### e. Custodian Website

For further information about HSBC Saudi Arabia, please visit [www.hsbcSaudi.com](http://www.hsbcSaudi.com).

## 2. GOVERNING LAW AND JURISDICTION

The Fund and the Fund Manager are regulated by the CMA and subject to the Capital Market Law and the Investment Funds Regulations, as well as other relevant laws and regulations applicable in the Kingdom.

Any disputes arising between the Fund Manager and any Unitholders in relation to, or in connection with these Terms and Conditions shall be referred to the CRSD or any successor authority.

The Unitholders represent and agree that the sale or purchase of the Fund assets, investments and properties shall be governed by the laws and regulations applicable in the relevant jurisdiction.

The Fund Manager may take any measure or action deemed necessary to guarantee compliance with any applicable laws and regulations issued by any competent authority. Fund Manager shall not be held responsible for that towards the Investor or any other party.

## 3. OBJECTIVES OF THE INVESTMENT FUND

### a. Fund Objectives

The Fund's investment objective is to achieve liquidity and capital growth through investments in short term Money Market Instruments in SAR and/or USD. The Fund will also invest in other CMA licensed public investment funds with similar objectives and risks. The Fund may invest up to 20% of the Fund NAV in long-term investments such as sukuk, bonds and structured products denominated in SAR and/or USD.

b. Investment Policies and Practices

The Fund:

- shall mainly invest in short term Money Market Instruments denominated in SAR and/or USD;
- may invest up to 20% of the Fund NAV in long-term investments such as sukuk, bonds and structured products (other than securitisation) denominated in SAR and/or USD; and
- may invest up to 10% of the Fund NAV in other CMA licensed public investment funds with similar objectives and risks.

The Fund's strategy depends on the outlook of interest rates, which vary from time to time depending on the money market conditions. The Fund Manager shall study and analyse future interest rates through yield curve indicators, the impact of market predictions on the volatility of such rates as well as the daily monitoring and analysis of forecasts of the Fund's daily liquidity needs.

The Fund Manager shall rely on the rating of the international credit rating agencies such as Moody's, Fitch and Standard & Poor's as a general practice. Furthermore, the Fund:

- shall not invest in institutions or fixed income instruments that fall below the investment grade of Baa3 according to Moody's rating and BBB- according to Fitch and Standard & Poor's ratings; *however*
- may invest up to 20% of its assets in unrated institutions or fixed income instruments provided that the Fund Manager uses its internal evaluation criteria for risk assessment of financial institutions and fixed income instruments.

The standards to be adopted by the Fund Manager for selecting investment funds are based on risks, liquidity, and yield of investments, as needed.

The Fund Manager may invest the Fund's assets in securities issued by the Fund Manager or any of its affiliates.

The Fund's investments shall not exceed 25% of its NAV in dealing with all third parties.

The Fund shall have a weighted average maturity of no more than 120 calendar days.

The Fund Manager shall ensure that no less than 10% of the Fund's NAV is held in cash or investments with maturities or remaining maturities of no more than 7 days.

The Fund's investments shall be in the manner described below:

<b>Investment</b>	<b>Min of Fund assets</b>	<b>Max of Fund assets</b>
Short term Money Market Instruments in SAR and/or USD	80%	100%
Sukuk, bonds and structured products denominated in SAR and/or USD	0%	20%
Units of other CMA licensed public investment funds with similar risks	0%	10%

#### 4. INVESTMENT FUND DURATION

The Fund is a specialised public investment fund – money market fund – open with no fixed term.

#### 5. INVESTMENT RESTRICTIONS / LIMITATIONS

In managing the Fund, the Fund Manager will comply with any restrictions and limitations imposed by the Investment Funds Regulations, these Terms and Conditions and the Information Memorandum.

#### 6. CURRENCY

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

#### 7. FEES, CHARGES AND EXPENSES

- a. Details of the fees, charges and payments to be paid from the Fund's assets and the method of calculation

The table below sets out details of the fees, charges and payments (exclusive of VAT) to be paid from the Fund's assets:

Type	Percentage/Amount (SAR)
<b>Management fees (subject to VAT in accordance with VAT Regulations)</b>	0.50% per annum of the Fund's net assets which shall be paid to the Fund Manager after deducting accrued expenses and liabilities, and which will be calculated in accordance with the following formula: $(\text{Fund assets} - \text{other accrued expenses}) \times (\text{administrative expenses}) \times (\text{number of days from the previous Valuation Day to the current Valuation Day}) \times \frac{1}{360} \times (1.05)$ . The management fee will be calculated and accrued on each calendar day and will be paid on a quarterly basis, which shall be calculated and payable based on the NAV of the Fund for each quarter as established at every Valuation Day during the relevant quarter.
<b>Borrowing expenses</b>	According to prevailing market prices.
<b>Dealing fees (these fees will be subject to VAT in accordance with VAT Regulations)</b>	According to prevailing market prices.
<b>Custody fee (subject to VAT in accordance with VAT Regulations)</b>	0.0125% per annum of the total assets held by the Custodian.  Transaction fees (USD): USD 20 per transaction.  Safe custody fees will be calculated each calendar day and will be paid monthly based on total assets under custody at the end of each month.

<b>Auditor fees (per executed contract - subject to VAT in accordance with VAT Regulations)</b>	SAR 50,000 per annum, which is a fixed sum deducted from the total assets of the Fund as per the contract with the auditor.
<b>CMA Supervision fees*</b>	SAR 7,500 per annum, which is a fixed sum deducted from the total assets of the Fund as per the fees prescribed by the CMA.
<b>Benchmark index fees</b>	Not applicable.
<b>Tadawul publication fees on Tadawul's website* (subject to VAT in accordance with VAT Regulations)</b>	SAR 5,000 per annum, which is a fixed sum deducted from the total assets of the Fund as per the fees prescribed by Tadawul.
<b>Fees of the Independent Fund Directors *</b>	Estimated to be around SAR 43,741 noting that these fees form a percentage of the total fees payable to independent fund directors of ten conventional funds managed by the Fund Manager which is SAR 80,000 per annum.  The fees shall be allocated based on the percentage of the NAV against the net asset value of the other conventional funds.
<b>Other fees and expenses (administrative expenses relating to unitholder meetings, report printing expenses, out of pocket expenses and others)</b>	These fees and expenses are not expected to exceed 0.5% of the NAV, and shall be calculated on each Valuation Day. This limit (i.e. 0.5% of the NAV) also covers fees and expenses payable by the Fund (including fees and expenses in this table) other than management, custody, dealing and borrowing fees and expenses.

*\* accrued fees and expenses shall be calculated according to the number of due days for each Calendar Day and shall be paid upon receiving invoices.*

b. Details of the fees imposed on the subscription, redemption and transfer of Units in the Fund

No fees will be imposed on subscriptions, redemptions or transfers of units in the Fund to another investment fund managed by the Fund Manager.

c. Special commission arrangements

Subject to the Investment Funds Regulations and the Authorised Persons Regulations, the Fund Manager may enter into special commission arrangements. Any goods or services received by the Fund Manager under a special commission arrangement must be limited to such goods and services which are related to the execution of transactions on behalf of the Fund or the provision of research for the benefit of the Fund. The Fund Manager shall not accept any sums of money under a special commission arrangement or any other arrangements.

## 8. VALUATION AND PRICING

a. Valuation of the Fund's assets and investments

Valuation is conducted on the basis of the currency and all the assets in the portfolio of the Fund less the Fund's receivables at that time. The valuation method depends on the type of the asset as follows:

- the value of the Fund assets invested in Money Market Instruments (*Murabaha*) will be determined on the basis of the deposited amount in addition to profit due and accrued up to the relevant Valuation Day;
- the value of the Fund assets invested in unlisted sukuk, bonds and structured products will be determined on the basis of book value in addition to accrued profit;
- the value of the Fund assets invested in sukuk, bonds and structured products listed or traded in any organised market or an automated pricing system will be determined by reference to the closing price on the relevant market or system. However, to the extent that such valuation method is not possible, the Fund Manager may conduct the valuation on the basis of book value in addition to any accrued profit.
- the value of the Fund assets invested in other investment funds will be determined on the basis of the last announced unit price.
- the value of other investments of the Fund will be determined on the basis of fair value to be reached on the basis of methods approved by the Custodian and verified by the Fund auditor.

b. Frequency of valuation and number of valuation points

The Units shall be valued on each Business Day after 5:30 p.m. Kingdom time. If Tadawul is closed on any Valuation Day, the Valuation Day in that case shall be the following day on which Tadawul is open for business.

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

The Fund Manager will record and document any instance where the assets of the Fund have been valued incorrectly or the Unit is priced incorrectly. The Fund Manager will, without delay, compensate all affected Unitholders (including former Unitholders) for any error in valuing the Fund's assets or the pricing the Unit.

The Fund Manager shall immediately inform the CMA of any valuation or pricing error representing 0.5% or more of the Unit price and shall disclose the same immediately on its website ([www.Sambacapital.com](http://www.Sambacapital.com)), on the Tadawul website ([www.tadawul.com.sa](http://www.tadawul.com.sa)), and in the Fund's report prepared in accordance with Article 71 of the Investment Funds Regulations.

The Fund Manager will include a summary of all valuation and pricing errors in its reports to the CMA in accordance with Article 72 of the Investment Funds Regulations.

d. Description of the method for calculating the Unit price

The Fund Manager shall calculate the value of the Unit price for the purpose of processing requests to subscribe in, redeem and transfer Units from one fund to another and from the Unitholder to its Relative by subtracting liabilities due from the total assets value of the Fund, including, without limitation, the fees and expenses specified in these Terms and Conditions and the Information Memorandum. The Unit price shall be determined by dividing the NAV by the total number of Units outstanding on the relevant Dealing Day. The Unit price shall be expressed to include at least four decimal points.

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

The Fund's Manager will publish the Fund's NAV and Fund's Unit price on the Fund's Manager's website and the Tadawul website on the next business day following the relevant Dealing Day.

## 9. DEALINGS

### a. Fund Manager's responsibilities in respect of subscription and redemption requests

Units may only be subscribed for or redeemed on a Dealing Day. Furthermore, a request to transfer a Unitholder's investment from one fund to another or from a Unitholder to a Relative may only be processed on a Dealing Day. The Fund Manager shall process subscription, redemption and transfer requests at the price to be calculated on the valuation point following the deadline for the submission of subscription, redemption and transfer requests, which is 12:00 pm. The execution of subscription, redemption and transfer requests shall be in accordance with the Investment Funds Regulations, these Terms and Conditions and the Information Memorandum.

The maximum amount of time that may lapse between redemption by a Unitholder and payment of the redemption proceeds must not exceed two business days after the Valuation Day.

### b. Duration of the Submission of Redemption Requests and Payment of Redemption Proceeds

If a complete redemption request is submitted to the Fund Manager before 12:00 p.m. on the Business Day preceding the relevant Dealing Day, then such request will be processed on the next Dealing Day. However, if the redemption request is submitted after the specified deadline then it will be processed on the following Dealing Day.

The maximum amount of time that may lapse between redemption by a Unitholder and payment of the redemption proceeds must not exceed two business days after the Valuation Day.

### c. Restrictions on Dealing in Units

The Fund Manager will adhere to the restrictions and limits as set out in the Investment Funds Regulations, these Terms and Conditions and the Information Memorandum.

Units may only be subscribed for or redeemed on a Dealing Day. Furthermore, a request for a transfer of investment from one fund to another or from a Unitholder to a Relative may only be processed on a Dealing Day. The Fund Manager shall process subscription, redemption and transfer requests at the price to be calculated on the valuation point following the deadline for the submission of subscription, redemption and transfer requests, which is 12:00 pm. If a request is submitted after the deadline, then it will be processed in the next Dealing Day.

The Fund Manager may, at its sole discretion, deny subscription of any person in the Fund, if such subscription, among other things, would be in violation of any laws or regulations.

The minimum initial subscription in the Fund is SAR 7,500.

The minimum additional subscriptions in the Fund are in multiples of SAR 3,750.

The minimum redemption is SAR 3,750.

The minimum initial subscription for corporate saving plans/Samba Financial Group's savings investment plans is SAR 3000 and SAR 500 for any additional subscriptions on a



monthly basis.

d. Postponement and Suspension of Redemption Requests

In the event that the total number of redemption requests, on any Dealing Day, amount to 10% or more of the Fund's NAV, the Fund Manager may, at its own discretion, postpone all or part of any redemption request to the following Dealing Day. In this case, the Fund Manager will apply fair procedures when choosing the redemption requests that will be postponed and will process redemption requests on a pro rata basis, always taking into account the 10% limit, which shall only be applied during periods in which redemption requests impose restrictions on liquidity, which may be negatively affect the remaining Unitholders. The execution of all or part of the redemption requests may be delayed if the transaction is suspended in one of the financial markets in which the Fund invests, either in general or in relation to assets of the Fund which the Fund Manager reasonably believes to be material to the Fund's NAV.

The Fund Manager may only suspend subscription and redemption requests in the following circumstances:

- If the Fund Manager has been ordered by the CMA to suspend subscription and redemption of units.
- If the Fund Manager reasonably believes that such suspension is in the best interests of the Unitholders.
- If there has been suspension of dealing on the principal market in which the securities or other assets held by the Fund are dealt, either in general or in relation to assets of the Fund which the Fund Manager reasonably believes to be material to the Fund's NAV.

If any suspension is imposed by the Fund Manager, then the Fund Manager will comply with the following:

- Ensure that any suspension continues only for so long as it is necessary and justified having regard to the best interests of the Unitholders.
- Review the suspension on a regular basis and consult with the Board and the Custodian on a regular basis regarding the suspension.
- Inform the CMA and the Unitholders immediately of any suspension and provide the reasons for the suspension.
- Inform the CMA and the Unitholders as soon as the suspension ends in the same way as they were informed about the suspension and disclose it on the Fund Manager's website and the Tadawul website.

