



# Al Danah GCC Equity Trading Fund Terms and Conditions

An open-ended Shariah compliant equity fund

FUND MANAGER - SAUDI FRANSI CAPITAL

- The Fund's Terms and Conditions has been reviewed and approved by the Fund's Board of Directors. The Fund Manager and the members of the Fund's Board of Directors collectively and individually bear full responsibility for the accuracy of the information presented herein. Having made all reasonable inquiries, the fund board directors and the fund manager confirm the validity and completeness of the information in the Terms and Conditions, and further confirm that the information and data maintained in the Terms and Conditions are not misleading.
- The Capital Market Authority has approved the 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 Terms and Conditions, nor does it make any representation as to its accuracy or completeness. The Capital Market Authority does not make any recommendation as to the soundness or otherwise of investing in the Investment Fund, and the approval of establishing the Fund does not mean that the Authority recommends to invest in the Fund nor confirm the authenticity of the information contained in the terms and conditions, and the Authority emphasizes that the decision to invest in the Fund is up to the investor or his representative.
- Al Danah GCC Equity Trading Fund has been certified as being Shariah-compliant by the Shariah Committee appointed for the Investment Fund.
- The content of this Terms and Conditions for Al Danah GCC Equity Trading Fund are governed by the provisions of the Investment Funds Regulations and encompass complete, clear, correct, non-misleading, updated and amended information.
- Investors are advised to read and understand the contents of the Terms and Conditions. if in doubt, please consult a professional adviser.
- Upon subscribing to units of the Al Danah GCC Equity Trading Fund, the unitholder deems to have accepted and signed the Terms and Conditions.
- The performance of the Fund can be viewed within the fund's reports that are available on Saudi Fransi Capital website.

This is the amended version of the Terms and Conditions Al Danah GCC Equity Trading Fund that reflects the following changes.

- Amendments related to the Zakat Collection Rules for Investing in Investment Funds .
- Update the financial disclosure summary based on the audited statements for the year 2022

According to our letter sent to the Capital Market Authority on 30/10/2023G, corresponding to 15/04/1445H.

Public

Salam Zaki AlKhunaizi  
Chief Executive Officer and Board Member

Haifa Fahad AlGoufi  
Chief Compliance, Governance and Legal



Fund Facts .....	3
Definitions .....	4
1 Investment Fund .....	5
2 Governing Laws .....	5
3 Investment Policies and Practices .....	5
4 Investment Fund Risks .....	8
5 Risk Assessment Mechanism .....	8
6 Targeted Class for Investing .....	9
7 Investment Restrictions and Limits .....	9
8 Currency .....	9
9 Fees, Charges and Expenses .....	9
10 Valuation and Pricing .....	13
11 Dealing .....	13
12 Distribution Policy .....	15
13 Reporting to Unit Owners .....	15
14 Information on Unitholders' Register .....	16
15 Information and Details of Meeting of Unitholders: .....	16
16 Rights of Unitholder .....	17
17 Unitholder's Liabilities .....	17
18 Unit Characteristics .....	17
19 Changes to the Fund's Terms and Conditions .....	17
20 Termination and Liquidation of the Investment Fund .....	18
21 Fund Manager .....	19
22 Fund Administrator .....	20
23 Custodian .....	21
24 Board of Directors .....	22
25 Shariah Board .....	24
26 Investment Advisor .....	25
27 Distributor .....	25
28 Auditor .....	25
29 Fund Assets .....	26
30 Complaint Procedure .....	26
31 Other Information .....	26
32 Acknowledgment from the Unitholder .....	27
33 Appendix (1): Summary of Financial Disclosure .....	28

## Fund Facts

Name	AI Danah GCC Equity Trading Fund
Class/Type	Open-ended Sharia-compliant Equity Fund
Fund Manager	Saudi Fransi Capital
Purpose	Achieving medium to long-term growth by investing in Shariah-compliant listed companies in Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Oman and Bahrain. The fund may invest in listed markets in other Arab countries in the Middle East and North Africa, at a rate not exceeding 20%.
Risk Level	High
Minimum Initial Investment	SAR 2,000.00 (Two Thousand Saudi Riyals)
Minimum Additional Investment	SAR 1,000.00 (One Thousand Saudi Riyals)
Minimum Redemption	SAR 1,000.00 (One Thousand Saudi Riyals)
Dealing/Valuation Days	Tuesday and Thursday (provided they are business days)
Unit Price Announcement Days	Business day following dealing day
Redemption Settlement Cycle	Four business days following dealing day
Initial Offering Price	SAR 10.00
Currency	SAR
Structure (period of the investment fund and its maturity date)	Open-ended
Date of commencing the fund	The Authority's approval was obtained to continue the fund's units on Safar 08, 1430H corresponding to February 03, 2009G.
Issue Date of Terms and Conditions	14 Sha'ban 1436H corresponding to 17 April 2009G
Latest Update of Terms and Conditions	30/10/2023G, corresponding to 15/04/1445H
Early Redemption Fees	None
Benchmark	GCC Shariah Capped Equity Index
Fund Administrator	Saudi Fransi Capital
Custodian	HSBC Saudi Arabia Limited
Auditor	PWC
Management Fees	1.75% per annum of the Fund net asset value
Subscription Fees	Up to 3% of investment amount
Redemption Fees	None
Custodian Fees	0.13% annually
Dealing Expenses	The Fund is responsible for meeting any regulatory fees or expenses related to investment operations, and this will be disclosed if it occurs.
Fees and other Expenses	The following fees and expenses are shown in 9-b: custody fees, management fees, auditing fees, registration fees (Saudi Stock Exchange), funding fees, trading fees, transaction fees, Shariah Committee fees, distribution expenses, purging fees, service fees (related to unitholder register), holding fund expenses, benchmark fees, regulatory fees, Fund's Board of Directors fees
Performance Fee	None