The CMA shall have the power to lift such suspension if it believes that to do so would be in the best interests of the Unitholders.

e. Procedure for Choosing Redemption Requests to be deferred

In the event redemption requests are deferred, the Fund Manager will apply fair procedures when choosing the redemption requests that will be postponed and will process redemption requests which have been postponed on a pro rata basis, and will prioritize redemption requests which have been postponed over new redemption requests always taking into account the 10% limit of the Fund's NAV on the relevant Dealing Day.

f. Conditions of Transferring Units to other Investors

Unitholders may transfer the ownership of their Units in the Fund to any one of their Relatives. The transfer of Unit ownership will be allowed where the Units are part of the inheritance of a deceased Unitholder which must be distributed amongst its heirs in accordance with applicable laws and regulations. Moreover, transfer of Unit ownership will also be allowed in situations involving the execution of pledge or collateral agreements where the Unitholder has pledged its Units under such agreements as collateral.

g. Fund Manager's Investment in the Fund

The Fund Manager and its Affiliates may invest in the Fund for their own account, and such investment shall be treated no differently from other investments in the Fund by other Unitholders. The Fund Manager and its Affiliates may not exercise the voting rights attached to their Units. Furthermore, the Fund Manager must disclose, at the end of each quarter, the details of its investment in the Fund on its website, the Tadawul website and in the annual reports prepared by the Fund Manager in accordance with Article 71 of the Investment Funds Regulations.

h. Deadline for the submission of subscription and redemption requests

The deadline for the submission of subscription and redemption requests is 12:00 pm. If a request is submitted after the deadline, then it will be processed in the next Dealing Day.

i. Procedures for submitting subscription and redemption requests

- **Subscription Requests**

Investors who are interested in purchasing Units should complete and submit to the Fund Manager the relevant subscription request/form through Fund Manager's investment centres or subscribe through other channels such as phone services, online system and applications. Unitholders are required to accept the Terms and Conditions and submit required documents or information to the satisfaction of Fund Manager. The subscription amount will be debited from the investors' account.

Subscription in the Fund shall be through the purchase of Units based on the Unit price as determined on the relevant Dealing Day, as defined in these Terms and Conditions. The Fund Manager may, at its sole discretion, refuse the subscription application of any person to become a Unitholder, or if such subscription, among other things, violates any applicable law or regulation.

- **Redemption Requests**

Unitholders who would like to redeem their Units should complete and submit to the Fund Manager the relevant redemption form (which may be obtained from the Fund Manager investment centres) and any other required documents or information, as may be requested by the Fund Manager. Furthermore, a subscription request may also be submitted through other channels such as Samba Capital's phone services, online system and applications.

The maximum amount of time that may lapse between redemption by a Unitholder and payment of the redemption proceeds must not exceed two business days after the Valuation Day.

If the redemption request, at the time of its receipt, would result in a decrease in the Unitholder's investment to less than the minimum initial subscription amount, the amounts invested by such Unitholder in the Fund will be redeemed in full and transferred to the Unitholder's account without prior notice.

Unitholders may request that their investment in the Fund (or any part thereof) be transferred to another fund managed by the Fund Manager or that their ownership in the Units be transferred to any one of their Relatives, by submitting a transfer request to the Fund Manager, together with all required supporting documents, as determined by the Fund Manager. In such case, the transfer request shall be treated as a redemption request from the Fund and subscription in the second fund pursuant to the terms and conditions and the information memorandum of the relevant fund. Accordingly, redemption fees will be applied in accordance with paragraph 7 (b) of these Terms and Conditions.

If the transfer request would result in a decrease in the Unitholder's investment to less than the minimum initial subscription amount, the Fund Manager may treat such request as a redemption request from the Fund and subscription in the second fund. In all cases, the transfer request will be processed in accordance with the Fund Manager's procedures in this regard.

If a Unitholder submits a request to transfer part or all of his investment from the Fund to another fund managed by the Fund Manager at a time where subscription to that other investment fund or valuation of its assets is suspended, the net proceeds of the redemption in the first fund will be retained for the benefit of the Unitholder and the subscription procedures in the other fund (to which the investment will be transferred) will resume on the Fund's first trading day after the suspension is lifted based on the last unit price declared for such fund.

The Fund Manager shall not be liable for any claims or demands of any kind in connection with any lost opportunity or actual loss that may be incurred by a Unitholder.

j. Minimum subscription, redemption and transfer amounts

The minimum initial subscription in the Fund is SAR 7,500.

The minimum additional subscriptions in the Fund are in multiples of SAR 3,750.

The minimum redemption is SAR 3,750.

The minimum initial subscription for corporate saving plans/Samba Financial Group's savings investment plans is SAR 3000 and SAR 500 for any additional subscriptions on a monthly basis.

k. Minimum amount to be raised during the initial offering period

Not Applicable.

- I. Corrective actions to ensure the fulfilment of the requirement of maintaining SAR 10 million as a minimum NAV of the Fund

The Fund Manager will take the necessary corrective actions and notify the CMA immediately in the event that the Fund's NAV is less than SAR 10 million (unless an exemption has been obtained from the CMA in this regard), and the Fund Manager may liaise with the CMA in this regard. The Fund Manager will, within 6 months from the date of notifying the CMA, endeavour to obtain additional investments in the Fund and will adhere/comply with the CMA instructions in this respect.

## **10. DISTRIBUTION POLICY**

- a. Income and dividends Distribution Policy

The Fund will not make any distributions to unitholders. Instead, capital gains and cash dividends will be reinvested in the Fund which will be reflected in and improve the value and units of the Fund.

- b. Approximate date of distributions:

Not applicable

- c. How Distribution will be paid:

Not applicable.

## **11. REPORTING TO UNITHOLDERS**

- a. The accounting period and financial year of the Fund is 12 calendar months ending on 31 December, and the interim accounting period of the Fund is six months ending on 30 June. The Fund Manager shall prepare and issue the Fund's annual reports, the audited financial statements, the short-form annual reports and the interim reports which will be provided to the Unitholders upon request and without charge.
- b. The Fund annual reports shall be made available to the public no later than 70 days from the end of the period to which the report relates. The Fund Manager will prepare the interim reports and will make them available to the public within 35 days from the end of the period to which the report relates. The annual reports and interim reports may also be provided to Unitholders upon their request by email and/or in hard copy and will be published on the Fund Manager's website and Tadawul's website.

The Fund Manager shall provide each Unitholder with details of the NAV of the Units owned and a record of transactions in Units made by it within 15 days of each transaction. The Fund Manager shall also send to each Unitholder (including any former Unitholder who held Units during the relevant financial year) an annual statement within 30 days of the end of each financial year summarizing its transactions in the Units during the course of the year.

The Fund Manager will disclose, on a quarterly basis, on its website and Tadawul website as well as any other means as specified by the CMA, the information required under Article 71(h) of the Investment Funds Regulations.

- c. The Fund annual reports, the audited financial statements, the short-form annual reports and the interim reports will be available at any of the Fund Manager's Investment Centers as well as the Fund Manager's website and Tadawul's website.

## **12. UNITHOLDERS' REGISTER**

The Fund Manager maintains an up-to-date register of the Unitholders in the Kingdom which is deemed as conclusive evidence of ownership of Units. The Fund Manager will update the Unitholders' register immediately to reflect any change in the information contained in the register of which it becomes aware. An extract of the register shall be provided by the Fund Manager to any Unitholder free of charge upon request and can also be obtained from the Fund Manager's investment centre. Such extract will only show the information that is relevant to the requesting Unitholder.

## **13. MEETINGS OF UNITHOLDERS**

### **a. Convening a Meeting of the Unitholders**

A meeting of the Unitholders may be convened upon an invitation by the Fund Manager. Furthermore, the Fund Manager shall convene a meeting of the Unitholders within 10 days of receiving a written request from the Custodian or Unitholder(s) representing at least 25% in value of the total units of the Fund.

### **b. Procedures for calling a Meeting of the Unitholders**

The Fund Manager shall call for a meeting of Unitholders by announcing the same on its website and on the Tadawul website, and by sending a notice in writing to all Unitholders and the Custodian no less than 10 days prior to the meeting and no more than 21 days prior to the meeting. The announcement and notice must specify the date, place and time of the meeting and the resolutions proposed. Simultaneously, the Fund Manager must forward a copy of any such notice to the CMA.

The quorum required to conduct a meeting of the Unitholders shall be such number of Unitholders holding together at least 25% in value of the Units in the Fund or greater percentage.

If the requisite 25% quorum is not reached at the meeting of the Unitholders, the Fund Manager shall call for a second meeting by announcing the same on its website and on the Tadawul website, and by sending a notice in writing to all Unitholders and the Custodian at least 5 days prior to the date of such second meeting, which shall be deemed quorate irrespective of the percentage of the total Units represented therein (whether in person or by proxy).

### **c. Voting Rights at the Meeting of the Unitholders**

- Each Unitholder is entitled to appoint a representative at a meeting of the Unitholders.
- Each Unitholder is entitled to one vote per Unit owned in the Fund at the time of the meeting.
- Meetings of the Unitholders and its deliberations and voting on decisions may be held via modern technical means as per the regulatory guidelines imposed by the CMA.

## **14. UNITHOLDERS' RIGHTS**

Each Unitholder shall be entitled to:

- obtain a subscription confirmation form upon subscribing to the Fund;
- exercise its rights pertaining to the units held in the Fund, including but not limited to voting at the meeting of the Unitholders;
- receive the Fund's annual statement from the Fund Manager;
- inspect the NAV and all historical NAV figures at the registered offices of the Fund Manager, and receive details of NAV in respect of the Units owned by such Unitholder;
- receive updated versions of the Terms and Conditions and Information Memorandum reflecting the financial performance and any other sections relating to the necessary annual updates;
- request a meeting of the Unitholders;
- receive invitation from the Fund Manager to attend Unitholders' meetings;
- appoint a representative to attend the meeting of the Unitholders on his behalf;
- obtain the Fund's short-form annual reports and interim reports upon request to the Fund Manager and any other information as set out in Article 71 of the Investment Funds Regulations;
- receive the Fund's procedures for dealing with conflict of interest;
- receive a copy of the complaints handling procedures upon request to the Fund Manager free of charge;
- receive an extract of the Unitholders' register upon request free of charge;
- remove a Fund Board member by way of a special fund resolution;
- redeem its Units in the Fund without the imposition of any redemption fees (if any) before any fundamental or significant change (as defined in the Investment Funds Regulations) to these Terms and Conditions takes effect;
- receive notifications as required under the Investment Funds Regulations, these Terms and Conditions and the Information Memorandum;
- obtain the Fund's annual audited financial statements, upon request to the Fund Manager; and
- approve fundamental changes (as defined in the Investment Funds Regulations).

## **15. UNITHOLDERS' LIABILITY**

Unitholders shall not be liable for the debts and obligations of the Fund and their liability shall be limited to the loss of all or part of their investments in the Fund.

## **16. CHARACTERISTICS OF THE UNITS**

The Fund Manager, at its sole discretion and without prejudice to the provisions of the Investment Funds Regulations, may issue an unlimited number of Units in the Fund provided that they shall be of the same category noting that the Fund has only one category. All Unitholders will have the same rights (except for the Fund Manager and its Affiliates who will not have voting rights if they hold any Units in the Fund). Each Unit represents a proportional share in the Fund and equals its peers in the Fund. In case of liquidation of the Fund, a Unit's net value which is available for distribution to Unitholders shall be divided among the Units on a pro rata basis. Unless otherwise provided herein, if Units are jointly held by two or more persons, any investment in the Fund shall be deemed as 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.

## **17. CHANGES TO THE FUND'S TERMS AND CONDITIONS**

- a. The Fund Manager may, at its sole discretion, amend these Terms and Conditions after obtaining any approvals and/or notifications required by the Investment Funds Regulations.
- b. Unitholders agree that the Fund Manager must obtain the consent of the Unitholders (by way of an ordinary Fund resolution) in respect of the Fund Manager implementing any Fundamental Changes to these Terms and Conditions. Having obtained the approval of the Unitholders, the Fund Manager must then obtain the consent of the CMA in relation to the proposed Fundamental Changes to these Terms and Conditions. The Fund Manager shall inform the Unitholders of such Fundamental Changes by mail and disclose details of the Fundamental Changes on its website and on the Tadawul website within 10 days before the date on which the Fundamental Changes become effective. Each Unitholder is entitled to redeem its Units prior to such Fundamental Changes becoming effective, without incurring any redemption fees (if any).

If the Fund Manager proposes to implement Significant Changes to these Terms and Conditions, the Fund Manager must notify the Unitholders and the CMA in writing not less than (21) days prior to the date on which the Significant Changes become effective and the Fund Manager must disclose details of the Significant Changes on its website and on the Tadawul website or any other means specified by the CMA within at least (10) days prior to the date on which the Significant Changes become effective. Each Unitholder is entitled to redeem its Units in the Fund prior to such Significant Changes becoming effective, without incurring any redemption fees (if any).

If the Fund Manager proposes to implement Notifiable Changes to these Terms and Conditions, the Fund Manager shall notify the Unitholders and the CMA in writing within (8) days prior to the date on which the Notifiable Changes become effective and the Fund Manager must disclose details of the Notifiable Changes on its website and on the Tadawul website within (21) days from the date on which the Notifiable Changes become effective.

Details of all Fundamental, Significant and Notifiable changes will be included in the Fund reports prepared by the Fund manager in accordance with Article 71 of the Investment Funds Regulations.

## **18. TERMINATION OF THE FUND**

Without prejudice to these Terms and Conditions, If the Fund Manager wishes to terminate the Fund, the Fund Manager must give the Unitholders and the CMA at least 21 days' written

notice prior to the date on which the Fund Manager intends to terminate the Fund.

If the Fund NAV decreases below the minimum SAR 10 million requirement and the Fund Manager is not able to satisfy this requirement within 6 months from the date of notifying the CMA of the same, the Fund Manager will terminate the Fund and notify the CMA and the Unitholders accordingly unless a waiver is obtained.

Without prejudice to the Terms and Conditions and the Information Memorandum, the Fund Manager shall commence the liquidation process upon the termination of the Fund. The Fund Manager must disclose on its website and on the website of Tadawul that the Fund has been terminated and specify the duration of the liquidation process.

## **19. FUND MANAGER**

### **a. Functions, Duties and Responsibilities of the Fund Manager**

- The Fund Manager must act for the benefit of the Unitholders in accordance with the Investment Funds Regulations, the Authorised Persons Regulations, these Terms and Conditions and the Information Memorandum.
- The Fund Manager must comply with all principles and duties required under the Authorised Persons Regulations including discharging its fiduciary duty towards the Unitholders which includes the duty to act in the best interests of the Unitholders and the duty to exercise reasonable care and skill. The Fund Manager shall be liable to Unitholders for losses incurred by the Fund which are caused by fraud, negligence, misconduct or wilful default of the Fund Manager.
- The Fund Manager shall have the primary responsibility for compliance with the Investment Funds Regulations and the Authorised Persons Regulations. Any delegation of the Fund Manager's responsibilities and duties to any other person shall not in any way limit, reduce or satisfy the Fund Manager's responsibilities under the Investment Funds Regulations and the Authorised Persons Regulations.
- The Fund Manager's responsibilities and duties shall include:
  - fund management;
  - fund services, including administrative services to the Fund;
  - offering of Units;
  - ensuring the accuracy of the Terms and Conditions and the Information Memorandum, and that the information contained therein is complete, clear, accurate, and not misleading;
  - develop policies and procedures to detect risks affecting the Fund's investments and ensure these risks are addressed as soon as possible;
  - comply with the Investment Funds Regulations; and
  - implement a compliance monitoring program, and provide the CMA with the result of its implementation upon request.

### **b. Appointment of a Fund Sub-Manager**

The Fund Manager may appoint one or more third parties or affiliates as sub-managers for the Fund.

The Fund Manager may delegate or assign its powers, as the Fund Manager may deem fit and appropriate, to one or more financial institutions, to act as an advisor, trustee, agent or broker for the Fund, which is hereinafter referred to as "the authorized party", and to enter



into a contract with that authorized party to provide investment and/or custody and deposit services for any securities and assets, whether directly or through any third party.

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

c. Removal or Replacement of the Fund Manager

The CMA shall have the power to remove the Fund Manager and to take any action it deems appropriate to appoint a replacement fund manager or to take any other measures it deems necessary in the event of:

- a- the Fund Manager ceasing to carry on management activities without notifying the CMA as required under the Authorised Persons Regulations;
- b- the cancellation or suspension by the CMA of the Fund Manager's license to carry on management activities under the Authorised Persons Regulations;
- c- a request by the Fund Manager to the CMA to cancel its license to carry on management activities;
- d- the CMA believes that the Fund Manager has failed, in a manner which the CMA considers material, to comply with the Capital Market Law or its Implementing Regulations;
- e- the death, incapacity or resignation of a portfolio manager who manages the assets of the Fund, without there being another registered person employed by the Fund Manager who can manage the assets and investments of the Fund; or
- f- any other event determined by the CMA on reasonable grounds to be sufficiently material.

If the CMA exercises its powers to remove the Fund Manager, the Fund Manager shall cooperate fully in order to help facilitate a smooth transfer of responsibilities to the replacement fund manager during the initial (60) days period after the appointment of the replacement fund manager. The Fund Manager shall, where necessary and applicable, and at the discretion of the CMA, novate all of the contracts relating to the Fund to which it is a party to the replacement fund manager. Moreover, if the Fund Manager is removed by the CMA, the Fund Manager shall cease to make any investment decisions in respect of the Fund as soon as the replacement fund manager is appointment or from any earlier date determined by the CMA. Furthermore, the Fund Manager will comply with applicable regulatory requirements and any other instructions in instances where the CMA exercises its power to remove the Fund Manager.

## **20. CUSTODIAN**

a. Functions, Duties and Responsibilities of the Custodian

- Notwithstanding delegation by the Custodian to one or more third parties under the provisions of the Investment Funds Regulations or the Authorised Persons Regulations, the Custodian shall remain fully responsible for compliance with its responsibilities in accordance with the Investment Funds Regulations.
- The Custodian shall be held responsible to the Fund Manager and Unitholders for any losses caused to the Fund due to the Custodian fraud, negligence, misconduct or wilful default.

- The Custodian shall be responsible for taking custody of and protecting the Fund's assets on behalf of the Unitholders, and shall be responsible for taking all necessary administrative measures in relation to the custody of the Fund's assets.

b. Right of the Custodian to appoint a sub-custodian

The Custodian may appoint one or more third parties or affiliates as sub-custodian for the Fund provided that such third parties or affiliates are not the Fund Manager, the Fund sub-manager, or any of their Affiliates.

c. Provisions governing the Removal/Replacement of the Custodian

The CMA shall have the power to remove the Custodian and to take any action it deems appropriate to appoint a replacement Custodian or to take any other measures it deems necessary in the event of:

1. the Custodian ceasing to carry on custody activity without notifying the CMA as required under the Authorised Persons Regulations;
2. the cancellation or suspension by the CMA of the Custodian's relevant authorisation to carry on custody activities under the Authorised Persons Regulations;
3. a request by the Custodian to the CMA to cancel its authorisation to carry on custody activities;
4. the CMA believes that the Custodian has failed, in a manner which the CMA considers material, to comply with the Capital Market Law or its Implementing Regulations; or
5. any other event determined by the CMA on reasonable grounds to be sufficiently material.

If the CMA exercises its powers to remove the Custodian, the Fund Manager must appoint a replacement custodian to the Fund in accordance with the CMA's instructions, and in such case the Fund Manager as well as the removed Custodian shall co-operate fully in order to facilitate a smooth transfer of responsibilities to the replacement custodian during the first 60 days of appointing the replacement custodian. The Custodian must transfer, where the CMA determines it to be necessary and applicable in its absolute discretion, all contracts related to the Fund to the replacement custodian.

The Fund Manager may remove the Custodian pursuant to a written notice, if the Fund Manager reasonably believes that the removal of the Custodian is in the best interests of the Unitholders. In such case, the Fund Manager will immediately inform the CMA and the Unitholders in writing. The Fund Manager shall appoint a replacement Custodian within 30 days of receiving the termination notice. The removed Custodian is required to fully cooperate with the Fund Manager to facilitate a smooth transfer of responsibilities to the replacement custodian. The Fund Manager will also immediately disclose the appointment of a replacement custodian to the Fund on its website and the Tadawul website.

## 21. AUDITOR

a. Name of the Auditor of the Fund

**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

b. Functions, Duties and Responsibilities of the Auditor

The Auditor, who shall be appointed by the Fund Manager upon the approval of the Fund's Board, is responsible for reviewing the Fund's interim and annual financial statements in accordance with the standards adopted by the Saudi Organisation of Certified Public Accountants, the International Fund Regulations, these Terms and Conditions and Information Memorandum.

c. Provisions governing the replacement of the Auditor

The Fund Manager has the right to replace the Auditor, after obtaining the approval of the Fund Board, in the circumstances set out below.

The appointment and substitution of the Auditor must be approved by the Fund Board.

The Fund Board must reject the appointment of an Auditor, or instruct the Fund Manager to replace an Auditor which has been appointed for the Fund, in the following circumstances:

- 1) if there are any outstanding and significant allegations of professional misconduct in relation to audit functions by the Auditor;
- 2) the Auditor ceases to be an independent auditor;
- 3) the Fund Board determines that the Auditor does not have sufficient qualifications and experience to perform satisfactory auditing functions; or
- 4) the CMA, in its absolute discretion, instructs the Fund Manager to replace the Auditor.

## **22. FUND ASSETS**

- a. The Fund's assets are held by the Custodian on behalf of the Fund.
- b. The Custodian shall segregate the Fund's assets from his own assets and the assets of other clients.
- c. The assets of the Fund are collectively owned by the Unitholders. The Fund Manager (and any sub-fund manager), the Custodian (and any sub-custodian), any investment advisor or distributor shall not have any interest in or claim against such assets unless (i) any such person is a Unitholder or (ii) if such interest or claim is permitted under the Investment Funds Regulations and is disclosed in these Terms and Conditions or the Information Memorandum.

## **23. UNITHOLDER DECLARATION**

I/We have read and acknowledged these Terms and Conditions, the Information Memorandum and the Fact Sheet associated with the Fund, and consent to the characteristics of the Units subscribed for, and have received and signed a copy of these Terms and Conditions.

**INVESTOR'S ACKNOWLEDGEMENT & APPROVAL**

**Investor's Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**For Corporate investors:** \_\_\_\_\_

**Authorised Signatory(ies):** \_\_\_\_\_

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

**Address(es):** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

**Mobile:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_

**Fax Number:** \_\_\_\_\_

**Al Razeen SAR Liquidity Fund**

(Specialised Public Investment Fund – Money Market Fund - Open)

**Information Memorandum**

- a. Al Razeen SAR Liquidity Fund is a specialised public investment fund – money market fund – open which invests primarily in short term Money Market Instruments and other investment funds with similar objectives.
- b. The Fund Manager is Samba Capital & Investment Management Company, a Saudi company authorized under license Number. (07069-37), in accordance with the Authorized Persons Regulations issued by the CMA.
- c. The Custodian is HSBC Saudi Arabia, a company licensed by the CMA pursuant to license number 05008-37.
- d. The Information memorandum of the Fund was issued on 01/04/2018 and it has been updated on 17/03/2020.
- e. This Information Memorandum and its contents are governed by the provisions of the the Investment Funds Regulations.
- f. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE INFORMATION MEMORANDUM. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

## IMPORTANT INFORMATION

- a. This Information Memorandum has been reviewed and approved by the Fund Board. The Fund Manager and members of the Fund Board directors collectively and individually accept full responsibility for the accuracy of the information presented herein. The Fund Board directors and the Fund Manager confirm there are no false or misleading statements, or omission of other facts which would make any statement in the Information Memorandum false or misleading.
- b. The Capital Market Authority has approved the establishment of and the offering of units in the investment Fund. The Capital Market Authority does not, however, take any responsibility for the contents of this Information Memorandum, nor does it make any representation as to its accuracy or completeness (complete, clear, accurate, and not misleading), and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. The Capital Market Authority does not make any recommendation as to the soundness or otherwise of investing in the investment Fund, and the approval of establishing the Fund does not mean that the Capital Market Authority recommends to invest in the Fund nor confirms the authenticity of the information contained in the Terms and Conditions and the Information Memorandum, and the Capital Market Authority emphasizes that the decision to invest in the Fund is up to the investor or its representative.
- c. This Information Memorandum, together with the Terms and Conditions and all appendices thereto, constitute the entire agreement between the Fund Manager and the Investor.
- d. This agreement shall be legally binding, and shall govern the relationship on the basis of which the Fund Manager shall provide its services to Investors. This agreement supersedes any terms and conditions signed between the Fund Manager and the investor in relation to this Fund.
- e. The Fund Manager may take, or cancel, any action that it may deem appropriate to ensure compliance with any regulations issued by the CMA, and the Fund Manager shall not bear any responsibility in connection thereto towards the Investor or any third party.
- f. Potential investors are advised to read this document carefully, and seek appropriate professional advice where needed, before making any investment decision in relation to this Fund, and should not treat the Fund Manager's opinion as a recommendation to invest in Units of the Fund. Potential investors should also understand that Fund's risk level is low.
- g. The Fund Manager's liability shall be limited to exerting its commercial endeavours to procure that any such third party rectifies any action undertaken by it. Under all circumstances, the Fund Manager shall not be liable for any direct, indirect or consequential loss or damage, whether attributable to a mistake, negligence, wilful negligence, liquidation, bankruptcy, insolvency, or any other financial failures which may be caused by third parties. The Fund Manager shall take the necessary actions to recover of any losses.

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## Definitions

The following definitions apply throughout the Terms and Conditions and this Information Memorandum:

<b>Affiliate</b>	A person who Controls another person or is Controlled by that other person, or who is under common Control with that person by a third person. In any of the preceding, Control could be direct or indirect.
<b>Auditor</b>	PricewaterhouseCoopers.
<b>Authorised Persons Regulations</b>	Authorised Persons Regulations issued by the Board of the CMA pursuant to Resolution No. 1-83-2005 dated 21/05/1426H corresponding to 28/06/2005G as amended pursuant to the CMA Board Resolution Number 3-85-2017 dated 27/12/1438H corresponding to 18/09/2017G.
<b>Authority or CMA</b>	The Saudi Arabian Capital Market Authority specified in the Capital Market law promulgated by Royal Decree No. (M/30) dated 02/06/1424H, a government authority having financial and administrative autonomy and reporting directly to the Prime Minister. The CMA oversees the regulation and development of the Capital Market, and issues regulations, rules and instructions as necessary to implement the Capital Market Law and regulations.
<b>Board</b>	The board of directors of the Fund.
<b>Business Day</b>	The day on which Saudi banks are open for business in the Kingdom.
<b>Capital Market Law</b>	The Capital Market Law issued pursuant to Royal Decree Royal Decree No. (M/30) dated 02/06/1424H and its Implementing Regulations.
<b>Control</b>	The ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a Relative or Affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the governing body; "controller" shall be construed accordingly.
<b>CRSD</b>	The Committee for the Resolution of Securities Disputes.
<b>Custodian</b>	HSBC Saudi Arabia.
<b>Dealing Days</b>	The days on which subscription and redemption requests are processed, being every Business Day.
<b>Fund</b>	Al Razeen SAR Liquidity Fund.
<b>Fundamental Change</b>	Means any one of the following changes: <ul style="list-style-type: none"><li>• a change which significantly changes the purposes or nature of the Fund;</li></ul>



- a change which alters the status of the Fund's risks;
- the voluntary withdrawal of the Fund Manager from its position as fund manager; or
- any other instances determined by the CMA from time to time as being a fundamental change and reported to the Fund Manager.

<b>Fund Manager</b>	Samba Capital & Investment Management Company.
<b>Group</b>	In relation to a person, means that person and each of its Affiliates.
<b>Independent Fund Director</b>	An independent fund director who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence: <ol style="list-style-type: none"> <li>1) being an employee of the Fund Manager or any of its Affiliates, or any sub-manager or the Custodian; or has a material business, or contractual relationship with the Fund Manager, any sub-manager or the Custodian;</li> <li>2) he, during the preceding two years, has been a senior executive of the Fund Manager or any of its Group;</li> <li>3) he is a first-degree relative of any board member or any senior executives of the Fund Manager or of any other company within that Group; or</li> <li>4) holds Control over the Fund Manager or any of its Group during the preceding two years.</li> </ol>
<b>Index</b>	SIBOR 1-month index.
<b>Information Memorandum</b>	The information memorandum of the Fund made available to potential unitholders to assist them in making an informed judgment regarding the investment being offered to them and which includes the information specified in Annex 2 of the Investment Funds Regulations.
<b>Investment Funds Regulations</b>	The Investment Funds Regulations issued by the CMA Board pursuant to Resolution Number 1-219-2006 dated 03/12/1427H corresponding to 24/12/2006G, as amended pursuant to the CMA Board Resolution Number 1-61-2016 dated 16/08/1437H corresponding to 23/05/2016G.
<b>Investor or Unitholder</b>	Each investor in of owner of Units in the Fund.
<b>Issuer</b>	A person that issues securities or intends to do so.
<b>Kingdom</b>	The Kingdom of Saudi Arabia.
<b>Money Market Instruments</b>	Short-term deposits and securities, trade finance contracts and other similar investments.
<b>NAV</b>	Net asset value of the Fund less liabilities including the Fund's fees and expenses.

<b>Non-Independent Fund Director</b>	A member of the board who is not an independent fund director.
<b>Normal Market Conditions</b>	The normal circumstances of financial markets and economies as determined by the Fund Manager.
<b>Notifiable Change</b>	Any change that is not considered a Fundamental Change or Significant Change.
<b>Relative</b>	Husband, wife and minor children.
<b>SAR</b>	Saudi Arabian Riyals.
<b>Significant Change</b>	Means any change that is not a Fundamental Change, but which: <ul style="list-style-type: none"> <li>• would reasonably be expected to cause Unitholders to reconsider their participation in the Fund;</li> <li>• results in any increased payments out of the assets of the Fund to the Fund Manager or any member of the Fund Board or an affiliate of either;</li> <li>• introduces any new type of payment out of the assets of the Fund;</li> <li>• materially increases other types of payment out of the assets of the Fund; or</li> <li>• any other cases determined by the CMA as being a significant change and reported to the Fund Manager.</li> </ul>
<b>Stock Exchange or Tadawul</b>	The Saudi Arabian Stock Exchange.
<b>Terms and Conditions</b>	The terms and conditions of the Fund as constituted by this document and signed between the Fund Manager and the Unitholder.
<b>Unit</b>	The interest of the Unitholders in the Fund, and each unit shall be treated as representing one undivided interest in the assets of the Fund.
<b>USD</b>	United States Dollars.
<b>Valuation Days</b>	The days on which the Unit price is determined, by the Fund Manager, being each Business Day.
<b>Value Added Tax (VAT)</b>	Means the value added tax applied pursuant to the Value Added Tax (VAT) Law.
<b>Value Added Tax (VAT) Law</b>	Means the Value Added Tax (VAT) Law issued pursuant to Royal Decree No. (M/113) dated 2/11/1438H corresponding to 25/07/2017G, and its implementing regulations.

## 1. INVESTMENT FUND

- a. Name of the Fund:  
Al Razeen SAR Liquidity Fund.
- b. Date of the Issuance of Fund Terms and Conditions:  
13/10/1988G and amended on 04/02/2019G.
- c. Date of CMA approval for establishment of and offering of units in the Fund:  
13/10/1988G and 04/04/2009G.
- d. Fund duration and maturity date:  
The Fund is a specialised public investment fund – money market fund – open with no fixed term.
- e. Fund currency:  
The currency of the Fund is Saudi Riyal (SAR). If payment for the Units is made in another currency, it shall be converted to SAR by the Fund Manager on the basis of prevailing market exchange rates available to the Fund Manager, and the purchase of the Units shall be effective as from the date the relevant amount in SAR is received by the Fund Manager. The Investor assumes currency conversion expenses.

## 2. INVESTMENT POLICIES AND PRACTICES

- a. Fund Objectives  
The Fund's investment objective is to achieve liquidity and capital growth through investments in short term Money Market Instruments in SAR and/or USD. The Fund will also invest in other CMA licensed public investment funds with similar objectives and risks. The Fund may invest up to 20% of the Fund NAV in long-term investments such as sukuk, bonds and structured products denominated in SAR and/or USD.
- b. Type of Securities in which the investment fund will invest in primarily:  
The Fund:
- shall mainly invest in short term Money Market Instruments denominated in SAR and/or USD;
  - may invest up to 20% of the Fund NAV in long-term investments such as sukuk, bonds and structured products (other than securitisation) denominated in SAR and/or USD;
  - may invest up to 10% of the Fund NAV in other CMA licensed public investment funds with similar objectives and risks.
- c. A description of the Fund's policy to concentrate investment in any specific securities, industries, sectors, countries, and/or a geographic area:  
The Fund shall mainly invest in Money Market Instruments denominated in SAR and/or USD. The following table sets out the available types of investments for the Fund and the percentages allocated to each:

Investment	Min of Fund assets	Max of Fund assets
Short term Money Market Instruments in SAR and/or USD	80%	100%
Sukuk, bonds and structured products denominated in SAR and/or USD	0%	20%
Units of other CMA licensed public investment funds with similar risks	0%	10%

The Fund will not operate a strategy that excludes certain industries and instead will retain the highest possible degree of flexibility in the manner described in the Fund's objectives and investment strategies.

d. Markets in which the Fund intends to invest:

The Fund's investments shall not be limited to any particular country or market.

e. Specific Techniques and Instruments that may be used in the management of the Fund:

The Fund Manager shall rely on the rating of the international credit rating agencies such as Moody's, Fitch and Standard & Poor's as a general practice. Furthermore, the Fund:

- shall not invest in institutions or fixed income instruments that fall below the investment grade of Baa3 according to Moody's rating and BBB- according to Fitch and Standard & Poor's ratings; *however*
- may invest up to 20% in unrated institutions or fixed income instruments provided that the Fund Manager uses its internal evaluation criteria for risk assessment of financial institutions and fixed income instruments.

The standards to be adopted by the Fund Manager for selecting investment funds are based on risks, liquidity, and yield of investments, as needed.

The Fund's investments shall not exceed 25% of its NAV in dealing with all third parties.

The Fund Manager may invest the Fund's assets in securities issued by the Fund Manager or any of its affiliates.

The Fund shall have a weighted average maturity of no more than 120 calendar days. The Fund Manager shall ensure that no less than 10% of the Fund's NAV is held in cash or investments with maturities or remaining maturities of no more than 7 days.

f. Types of securities that cannot be included in the Fund's investments

The Fund shall not invest in any investments or securities other than the following:

- short-term Money Market Instruments;
- sukuk and structured products; and
- units in similar public CMA-licensed investment funds.

In addition, the Fund Manager may not include the following securities among the Fund's investments:

- futures;
- options; and
- swaps.

g. Investment Limits and Restrictions

The restrictions on the type of securities in which the Fund may invest are set out in the Investment Funds Regulations, the Terms and Conditions, and the Information Memorandum.

h. The Maximum Limit to which the Fund Can Invest in Other Funds that are Managed by the Fund Manager or any other Fund Managers

the Fund Manager may invest up to 10% of the Fund's NAV in units of other investment funds.

i. Fund Borrowing Powers, Fund Manager Policy on the Exercise of borrowing rights and with respect to Pledging Assets of the Fund:

The Fund may seek funding, provided that any funding amount shall not exceed 10% of the Fund's NAV and that the period of such financing shall not exceed one year, except borrowing from its manager or any of its affiliates to cover redemptions.

j. Maximum limit of Dealing with any counterparty

The Fund Manager shall not invest more than 25% of the Fund's NAV in any transactions involving third parties.

k. Fund Manager Policy for the management of Fund risks

The Fund Manager has in place policies and procedures to identify risks affecting the Fund's investments and to ensure that such risks are addressed as soon as possible, which include conducting a risk assessment at least once a year. The Fund Manager also applies a prudent spread of risk while taking into consideration the Fund's investment policies, the Term and Conditions, and the Information Memorandum. Furthermore, the Fund Manager shall make every effort to ensure that sufficient liquidity is available to meet any anticipated recovery request. The Board of the Fund plays a role in ensuring that the Fund Manager fulfils its responsibilities to the benefit of the Unitholders in accordance with the provisions of the Investment Funds Regulations, the Terms and Conditions and the Information Memorandum.

l. Benchmark Index, Provider of Benchmark and the Bases and the Methodology used to Calculate the Benchmark.

SIBOR 1-month Index is the Saudi Arabian Interbank Offered Rate. It is a daily reference rate published by Thomson Reuters and Bloomberg system based on interest rates at which Saudi banks offer to lend unsecured funds to other banks in the money market For more information, please visit the website of Reuters.

m. Investing in Derivatives

The Fund may invest in derivatives relating to structured products.

n. Waivers approved by CMA for any investment limits and restrictions

The Fund has not obtained any waivers from the CMA in respect of the investment restrictions that would otherwise apply to the Fund pursuant to the Investment Funds Regulations.

**3. RISKS OF INVESTING IN THE FUND**

- a. The Fund is suitable for an investor who seeks simple capital appreciation with relatively low risks. Given the nature of the Fund's investments, the value of its investments and income are likely to be volatile and, as a result, the Unit price may rise or fall.
- b. Past performance of the Fund or past performance of the Index is not an indicator of the future performance of the Fund.
- c. There is no guarantee that the Fund's absolute performance or its performance relative to the Index will repeat or match past performance.
- d. Investment in the Fund is not equivalent to making a deposit with a bank.
- e. Investors are hereby at risk that they may lose some or all of the money they invest in the Fund. Furthermore, Investor's investments in the Fund shall not constitute guaranteed liabilities of the Fund Manager or any affiliate or subsidiary, but shall be subject to the below mentioned investment risks. The Fund Manager shall not be liable for any claim(s) whatsoever, for any lost opportunity or any actual loss that may be incurred by the Investor, except in case of the wilful default or gross negligence of the Fund Manager, subject always to the risks set out in this Information Memorandum.
- f. The main risks of investment in the Fund include:

**Value Added Tax Risk**

Investment in the Fund is subject to tax related risks, which could have an effect on the Fund's liquidity resulting in the reduction of the Fund's assets as well as the Fund's investment returns. These effects may cause a negative impact on the Unit price, Fund's performance and its NAV. Therefore, potential investors must obtain the relevant consultation in respect of the applicable taxations for acquiring or selling Units in the Fund.

**Natural Disasters Risk**

Financial markets and investment sectors are affected by natural disasters that may result in price decreases, which may negatively affect the performance of the Fund and thus may have a negative impact on the Fund's NAV and the Unit price.

**Conflicts of Interest Risk**

If there is a conflict of interest with the Fund Manager then this may affect the objectivity and independence of the Fund Manager's decisions, which may negatively affect the Fund's performance and thus may have a negative impact on the Fund's NAV and the Unit price.

**Relying on the of the Fund Manager's Staff Risk**

The Fund Manager relies on its specialist team in order to manage the Fund, and therefore the Fund may be adversely affected by the loss of executives and employees associated. In such circumstances, it may be difficult to find replacement staff with the requisite level of

experience and expertise and this may negatively affect the performance of the Fund and thus may have a negative impact on the Fund's NAV and the Unit price.

### **Risk relating to the Issuer**

The risk arises from the exposure to changes in the underlying financial conditions of the issuer due to changes in management, demand or products and services. This risk may also include situations where the issuer undergoes legal actions because of irregularities it commits, which may lead to the devaluation of its shares, and thus may negatively affect the performance of the Fund and thus may have a negative impact on the Fund's NAV and the Unit price.

### **Exposure to Changes in Legislations**

When investing in stock markets, there are risks related to changes in legislation enacted by different authorities related to financial markets, which could result in sharp fluctuation in prices. This may negatively affect the performance of the Fund and thus may have a negative impact on the Fund's NAV and the Unit price.

### **Investment Strategy Risk**

The Fund Manager does not make any representations, or offer any guarantee, that the Fund's investment strategies will achieve its purposes. As such, failing to achieve such purposes may negatively affect the Fund's NAV and thus may have a negative impact on the Fund's NAV and the Unit price.

### **Risks of Investing in other investment funds**

There are risks that may affect other investment funds, in which the Fund may invest, which are subject to short and mid-term fluctuations, volatility of the Unit price. As such, this may negatively affect the performance of the Fund and thus may have a negative impact on the Fund's NAV and the Unit price.

### **Economic Risk**

The capital markets are affected by both global economic factors as well as regional economic factors. As such, capital markets decline during economic recessions, which could lead to the decline of the Fund NAV. In particular, the GCC economy is heavily dependent on oil prices and revenues, and is therefore subject to fluctuations in oil prices. As such, this may have an effect on government spending and could therefore affect the local and regional economy, which could as a result negatively affect the Fund's performance and its NAV and the Unit price.

This risk also relates to the possibility of losses resulting from the collapse of a financial system that has negative effects on global or local economies and may adversely affect the performance of the Fund and may therefore have a negative impact on the Fund's NAV and the Unit price.

### **Credit Risk**

If the Fund invests its cash assets in Murabaha transactions, there is a possibility that a borrower or counterparty to such transactions may be unable to repay or settle its obligations in a timely manner or may even fail to pay entirely, which could result in a significant decrease in the value of the Fund's NAV. As such, this could have a negative effect on the Fund's performance and its NAV and the Unit price.

## Dealing with Third Parties Risk

The Fund may enter into transactions with third parties who may be unable to fulfill their contractual obligations under such transactions, which as a result could have a negative effect on the Fund's overall performance and its NAV and the Unit price.

## Operational Risk

Operational risk is defined as risks resulting from inadequate or failed processes related to people, systems and external events including legal risks. It arises from potential disruptions of processes associated with the delivery of products or services to customers. As such, if any such event occurred, this may result in a negative impact on the Fund's performance and its NAV and Unit price.

## Sukuk Risk

The Fund may invest in sukuk which are equivalent to senior unsecured debt instruments. As such, the investor may be exposed to capital risk if a credit event is encountered with the primary issuer. These sukuk can be SAR and/or USD denominated. As such, this could have a negative effect on the Fund's NAV and Unit price.

## Risk of structured products

The Fund may, from time to time, invest in structured products which are instruments issued with different conditions, payments and levels of risk associated with the performance of one of the assets or indices or the basket of assets and indices. The risks associated with investments in structured products are as follows:

**Credit rating:** structured products may not benefit from the same issued credit rating specified for other liabilities or entered into by the issuer of the concerned product. Changes may occur on some of the credit ratings issued by credit rating agencies with regard to the creditworthiness of the issuer or guarantor (if any) or the collateral of the relevant structured product, which would affect the value of the investor's investment. As such, this could have a negative effect on the Fund's NAV and Unit price.

**restrictions:** transfer restrictions are applied to offering, sale and transfer of structured products in different jurisdictions. A holder of investment certificate does not have equivalent rights (e.g. right to recourse the invested amount in case of failure) entertained by the direct owner of the investment. As such, this could have a negative effect on the Fund's NAV and Unit price.

**Basic credit risk of the issuer or guarantor (if any):** structured products are exposed to the credit risk associated with the issuer, guarantor or the collateral of the relevant structured product, which may lead to the failure of the relevant issuer or guarantor (if any) to meet its payment obligations related to that structured product. The client depends on the creditworthiness of that issuer, guarantor and encumbered assets by way of security, as the case may be, and not any other party. Moreover, credit ratings are subject to downgrade. The client may not receive any return and/or lose its principal or a part thereof in the event of insolvency of the issuer and/or guarantor or failure to perform their obligations relating to the product.

**Basic credit risk of a reference entity:** fixed income structured products are exposed to basic credit risks related to a reference entity in the event of occurrence of a risk incident such as failure to pay, loan restructuring, non-payment of restructuring, bankruptcy, and repudiation (as in the case in financial solvency risks). Furthermore, financial instruments may be recovered at less than their face value or in severe case may lose their value



completely, without having the agents to pay more profits. There will be circulating agents whose responsibility is to announce any developments relating to credit conditions in which may cause a decline in the value of a financial instrument or loss of its entire value. As such, this could have a negative effect on the Fund's NAV and Unit price.

**Market risk:** market value may move up or down depending on the movement of interest rates and performance of the senior reference entities, stocks, indices, financial condition or credit rating of the issuer/guarantor/collateral of the relevant structured product and other factors. Keeping a product is not like keeping senior shares or assets. Therefore, the market value of a product may be affected by factors other than those related to senior securities or assets. As such, this could have a negative effect on the Fund's NAV and Unit price.

**Liquidity risk:** liquidity refers to how quickly and easy it is to sell an asset and transfer it to cash. Some of the sukuk, bonds and structured products may be less liquid than other instruments which means they cannot be sold as quickly or easily. In addition, some of the sukuk, bonds and structured products may difficult to liquidate for the lack of a secondary market or because of legal restrictions or restrictions relating to the type of investment or relating to the fact that there are no buyers interested in this type of asset. As such, this could have a negative effect on the Fund's performance and consequently the Fund's NAV.

**Interest rate risk:** changes in monetary policy and interest rate fluctuations may affect currency prices and capital markets generally which may have a negative effect on the Fund's performance and consequently the Fund's NAV and Unit price.

**Currency risk:** the Fund may trade in securities that are not denominated in the principal currency of the Fund and as such will be subject to currency risks. Fluctuations in exchange rates may lead to increases or decreases in the Unit price which may have a negative effect on the Fund's NAV and Unit price.

### **Risks of Price Fluctuations**

The general movement in the local and international capital markets, real estate markets, prevailing and expected economic conditions, profit rates, financing costs, investor confidence and general economic conditions may adversely affect the Units' market price, the Fund's performance and net asset value. Units' market is subject to fluctuations and the lack of liquidity could have a negative impact on the Units' market value. Accordingly, purchase of such Units is only suitable for investors who can bear the risks associated with such investments.

### **Technical Risks**

The Fund Manager technically manages the Fund. However, his information systems may be hacked or attacked by viruses, or may be partially or fully disrupted in a manner limiting the Fund Manager's ability to effectively manage the Fund's investments. This would adversely affect the Fund's performance, net asset value of the Fund and the Unit price, which in turn would affect unit holders of the Fund.

### **Concentration Risks**

Risks of investments concentration in a particular investment or state. Such risks are occurred upon lack of diversity, which may have a negative impact on the Fund's performance.

## **Custody Risks**

These risks relate to losses incurred on securities held with the custodian or sub-custodian as a result of certain acts committed by him or the custodian's failure (such as: negligence, misuse of assets, fraud, mismanagement or inadequate record keeping). This would also affect the performance of the Fund, and in turn, have a negative impact on the net asset value in the Fund as well as the unit price.

## **Risks of Organizational Changes**

The information contained in the present information note is based on existing and declared legislations. The laws applicable in the Kingdom, including the laws relating to taxes or Zakat during the term of the Fund, may be amended in a manner that may affect the Fund and its investments or the investors and may adversely affect the Fund's performance. Therefore, such amendments may have a negative impact on the net asset value of the Fund and Unit price.

## **Political Risks**

The Fund may be directly or indirectly affected by political and economic developments in neighbouring regions, as these may affect all economic and development activities, including the Fund's activities. Any impact on the Fund's investments will have a direct impact on the returns generated to the Unit holders, and may therefore have a negative impact on the net asset value of the Fund.

## **Risks of Unit Price Fluctuations**

Interest rate risks are the risks in which sukuk prices and other fixed income securities prices rise whenever the interest rates fall, and fall whenever the interest rates rise, resulting in fluctuations in the unit price. This would affect the performance of the Fund, and in turn, have a negative impact on the net asset value in the Fund as well as the unit price.

## **4. GENERAL INFORMATION**

### **a. Profile of investors most suited to invest in the Fund**

The Fund is suitable for an investor who seeks simple capital appreciation with relatively low risks.

### **b. Distribution Policy, details for unclaimed distributions and information on payment method (if any)**

The Fund will not make any distributions to unitholders. Instead, capital gains and cash dividends will be reinvested in the Fund which will be reflected in and improve the value and units of the Fund.

### **c. The Fund's historical performance**

- The table below sets out the following information: the average total returns for the last year, the last three years and the last five years; the annual total return for each year of the past 10 years; and the Fund's performance against its benchmark for the past five years:

- The total returns of the Fund for the last year, the last three years, and the last five years or since inception (if applicable):

Period	Average total returns of the Fund %
Past year	2.28
Past 3 years	6.59
Past 5 years	9.85
Since inception	189.53

- The annual total return for each years of the past ten years:

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
The average total returns of the Fund%	1.08	0.90	1.17	1.01	0.77	0.82	2.42	1.92	1.91	2.28

- The Fund's performance against its benchmark for the past five years or since inception, if applicable:

Period	The Fund's performance%	The benchmark performance%
Past year	2.28	2.56
Past 3 years	6.59	6.51
Past 5 years	9.85	9.13
Since inception	189.53	148.13

- Dividend distribution history (for the past 3 financial years): the Fund did not distribute dividends for the past three years.
- The Fund reports are publicly available on the Fund Managers' website.

d. Unitholders' rights

Each Unitholder shall be entitled to:

- obtain a subscription confirmation form upon subscribing to the Fund;
- exercise its rights pertaining to the units held in the Fund, including but not limited to voting at the meeting of the Unitholders;
- receive the Fund's annual statement from the Fund Manager;
- inspect the NAV and all historical NAV figures at the registered offices of the Fund

Manager, and receive details of NAV in respect of the Units owned by such Unitholder;

- receive updated versions of the Terms and Conditions and Information Memorandum reflecting the financial performance and any other sections relating to the necessary annual updates;
- request a meeting of the Unitholders;
- receive invitation from the Fund Manager to attend Unitholders' meetings;
- appoint a representative to attend the meeting of the Unitholders on his behalf;
- obtain the Fund's short-form annual reports and interim reports upon request to the Fund Manager and any other information as set out in Article 71 of the Investment Funds Regulations;
- receive the Fund's procedures for dealing with conflict of interest;
- receive a copy of the complaints handling procedures upon request to the Fund Manager free of charge;
- receive an extract of the Unitholders' register upon request free of charge;
- remove a Fund Board member by way of a special fund resolution;
- redeem its Units in the Fund without the imposition of any redemption fees (if any) before any fundamental or significant change (as defined in the Investment Funds Regulations) to the Terms and Conditions takes effect;
- receive notifications as required under the Investment Funds Regulations, the Terms and Conditions and the Information Memorandum;
- obtain the Fund's annual audited financial statements, upon request to the Fund Manager; and
- approve fundamental changes (as defined in the Investment Funds Regulations).

e. Unitholder's liabilities

Unitholders shall not be liable for the debts and obligations of the Fund and their liability shall be limited to the loss of all or part of their investment in the Fund.

f. Circumstances and procedures of Termination of the Fund

If the Fund Manager wishes to terminate the Fund, the Fund Manager must give the Unitholders and the CMA at least 21 days' written notice prior to the date on which the Fund Manager proposes to terminate the Fund, without prejudice to the Terms and Conditions and the Information Memorandum.

If the Fund NAV decreases below the minimum SAR 10m requirement and the Fund Manager is not able to satisfy this requirement within 6 months from the date of notifying the CMA of the same, then the Fund Manager shall terminate the Fund and notify the CMA and the Unitholders accordingly unless an exemption is obtained.

Without prejudice to the Terms and Conditions and the Information Memorandum, the Fund Manager shall commence the liquidation process upon the termination of the Fund. The Fund Manager must disclose on its website and on the website of Tadawul that the Fund has been terminated and specify the duration of the liquidation process. Liquidation proceeds will be distributed to the Unitholder pro rata to their ownership in the Fund after deducting all of the Fund's obligations.

- g. The Fund Manager confirms the existence of an internal mechanism and procedures to evaluate the risks associated with the Fund's investment.

## 5. FEES, CHARGES AND EXPENSES

- a. Details of the fees, charges and payments to be paid from the Fund's assets and the method of calculation:

The table below sets out the details of the fees, charges and payments (exclusive of VAT) to be paid from the Fund's assets:

Type	Percentage/Amount (SAR)
<b>Management fees (subject to VAT in accordance with VAT Regulations)</b>	0.50% per annum of the Fund's net assets which shall be paid to the Fund Manager after deducting accrued expenses and liabilities, and which will be calculated in accordance with the following formula: $\frac{(\text{Fund assets} - \text{other accrued expenses}) \times (\text{administrative expenses}) \times (\text{number of days from the previous Valuation Day to the current Valuation Day})}{360} \times (1.05)$ The management fee will be calculated and accrued on each calendar day and will be paid on a quarterly basis, which shall be calculated and payable based on the NAV of the Fund for each quarter as established at every Valuation Day during the relevant quarter.
<b>Borrowing expenses</b>	According to prevailing market prices.
<b>Dealing fees (these fees will be subject to VAT in accordance with VAT Regulations)</b>	According to prevailing market prices.
<b>Custody fee (subject to VAT in accordance with VAT Regulations)</b>	0.0125% per annum of the total assets held by the Custodian.  Transaction fees (USD): USD 20 per transaction.  Safe custody fees will be calculated each calendar day and will be paid monthly based on total assets under custody at the end of each month.
<b>Auditor fees (per executed contract - subject to VAT in accordance with VAT Regulations)</b>	SAR 50,000 per annum, which is a fixed sum deducted from the total assets of the Fund as per the contract with the auditor.
<b>CMA Supervision fees*</b>	SAR 7,500 per annum, which is a fixed sum deducted from the total assets of the Fund as per the fees prescribed by the CMA.
<b>Benchmark index fees</b>	Not applicable.
<b>Tadawul publication fees on Tadawul's website* (subject to</b>	SAR 5,000 per annum, which is a fixed sum deducted from the total assets of the Fund as per the

<b>VAT in accordance with VAT Regulations)</b>	fees prescribed by Tadawul.
<b>Fees of the Independent Fund Directors *</b>	Estimated to be around SAR 43,741 noting that these fees form a percentage of the total fees payable to independent fund directors of ten conventional funds managed by the Fund Manager which is SAR 80,000 per annum.  The fees shall be allocated based on the percentage of the NAV against the net asset value of the other conventional funds.
<b>Other fees and expenses (administrative expenses relating to unitholder meetings, report printing expenses, out of pocket expenses and others)</b>	These fees and expenses are not expected to exceed 0.5% of the NAV, and shall be calculated on each Valuation Day. This limit (i.e. 0.5% of the NAV) also covers fees and expenses payable by the Fund (including fees and expenses in this table) other than management, custody, dealing and borrowing fees and expenses.

\* accrued fees and expenses shall be calculated according to the number of due days for each Calendar Day and shall be paid upon receiving invoices.

b. Details of the fees imposed on the subscription, redemption and transfer of Units in the Fund

No fees will be imposed on subscriptions, redemptions or transfers of units in the Fund to another investment fund managed by the Fund Manager.

c. Special commission arrangements

Subject to the Investment Funds Regulations and the Authorised Persons Regulations, the Fund Manager may enter into special commission arrangements. Any goods or services received by the Fund Manager under a special commission arrangement must be limited to such goods and services which are related to the execution of transactions on behalf of the Fund or the provision of research for the benefit of the Fund. The Fund Manager shall not accept any sums of money under a special commission arrangement or any other arrangements.

d. Hypothetical example illustrating all fees, charges and expenses, paid from the Fund's assets or Unitholders based on the currency of the Fund (inclusive of VAT)

<b>Assumptions:</b>		
1. Sole investor		
2. Investment value SAR 100 million (10,000,000 units x SAR 10 unit price)		
3. Return on investment is 5% quarterly		
4. Retention of 10% of the investment in cash		
Investment Value		SAR 100,000,000
Fund details	Cash (A)	SAR 10,000,000
	Investments (B)	SAR 90,000,000

Valuation of investments at the end of the first quarter assuming the increase of their value by 5%	$C = B + (B \times 5\%)$	SAR 94,500,000
Total fund assets including cash	$D = A + C$	SAR 104,500,000
First quarter expenses (please see total expenses below)	$Z = F \times (\text{number of days from the previous valuation day to the current valuation day}) \times \frac{1}{360}$	SAR (29,036)
Net assets before deducting management fees	$AA = D - Z$	SAR 104,470,964
Management fees for the first quarter	$K = \text{Management fees} = (\text{total fund assets including cash} - \text{other accrued expenses}) \times 0.5\% \times (\text{number of days from the previous valuation day to the current valuation day}) \times \frac{1}{360} \times 1.05$	SAR (137,118)
Net assets = Customer's net investment value by the end of the first quarter	$F = AA - K$	SAR 104,333,846
Unit price after the first quarter	$P = F \div \text{No. of Units}$	SAR 10.43
Return on investment for the customer by the end of the first quarter	$BB = P \div \text{Unit Offering Price}$	4.33%

<b>Total of other estimated expenses (*) of the Fund for a full fiscal year excluding management fees</b>	<b>Amount in SAR</b>	<b>Amount in SAR (incl. VAT)</b>
Independent auditor fees	50,000	52,500
Saudi Stock Exchange (Tadawul) fees	5,000	5,250
Supervision fees	7,500	7,500
Total remunerations of the independent Fund Board members	43,741	43,741
Custody fees and other custody services **	13,063	13,716
<b>Total of other expenses (annual)</b>	<b>113,054</b>	<b>116,114</b>

(\*): the other expenses above are only indicative and subject to increase or decrease during each year

(\*\*):  $1.05 \times 0.000125 \times$  (total assets held by the Custodian) plus transaction charges.

## 6. VALUATION AND PRICING

### a. Details on how each asset held by the investment fund is valued

Valuation is conducted on the basis of the currency and all the assets in the portfolio of the Fund less the Fund's receivables at that time. The valuation method depends on the type of the asset as follows:

- the value of the Fund assets invested in Money Market Instruments (*Murabaha*) will be determined on the basis of the deposited amount in addition to profit due and accrued up to the relevant Valuation Day;
- the value of the Fund assets invested in unlisted sukuk, bonds and structured products will be determined on the basis of book value in addition to accrued profit;
- the value of the Fund assets invested in sukuk, bonds and structured products listed or traded in any organised market or an automated pricing system will be determined by reference to the closing price on the relevant market or system. However, to the extent that such valuation method is not possible, the Fund Manager may conduct the valuation on the basis of book value in addition to any accrued profit.
- the value of the Fund assets invested in other investment funds will be determined on the basis of the last announced unit price.

The value of other investments of the Fund will be determined on the basis of fair value to be reached on the basis of methods approved by the Custodian and verified by the Fund auditor.

### b. Frequency and time of valuation (valuation points)

The Units shall be valued on each Business Day after 5:30 p.m. Kingdom time. If Tadawul is closed on any Valuation Day, the Valuation Day in that case shall be the following day on which Tadawul is open for business.

### c. Actions to be Taken in case of mis-valuation / mis-pricing

The Fund Manager will record and document any instance where the assets of the Fund have been valued incorrectly or the Unit is priced incorrectly. The Fund Manager will, without delay, compensate all affected Unitholders (including former Unitholders) for any error in valuing the Fund's assets or the pricing the Unit.

The Fund Manager shall immediately inform the CMA of any valuation or pricing error representing 0.5% or more of the Unit price and shall disclose the same immediately on its website ([www.Sambacapital.com](http://www.Sambacapital.com)), on the Tadawul website ([www.tadawul.com.sa](http://www.tadawul.com.sa)), and in the Fund's report prepared in accordance with Article 71 of the Investment Funds Regulations.

The Fund Manager will include a summary of all valuation and pricing errors in its reports to the CMA in accordance with Article 72 of the Investment Funds Regulations.

### d. Method of calculating the Unit price



The Fund Manager shall calculate the value of the Unit price for the purpose of processing requests to subscribe in, redeem and transfer Units from one fund to another and from the Unitholder to its Relative by subtracting liabilities due from the total assets value of the Fund, including, without limitation, the fees and expenses specified in these Terms and Conditions and the Information Memorandum. The Unit price shall be determined by dividing the NAV by the total number of Units outstanding on the relevant Dealing Day. The Unit price shall be expressed to include at least four decimal points.

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

The Fund's Manager will publish the Fund's NAV and Fund's Unit price on the Fund's Manager's website and the Tadawul website on the next business day following the relevant Dealing Day.

## 7. DEALING

a. Details of the initial offer

The date of the initial offering is 13/10/1988G, the initial Unit price is SAR 10. The offering period is not applicable.

b. Date set and deadlines for the submission of subscription and redemption requests

The deadline for the submission of subscription and redemption requests is 12:00pm. However, if the subscription/redemption request is submitted after the specified deadline then it will be processed on the following Dealing Day.

c. Procedures for submitting subscription and redemption requests

- Subscription Requests

Investors who are interested in purchasing Units should complete and submit to the Fund Manager the relevant subscription request/form through Fund Manager's investment centres or subscribe through other channels such as phone services, online system and applications. Unitholders are required to accept the Terms and Conditions and submit required documents or information to the satisfaction of Fund Manager. The subscription amount will be debited from the investors' account.

Subscription in the Fund shall be through the purchase of Units based on the Unit price as determined on the relevant Dealing Day, as defined in these Terms and Conditions. The Fund Manager may, at its sole discretion, refuse the subscription application of any person to become a Unitholder, or if such subscription, among other things, violates any applicable law or regulation.

- Redemption Requests

Unitholders who would like to redeem their Units should complete and submit to the Fund Manager the relevant redemption form (which may be obtained from the Fund Manager investment centres) and any other required documents or information, as may be requested by the Fund Manager. Furthermore, a subscription request may also be submitted through other channels such as Samba Capital's phone services, online system and applications.

If the redemption request, at the time of its receipt, would result in a decrease in the

Unitholder's investment to less than the minimum initial subscription amount, the amounts invested by such Unitholder in the Fund will be redeemed in full and transferred to the Unitholder's account without prior notice.

Unitholders may request that their investment in the Fund (or any part thereof) be transferred to another fund managed by the Fund Manager or that their ownership in the Units be transferred to any one of their Relatives, by submitting a transfer request to the Fund Manager, together with all required supporting documents, as determined by the Fund Manager. In such case, the transfer request shall be treated as a redemption request from the Fund and subscription in the second fund pursuant to the terms and conditions and the information memorandum of the relevant fund.

If the transfer request would result in a decrease in the Unitholder's investment to less than the minimum initial subscription amount, the Fund Manager may treat such request as a redemption request from the Fund and subscription in the second fund. In all cases, the transfer request will be processed in accordance with the Fund Manager's procedures in this regard.

If a Unitholder submits a request to transfer part or all of his investment from the Fund to another fund managed by the Fund Manager at a time where subscription to that other investment fund or valuation of its assets is suspended, the net proceeds of the redemption in the first fund will be retained for the benefit of the Unitholder and the subscription procedures in the other fund (to which the investment will be transferred) will resume on the Fund's first trading day after the suspension is lifted based on the last unit price declared for such fund. The Fund Manager shall not be liable for any claims or demands of any kind in connection with any lost opportunity or actual loss that may be incurred by a Unitholder.

- Minimum subscription and redemption and transfer amounts

The minimum initial subscription in the Fund is SAR 7,500.

The minimum additional subscriptions in the Fund are in multiples of SAR 3,750.

The minimum redemption is SAR 3,750.

The minimum initial subscription for corporate saving plans/Samba Financial Group's savings investment plans is SAR 3000 and SAR 500 for any additional subscriptions on a monthly basis.

d. Information on Unitholders' register

The Fund Manager maintains an up-to-date register of the Unitholders in the Kingdom which is deemed as conclusive evidence of ownership of Units. The Fund Manager will update the Unitholders' register immediately to reflect any change in the information contained in the register of which it becomes aware. An extract of the register shall be provided by the Fund Manager to any Unitholder free of charge upon request and can also be obtained from the Fund Manager's investment centre. Such extract will only show the information that is relevant to the requesting Unitholder.

e. Investment in money market transactions

Subscription monies are to be invested in money market transactions, subject to a party regulated by SAMA or equivalent regulator in a jurisdiction other than the Kingdom, or bank deposits, pending such a minimum amount being achieved.

f. Minimum amount to be raised during the initial offering period

Not applicable.

g. Corrective actions to ensure the fulfilment of the requirement of maintaining SAR 10 million as a minimum NAV of the Fund

The Fund Manager will take the necessary corrective actions and notify the CMA immediately in the event that the Fund's NAV is less than SAR 10 million (unless an exemption has been obtained from the CMA in this regard), and the Fund Manager may liaise with the CMA in this regard. The Fund Manager will, within 6 months from the date of notifying the CMA, endeavour to obtain additional investments in the Fund and will adhere/comply with the CMA instructions in this respect.

h. Postponement and Suspension of Redemption Requests

In the event that the total number of redemptions requests, on any Dealing Day, amount to 10% or more of the Fund's NAV, the Fund Manager may, at its own discretion, postpone all or part of any redemption request to the following Dealing Day. In this case, the Fund Manager will apply fair procedures when choosing the redemption requests that will be postponed and will process redemption requests on a pro rata basis, always taking into account the 10% limit, which shall only be applied during periods in which redemption requests impose restrictions on liquidity, which may be negatively affect the remaining Unitholders. The execution of all or part of the redemption requests may be delayed if the transaction is suspended in one of the financial markets in which the Fund invests, either in general or in relation to assets of the Fund which the Fund Manager reasonably believes to be material to the Fund's NAV.

The Fund Manager may only suspend subscription and redemption requests in the following circumstances:

- If the Fund Manager has been ordered by the CMA to suspend subscription and redemption of units.
- If the Fund Manager reasonably believes that such suspension is in the best interests of the Unitholders.
- If there has been suspension of dealing on the principal market in which the securities or other assets held by the Fund are dealt, either in general or in relation to assets of the Fund which the Fund Manager reasonably believes to be material to the Fund's NAV.

If any suspension is imposed by the Fund Manager, then the Fund Manager will comply with the following:

- Ensure that any suspension continues only for so long as it is necessary and justified having regard to the best interests of the Unitholders.
- Review the suspension on a regular basis and consult with the Board and the Custodian on a regular basis regarding the suspension.
- Inform the CMA and the Unitholders immediately of any suspension and provide the reasons for the suspension.
- Inform the CMA and the Unitholders as soon as the suspension ends in the same way as they were informed about the suspension and disclose it on the Fund Manager's website and the Tadawul website.

The CMA shall have the power to lift such suspension if it believes that to do so would be in the best interests of the Unitholders.

i. Procedure of Choosing Redemption Requests to be deferred

In the event redemption requests are deferred, the Fund Manager will apply fair procedures when choosing the redemption requests that will be postponed and will process redemption requests which have been postponed on a pro rata basis, and will prioritize redemption requests which have been postponed over new redemption requests always taking into account the 10% limit of the Fund's NAV on the relevant Dealing Day.

## 8. CHARACTERISTICS OF THE UNITS

The Fund Manager, at its sole discretion and without prejudice to the provisions of the Investment Funds Regulations, may issue an unlimited number of Units in the Fund provided that they shall be of the same category noting that the Fund has only one category. All Unitholders will have the same rights (except for the Fund Manager and its Affiliates who will not have voting rights if they hold any Units in the Fund). Each Unit represents a proportional share in the Fund and equals its peers in the Fund. In case of liquidation of the Fund, a Unit's net value which is available for distribution to Unitholders shall be divided among the Units on a pro rata basis.

## 9. ACCOUNTING AND REPORTING

- a. The accounting period and financial year of the Fund is 12 calendar months ending on 31 December, and the interim accounting period of the Fund is six months ending on 30 June. The Fund Manager shall prepare and issue the Fund's annual reports, the audited financial statements, the short-form annual reports and the interim reports which will be provided to the Unitholders upon request and without charge.
- b. The Fund annual reports shall be made available to the public no later than 70 days from the end of the period to which the report relates. The Fund Manager will prepare the interim reports and will make them available to the public within 35 days from the end of the period to which the report relates. The annual reports and interim reports may also be provided to Unitholders upon their request by email and/or in hard copy and will be published on the Fund Manager's website and Tadawul's website.

The Fund Manager shall provide each Unitholder with details of the NAV of the Units owned and a record of transactions in Units made by it within 15 days of each transaction. The Fund Manager shall also send to each Unitholder (including any former Unitholder who held Units during the relevant financial year) an annual statement within 30 days of the end of each financial year summarizing its transactions in the Units during the course

of the year.

The Fund Manager will disclose, on a quarterly basis, on its website and Tadawul website as well as any other means as specified by the CMA, the information required under Article 71(h) of the Investment Funds Regulations.

- c. The Fund annual reports, the audited financial statements, the short-form annual reports and the interim reports will be available at any of the Fund Manager’s Investment Centers as well as the Fund Manager’s website and Tadawul’s website.
- d. The Fund’s audited annual financial statement are available free of charge upon request.

## 10. FUND BOARD

- a. The Fund is supervised by a Board comprising five (5) members. The table below sets out details of each member of the Board.

Name of board member	Type of board membership	Qualifications	Connection to the Fund Manager
Irfan Said	Chairman	<p>BA, Economics, Wesleyan University, Connecticut, USA – 1993G. MA, Economics, Georgetown University, Washington, D.C, USA, 1996.</p> <p>Mr. Said has over 21 years of corporate finance advisory and arranging experience. His expertise extends across a broad spectrum of products including Debt &amp; Equity Capital Markets, Mergers &amp; 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.</p>	<p>Director of Corporate Finance Department at Samba Capital since 2014G.</p>
Beji TawfikTakTak	Member	<p>Seasoned Banking and Risk professional.</p> <p>Mr. Tak-Tak is a seasoned Banking and Risk professional with more than 35 years of multi-level Banking experience including 24 years in Citigroup, with assignments in the MENA region and Europe. In Citigroup he held various positions including Senior Credit Officer and Head of Corporate Banking. Mr. Tak-Tak has led developmental projects for risk management, designed policies and procedures and managed remedial credits.</p> <p>Since 2003, Mr. Tak-Tak has been with Samba Financial Group, initially as the Risk Manager for the Western Region, Structured Finance and Islamic Banking. In 2007 he was promoted to</p>	<p>Head Risk Officer at Samba Financial Group</p>

		<p>General Manager with the position of Chief Risk Officer for the Group. Mr. Tak-Tak leads a large team of risk professionals covering all areas of risk management including policy, credit strategy, Basel II implementation and Operational Risk Management.</p> <p>Mr. Tak-Tak holds a degree in Political Science and Economy from the Institute of Political Studies, Paris, France and a degree in Business Management from the School of Higher Commercial Studies, Paris, France.</p>	
Ammar Bin Hassan Bin Yassin Bakheet	Independent member	<p>The founding partner and CEO of Mnasah Digital Platform.</p> <ul style="list-style-type: none"> <li>- More than 27 years of experience in the financial sector. Specialized in business establishment in the financial sector, strategy development, securing regulatory and legislative approvals, building of the operational infrastructure , and building the administrative teams to run such businesses.</li> <li>- Founder of Mnasah , a technical financial company specialized in operating and running of a digital platform specialized in financing of small and medium-sized enterprises (SMEs) Kingdome of Saudi Arabia (2017-Present).</li> <li>- Head of asset management &amp; product development - Audi capital 2007–2017</li> <li>- Establishment of the Investment Division at RAKBank (Dubai) (2003 -2006).</li> <li>- Working at Samba Capital as Saudi Equity Funds manager (1998-2002).</li> <li>- Co-founding Bakheet Investment Company (1993- 1998).</li> </ul>	N/A
Syed Taj Ahmad	member	<p><b>Academic Qualifications</b>  BA, Commerce, University of Karachi, Karachi - 1986.  Chartered Accountant (CA), Institute of Chartered Accountants of Pakistan - 1991.  Certified Public Accountant (CPA), Colorado Board of Accountancy, USA - 1994.  Financial Risk Manager (FRM), Global Association of Risk Professionals (GARP) USA - 2005.</p> <p><b>Professional Experience</b>  Mr. Ahmad has over 25 years of experience</p>	Chief Risk Officer at Samba Capital

		<p>in Audit, Finance and Risk Management in various roles and institutions including, Citibank, Canada.</p> <p>Mr. Ahmad is a member of the Operating Committee, Risk &amp; Compliance Committee, Fiduciary &amp; Investment Review Committee, Valuation Committee, Principal Investments Oversight Committee, Asset Management Division Investment Committee and Asset Management Division Samba Real Estate Fund Investment Committee.</p>	
Abdulaziz Mohammed Al-Khurayef	Independent member	<p><b>A lawyer and legal consultant</b></p> <p><b>Qualifications</b></p> <p>Legal Leadership in Corporate Counsel (LCC) , Harvard University.</p> <p>The Law Firm Partner as Leader Programme, Cambridge University, the United Kingdome.</p> <p>Master's degree in International Business, Hull University, the United Kingdome</p> <p>Bachelor's degree in Sharia, Imam Muhammed Bin Saud Isalmic University</p> <p><b>Experience</b></p> <p>CEO of Al Khareef Group, lawyers and consultants</p> <p>A consultant at His Highness, the Minister of Defence office</p> <p>A consultant for various Banks in Saudi Arabia.</p> <p>A board member in many real-estate funds of several AP's.</p> <p>A legal consultant and board member at many companies and organizations.</p>	N/A

b. Fund Board Roles and Responsibilities

The Fund Board will have the following roles and responsibilities:

1. approving all material contracts, decisions and reports involving the Fund;
2. overseeing and, when appropriate, approving or ratifying any conflicts of interest the Fund Manager has identified;

3. meeting at least twice annually with the Fund Manager's compliance officer to review the Fund Manager's compliance with all applicable rules, laws and regulations, including (without limitation) the requirements of the Investment Funds Regulations;
4. confirming the completeness, accuracy and correctness of the Terms and conditions, Information Memorandum and of any other document, contractual or otherwise, that includes disclosures relating to the Fund and/or the Fund Manager and its management of the Fund and the extent of the foregoing's compliance with the Investment Funds Regulations;
5. ensuring that the Fund Manager performs its obligations in the best interests of the Unitholders in accordance with the Investment Funds Regulations, the Terms and Conditions and the Information Memorandum;
6. approving a written policy regarding the voting rights related to the Fund's assets;
7. approving the appointment of the Auditor;
8. have a fiduciary duty to unitholders, including a duty to act in good faith, a duty to act in the best interests of the unitholders and a duty to exercise all reasonable care and skill; and
9. taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the Board.

c. Board Remuneration

Independent Board members shall be remunerated by the Fund Manager in the case of attending two meetings per year, being the minimum amount of Board meetings, such remuneration to be paid to each independent Board member from the Fund's assets. It should be noted that this remuneration is allocated from the total expenses paid to ten conventional funds managed by the Fund Manager for a total amount of SR 80,000 per year. The fees will be allocated based on the percentage of the Fund's NAV to the aggregate net asset value of these conventional funds. In addition, independent Board members are compensated for travel allowances up to a maximum of SAR 7,500 to be paid from the Fund's assets. Non-independent Board members shall not be entitled to any remuneration from the Fund Manager in consideration to their roles as Board members of the Fund. Please refer to Section 5 above for further details.

d. Conflict of interest

As of the date of the Terms and Conditions and Information Memorandum, the Fund Board is composed of certain employees of the Fund Manager. However, the Fund Board members have fiduciary duties to Unitholders and will use their best efforts to resolve all conflicts by exercising their good faith judgement. Furthermore, Board members may hold Units in the Fund, have banking relationships with companies in which their shares are acquired, sold or maintained by the Fund or on its behalf, or with which the Fund has murabaha transactions. However, if any conflict of interests arises, such conflict shall be communicated to the Fund Board for approval in which case the conflicted Board member shall not be entitled to vote on any resolution taken by the Fund Board in respect of which the conflicted Board member has any direct or indirect interest.

e. Other investment funds board membership



<b>Abdulaziz Mohammed Al- Khurayef</b>	<b>Syed Taj Ahmad</b>	<b>Ammar Bin Hassan Bin Yassin Bakheet</b>	<b>Beji Tawfiq Tak Tak</b>	<b>Irfan Saïd</b>	<b>Samba Capital Investment Funds</b>
	X	X	X	X	International Trade Finance Fund (Sunbullah USD)
	X	X	X	X	International Trade Finance Fund (Sunbullah SAR)
X	X	X	X	X	Al Musahem Saudi Equity Fund
X	X	X	X	X	Al Razeen SAR Liquidity Fund
X	X	X	X	X	Al Razeen USD Liquidity Fund
	X	X	X	X	Al Raed Saudi Equity Fund
X	X	X	X	X	Izdihar China Equity Fund
X	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	X	Al Musahem GCC Fund
	X	X	X	X	AlAtaa GCC Equity Fund
	X	X	X		Samba Real Estate Fund
	X	X	X	X	Al Ataa Saudi Equity Fund
X	X	X	X	X	Americas Equity Fund
X	X	X	X	X	Europe Equity Fund
X	X	X	X	X	Asian Equity Fund
X	X	X	X	X	Global Equity Fund
	X	X	X	X	Al Nafees Global Commodities Equity Fund
		X	X	X	SAMBA Sovereign Sukuk Fund

## 11. SHARIAH BOARD

Not applicable.

## 12. FUND MANAGER

a. Name of Fund Manager

Samba Capital & Investment Management Company.

b. CMA authorization Number

license number 07069-37 to carry out the activities of dealing as principal, agent & underwriter, managing investment funds & discretionary portfolios, arranging, advising and custody in securities. In addition, Samba Capital is authorized to provide Margin Lending facilities under its dealing license.

For further information about Samba Capital, please visit [www.Sambacapital.com](http://www.Sambacapital.com)

c. Registered address and business address of the Fund Manager:

Kingdom Tower, Olaya, P.O. Box 220007, Riyadh 11311, Kingdom of Saudi Arabia, phone number: 800 7557000, Fax number: 11 2117780.

d. Date of CMA Authorization

10/06/1428H (corresponding to 25 June 2007G).

e. Paid up capital

The paid-up capital of the Fund Manager is SAR 500 million divided into 50,000,000 shares of SAR 10 each.

f. Fund Manager financial information

Year	2018	2019
Revenues	462,651	506,038
Profits	276,266	313,333

g. Fund Manager Board members

Name of board member	Type of board membership	Connection to the Fund Manager
Ali Hussain Ali Reda	Chairman	Vice Chairman of Samba Financial Group and Member of its Executive Committee
Ms. Rania Nashar	Member	CEO of Samba Financial Group
Dr. Shujaat Nadeem	Member	Deputy CEO for Businesses
Mr. Beji Tak-Tak	Member	Chief Risk Officer at Samba Financial Group
Mr. Khaled Al-Khataf	Independent Board Member	N/A

Mr. Ali AlTurki	Independent Board Member	N/A
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h. The primary roles, responsibilities and duties of the Fund Manager in relation to the Fund

1. The Fund Manager will act for the benefit of the Unitholders in accordance with the Investment Funds Regulations, the Authorised Persons Regulations, the Terms and Conditions and this Information Memorandum.
2. The Fund Manager will comply with all principles and duties required under the Authorised Persons Regulations including discharging its fiduciary duty towards the Unitholders which includes the duty to act in the best interests of the Unitholders and the duty to exercise reasonable care and skill. The Fund Manager shall be responsible to Unitholders for losses incurred by the Fund which are caused by fraud, negligence, misconduct or wilful default of the Fund Manager.
3. The Fund Manager shall have the primary responsibility for compliance with the Investment Funds Regulations and the Authorised Persons Regulations. Any delegation of the Fund Manager's responsibilities and duties to any other person shall not in any way limit, reduce or satisfy the Fund Manager's responsibilities under the Investment Funds Regulations and the Authorised Persons Regulations.
4. The Fund Manager's responsibilities and duties shall include:
  - a- fund management;
  - b- fund services, including administrative services to the Fund;
  - c- offering of Units;
  - d- ensuring the accuracy of the Terms and Conditions and the Information Memorandum, and that the information contained therein is complete, clear, accurate, and not misleading;
  - e- developing policies and procedures to detect risks affecting the Fund's investments and ensuring that such risks are quickly dealt with;
  - f- complying with the Investment Funds Regulations; and
  - g- implementing a compliance monitoring program, and providing the CMA with the result of its implementation upon request.

i. Delegation to Third Parties

The Fund Manager has delegated the custody function of the Fund to HSBC Saudi Arabia on the terms of the Custody Agreement between the Custodian and the Fund Manager.

The Fund Manager may delegate or assign its powers as it may deem fit and appropriate. In such case, the Fund Manager shall exercise reasonable care during the selection of any third party service provider in relation to the Fund (such as affiliates, banks, agents, dealers and custodians) but it will not take any responsibility for any loss, damage or obligations or expenses that the Investor 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 the wilful default or gross negligence of the Fund Manager.

j. Other Business Activities or Interests of the Fund Manager that are of Significance or could Potentially Conflict with those of the Fund

The Fund Manager may manage other investment fund that have similar or even partially similar objective/strategies to the Fund. The Fund Manager may also invest through the Fund in companies which the Fund Manager may provide services to for its benefit.

The Fund Manager shall avoid any type of conflict of interest between the interests of the Fund and the interests of the Unitholders, and shall not advance the interests of a certain group of Unitholders to the detriment of other Unitholders.

The Fund Board shall be notified of any conflict of interest, and its approval shall be sought in respect of any conflict of interest that may arise during operation of the Fund.

Any conflict of interest shall be immediately disclosed on the websites of the Fund Manager and Tadawul and in the Fund's annual report.

k. Provisions governing the removal or replacement of the Fund Manager

The CMA shall have the power to remove the Fund Manager and to take any action it deems appropriate to appoint a replacement fund manager or to take any other measures it deems necessary in the event of:

1. the Fund Manager ceasing to carry on management activities without notifying the CMA as required under the Authorised Persons Regulations;
2. the cancellation or suspension by the CMA of the Fund Manager's license to carry on management activities under the Authorised Persons Regulations;
3. a request by the Fund Manager to the CMA to cancel its license to carry on management activities;
4. the CMA believes that the Fund Manager has failed, in a manner which the CMA considers material, to comply with the Capital Market Law or its Implementing Regulations;
5. the death, incapacity or resignation of a portfolio manager who manages the assets of the Fund, without there being another registered person employed by the Fund Manager who can manage the assets and investments of the Fund; or
6. any other event determined by the CMA on reasonable grounds to be sufficiently material.

**13. CUSTODIAN**

a. Name of Custodian

HSBC Saudi Arabia.

b. CMA authorization number

37-05008

Commercial Registration number 1010221555 dated 27/06/1427H (corresponding to 23/07/2006G).

c. Registered address and business address of custodian.

7267 Olaya, Al Murooj, Riyadh 12283-2255, Saudi Arabia.

d. Date of authorisation issued by CMA

17/10/1426H (corresponding to 19/11/2005).

e. Primary roles and responsibilities of the Custodian in relation to the Fund:

- Notwithstanding delegation by the Custodian to one or more third parties under the provisions of the Investment Funds Regulations or the Authorised Persons Regulations, the Custodian shall remain fully responsible for compliance with its responsibilities in accordance with the Investment Funds Regulations.
- The Custodian shall be held responsible to the Fund Manager and Unitholders for any losses caused to the Fund due to the Custodian fraud, negligence, misconduct or wilful default.
- The Custodian shall be responsible for taking custody of and protecting the Fund's assets on behalf of the Unitholders, and shall be responsible for taking all necessary administrative measures in relation to the custody of the Fund's assets.

f. Functions Delegated to a Third Party by The Custodian in relation to the Fund:

The Custodian may appoint one or more third parties or affiliates as sub-custodian for the Fund provided that such third parties or affiliates are not the Fund Manager, the Fund sub-manager, or any of their Affiliates.

g. Provisions governing the Removal/Replacement of the Custodian

The CMA shall have the power to remove the Custodian and to take any action it deems appropriate to appoint a replacement Custodian or to take any other measures it deems necessary in the event of:

1. the Custodian ceasing to carry on custody activity without notifying the CMA as required under the Authorised Persons Regulations;
2. the cancellation or suspension by the CMA of the Custodian's relevant authorisation to carry on custody activities under the Authorised Persons Regulations;
3. a request by the Custodian to the CMA to cancel its authorisation to carry on custody activities;
4. the CMA believes that the Custodian has failed, in a manner which the CMA considers material, to comply with the Capital Market Law or its Implementing Regulations; or
5. any other event determined by the CMA on reasonable grounds to be sufficiently material.

If the CMA exercises its powers to remove the Custodian, the Fund Manager must appoint a replacement custodian to the Fund in accordance with the CMA's instructions, and in such case the Fund Manager as well as the removed Custodian shall co-operate fully in order to facilitate a smooth transfer of responsibilities to the replacement custodian during the first 60 days of appointing the replacement custodian. The Custodian must transfer, where the CMA determines it to be necessary and applicable in its absolute discretion, all contracts related to the Fund to the replacement custodian.

The Fund Manager may remove the Custodian pursuant to a written notice, if the Fund Manager reasonably believes that the removal of the Custodian is in the best interests of the Unitholders. In such case, the Fund Manager will immediately inform the CMA and the Unitholders in writing. The Fund Manager shall appoint a replacement Custodian within 30

days of receiving the termination notice. The removed Custodian is required to fully cooperate with the Fund Manager to facilitate a smooth transfer of responsibilities to the replacement custodian. The Fund Manager will also immediately disclose the appointment of a replacement custodian to the Fund on its website and the Tadawul website.

#### **14. INVESTMENT ADVISOR**

Not applicable.

#### **15. DISTRIBUTOR**

Not applicable.

#### **16. AUDITOR**

a. Name of the Auditor

PricewaterhouseCoopers.

b. Registered address and business address of Auditor.

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

c. Primary Roles and Responsibilities of The Auditor in Relation to the Fund

The Auditor, who shall be appointed by the Fund Manager upon the approval of the Fund's Board, is responsible for reviewing the Fund's interim and annual financial statements in accordance with the standards issued by the Saudi Organisation of Certified Public Accountants, the Investment Funds Regulations, the Terms and Conditions and this Information Memorandum.

#### **17. OTHER INFORMATION**

a. Conflict of interest policy

The Fund Manager will provide the Unitholders, upon request, with the policies and procedures for dealing with any actual or potential conflicts of interest without charge.

b. Rebates and soft commissions

Not applicable.

c. Tax and Zakat

Unitholders shall be responsible for the payment of the relevant VAT, income tax and/or Zakat in respect of their investment in Fund. Applicable VAT payments in relation to expenses and management fees will be deducted by the Fund Manager from the Fund's assets. However, payment of Zakat and/or income tax will be the obligation of the relevant Unitholder.

d. Unitholders' meetings

A meeting of the Unitholders may be convened upon an invitation by the Fund Manager.

The Fund Manager shall convene a meeting of the Unitholders within 10 days of receiving a written request from the Custodian or Unitholder(s) representing at least 25% in value of the total units of the Fund.

The Fund Manager shall call for a meeting of Unitholders by announcing the same on its website and on the Tadawul website, and by sending a notice in writing to all Unitholders and the Custodian no less than 10 days prior to the meeting and no more than 21 days prior to the meeting. The announcement and notice must specify the date, place and time of the meeting and the resolutions proposed. Simultaneously, the Fund Manager must forward a copy of any such notice to the CMA.

The quorum required to conduct a meeting of the Unitholders shall be such number of Unitholders holding together at least 25% in value of the Units in the Fund or greater percentage.

If the requisite 25% quorum is not reached at the meeting of the Unitholders, the Fund Manager shall call for a second meeting by announcing the same on its website and on the Tadawul website, and by sending a notice in writing to all Unitholders and the Custodian at least 5 days prior to the date of such second meeting, which shall be deemed quorate irrespective of the percentage of the total Units represented therein (whether in person or by proxy).

Each Unitholder is entitled to appoint a representative at a meeting of the Unitholders.

Each Unitholder is entitled to one vote per Unit owned in the Fund at the time of the meeting.

Meetings of the Unitholders and its deliberations and voting on decisions may be held via modern technical means as per the regulatory guidelines imposed by the CMA.

e. Procedures to be Followed for Termination or the Winding-up of the Fund

Without prejudice to the Terms and Conditions and the Information Memorandum, If the Fund Manager wishes to terminate the Fund, the Fund Manager must give the Unitholders and the CMA at least 21 days' written notice prior to the date on which the Fund Manager intends to terminate the Fund.

If the Fund NAV decreases below the minimum SAR 10 million requirement and the Fund Manager is not able to satisfy this requirement within 6 months from the date of notifying the CMA of the same, the Fund Manager will terminate the Fund and notify the CMA and the Unitholders accordingly unless a waiver is obtained. Without prejudice to the Terms and Conditions and the Information Memorandum, the Fund Manager shall commence the liquidation process upon the termination of the Fund. The Fund Manager must disclose on its website and on the website of Tadawul that the Fund has been terminated and specify the duration of the liquidation process. Liquidation proceeds will be distributed to the Unitholder pro rata to their ownership in the Fund after deducting all of the Fund's obligations.

f. Complaints Procedure

If a Unitholder has any complaint in relation to the Fund, it shall send its complaint to the Customer Complaint Unit of the Fund Manager via any of the following channels:

- at the following address:
  - Customer Complaint Unit, Samba Capital, Kingdom Tower, Olaya, P.O. Box 220007, Riyadh 11311, Kingdom of Saudi Arabia,
  - phone number: 800 75570000
  - Fax number: 112117780
- Email to: [CustomerCare@sambacapital.com](mailto:CustomerCare@sambacapital.com)
- Investment centres of the Fund Manager on addresses mentioned in the website of the Fund Manager.

The Fund Manager shall provide copies of its complaints handling procedures to Unitholders upon request without charge.

In relation to a complaint, if a settlement is not reached, or no response is received, in each case within 30 business days, the complainant Unitholder is entitled to submit its complaint to the Investor Complaints Department at the CMA. The Investor may also submit its complaint to the CRSD after 90 calendar days following the date on which the complaint was submitted to the CMA, unless the CMA has notified the complainant to submit its complaint to the CRSD before the lapse of this period.

g. Competent Authority

The CRSD has jurisdiction to adjudicate disputes arising from investing in the Fund.

h. Documents available to Unitholders

The documents that will be available to the Unitholders constitute the Terms and Conditions, the Information Memorandum, the summary of key information, the contracts mentioned herein, and the financial statements.

i. Fund assets

The assets of the Fund are collectively owned (common ownership) by the Unitholders. The Fund Manager (and any sub-fund manager), the Custodian (and any sub-custodian), any investment advisor or distributor shall not have any interest in or claim against such assets unless (i) any such person is a Unitholder or (ii) if such interest or claim is permitted under the Investment Funds Regulations and is disclosed in the Terms and Conditions or the Information Memorandum.

j. General Information

All decisions relating to the Fund taken by the Fund Manager shall be based only on publicly available information.

Any dividends or similar proceeds arising from the Fund's investments shall be reinvested in the Fund. Reinvestment of such proceeds in the Fund shall improve value and price of the Units.

The Unitholder hereby authorizes the Fund Manager to delegate, transfer or assign, as the Fund Manager deems appropriate, to one or more financial institutions (at the responsibility and risk of subscribers) to act as consultant, sub-manager, custodian, agent



or broker and to contract with such authorized party for the purpose of providing, as required by the context, investment management services and / or the secure custody of securities and assets either directly or through a third party.

The Unitholder understands that the Fund Manager will not disclose any information relating to the Unitholder to the said authorized party or any third party unless any law or regulation in any jurisdiction in force gives effect to such disclosure, or if the requested Contracting Party considers the disclosure necessary to enable it to perform its duties.

Except as may be otherwise provided herein, the Fund Manager shall not be deemed in default or be liable towards the Investor or any third party, for any delay, or error or failure to perform or delay in performance of any of its functions and duties due to any force majeure events, including acts of God, boycotts, labour strikes, interruptions of power or communication services, civil commotions or any similar acts which are beyond the reasonable control of the Fund Manager. The Fund Manager shall notify the Investor in writing of any material delay which is attributable to such events or circumstances.

Subject to the Investment Funds Regulations and the Authorised Persons Regulations, the Fund Manager may enter into special commission arrangements which shall be limited to the execution of transactions on behalf of the Fund, or the provision of research for the benefit of the Fund.

The Fund Manager shall keep information obtained from Unitholders confidential, except where the disclosure is required by the Capital Market Law or the applicable laws or regulations of the Kingdom or countries of the Gulf Cooperation Council or has been consented by the relevant Unitholder to be disclosed.

If the Investor is natural person, the provisions of this document shall be binding on his heirs, successors, executors, personal representatives, trustees, assignees and the Investor's acceptance of the provisions hereof shall not automatically lapse upon his death or disability.

If the Investor is a legal entity, the provisions of this agreement shall not automatically lapse by its insolvency, bankruptcy or liquidation, or that of any of its partners or shareholders (or the death of any of them, to the extent they are natural persons). Notwithstanding the above, the Fund Manager may, at its own discretion, suspend any related transactions in connection with this document, until it receives an order from the court or a power of attorney authorizing any of the Investor's heirs, executors, personal representatives, trustees or assignees to effect such transactions.

The Fund Manager and its affiliates may disclose any information in its possession, including any information about the Investor, to any third party for any reason, including as may require by law, or for the purposes of performing the services under this document and the Investor hereby consents to such disclosure.

The dealing services provided under this Fund is conducted through the brokerage department of the Fund Manager.

All statements, notices and correspondences relating to the Fund shall be sent by the Fund Manager to Unitholders at their address shown in the current account opening form. Unitholders shall notify the Fund Manager, at all times, of their correct mail addresses and inform the Fund Manager immediately of any change to their addresses. In case that Unitholders fail to notify the Fund Manager of their correct address, or if they ask the Fund Manager not to send the statements and notices about their investments in the Fund, they agree to hold 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 any

failure to provide them with such statements, 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 such statements, documents or information.

k. Waivers approved by CMA for any investment limits and restrictions

The Fund has not obtained any waivers from the CMA in respect of the investment restrictions that would otherwise apply to the Fund pursuant to the Investment Funds Regulations.

l. Exercise of voting rights associated with the Fund's investments

The Fund Board shall consult with the compliance officer and approve overall policies regarding voting rights attributed to the Fund based on the securities included in its portfolio of assets.

The Fund Manager shall decide, at its discretion, and in accordance with the voting policies and procedures approved by the Fund Board, to exercise or not to exercise any voting rights after consultation with the compliance officer, and shall maintain full records documenting the exercise of such voting rights (including the reasons for exercising or not exercising them in any particular way).

**18. ADDITIONAL REQUIRED INFORMATION IN RELATION TO CERTAIN TYPES OF FUNDS (MONEY MARKET FUNDS)**

- Subscription in a unit in such an investment fund (money market fund) is not the same as placing cash on deposit with a local bank.
- The Fund Manager has no obligation to redeem units at the subscription price, and the value of units and the income from them can go down as well as up.
- The methodology that will be adopted by the Fund Manager for the classification of the Fund's investment or counterparties with which the Fund will deal: the Fund shall not invest in institutions or fixed income instruments that fall below the investment grade of Baa3 according to Moody's rating and BBB- according to Fitch and Standard & Poor's ratings; however the Fund may invest up to 20% in unrated institutions or fixed income instruments provided that the Fund Manager uses its internal evaluation criteria for risk assessment of financial institutions and fixed income instruments. The Fund's investments shall not exceed 25% of its NAV in dealing with all affiliated parties.
- If the fund will deal with any issuer of money market transactions outside the Kingdom, the Fund Manager acknowledges that the issuer is subject and regulated by a regulator equivalent to the Saudi Arabian Monetary Authority (SAMA).
- The Fund may invest in derivatives relating to structured products.

**INVESTOR'S CONSENT & APPROVAL**

**Investor's Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**For Corporate investors:** \_\_\_\_\_

**Authorised Signatory(ies):** \_\_\_\_\_

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

**Address(es):** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

**Mobile:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_

**Fax Number:** \_\_\_\_\_