## Definitions

The Fund	AI Danah GCC Equity Trading Fund
Fund Manager	the capital market institution that carries out the management of the assets of an investment fund, and the management of its business and offering of its units in accordance with the Investment Funds Regulations, Regulations and the Rules for Special Purposes Entities
Fund Currency	The currency in which the fund unit price is evaluated.
The Kingdom	Saudi Arabia
The Authority	The Capital Market Authority, inclusive of - wherever the text allows - any committee, sub-committee, employee or deputy delegated to perform any task required by the authority.
Investment Funds Regulations	The regulations issued by the Board of the Capital Market Authority.
Investment Fund	A joint investment portfolio that aims to provide an opportunity for its investors to participate collectively in the profits of the portfolio. It is managed by the Fund Manager for a fee.
Subscriber or Unitholder	The person who owns units in the investment fund.
Unit	Units owned by the subscriber in the fund.
Benchmark	The indicator against which the fund's performance is compared.
Fund Board	The Board of Directors of the Fund.
The Shariah Committee	A group of Shariah scholars appointed by the Fund Manager to provide advice on investment products compatible with the provisions of Islamic Shariah.
Business day	The official business day, when the financial markets are open for business in the Kingdom.
Dealing day	A day when the subscription and redemption requests for investment fund units are executed.
Announcement Day	The days when unit prices are announced.
Valuation Point	The point in time on which the net asset value is calculated per unit and it is usually at the close of trading for the day prior to it, if this day is a business day in the respective market.
Last registration period	The last date to submit subscription and redemption instructions.
Unit Price	The fund unit value, which is calculated by dividing the net assets of the fund by the total number of existing units.
Subscription Fee	Fees that are paid in advance when buying fund units.
Management Fees	Compensation, expenses and fees related to consulting services to be paid to the Fund Manager.
Minimum investment	The minimum financial amount required to subscribe in the fund.
Shariah standards	Shariah standards approved by the Fund's Shariah Committee which determine the companies eligible to invest in.
Zakat Collection Rules for Investing in Investment Funds	The Zakat Collection Rules for Investing in Investment Funds issued pursuant to the Ministerial Resolution No. (29791) dated 09/05/1444H.

## 1 Investment Fund

### a. Name, Class and Type

Al Danah GCC Equity Trading Fund is an open-ended Shariah compliant equity fund.

### b. Issue Date of Terms and Conditions

The Terms and Conditions were issued on 14 Sha'ban 1436H corresponding to 17 April 2006G, and the last update was made 11/05/2023G, corresponding to 21/10/1444H.

### c. Date of the Authority's Approval for the Establishment and Offering of Units in the Fund

d. The Authority's approval was obtained to continue the fund's units on Safar 08, 1430H corresponding to February 03, 2009G.

### e. Duration and Maturity Date of the Fund

Al Danah GCC Equity Trading Fund is an open-ended investment fund.

## 2 Governing Laws

Al Danah GCC Equity Trading Fund and Saudi Fransi Capital (the fund manager) are subject to the Capital Market Law and its implementing regulations and other relevant laws and regulations applicable in the Kingdom of Saudi Arabia.

## 3 Investment Policies and Practices

### a. Investment Objectives

The fund is an open-ended equity fund that aims to achieve medium to long-term capital growth by investing in listed GCC companies that are compliant with Shariah regulations and standards. In addition, the fund may invest in listed markets in other Arab countries in the Middle East and North Africa, at a rate not exceeding 20%, provided that all the assets of the fund comply with the Shariah rules specified by the Shariah committee of the fund. The fund manager has the right to invest in companies established in the countries of the Middle East and North Africa, whose main activity is concentrated in those countries, and which are listed in any of the capital markets in the countries of the Middle East and North Africa or any of the other financial markets outside the region.

In addition to investing in the shares of companies listed in these financial markets, the fund manager can invest in all other financial instruments such as REITs, ETFs etc.

### b. Type of Securities in which the Fund will Invest in Primarily

- The Fund's investments are concentrated in the shares of companies listed on the local stock markets in GCC countries: Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain and Oman (shares of Banque Saudi Fransi may be included).
- Similar securities listed on global trading markets for example: Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).
- The Fund is also entitled to invest in companies listed in other Arab markets in the Middle East and North Africa, taking into consideration that these investments do not exceed 20% of the Fund's net asset value.
- The Fund Manager has the right to invest in companies established in the countries of the Middle East and North Africa and whose main activity is concentrated in those countries, and which are listed in any of their capital markets or any of the other financial markets outside the region
- The Fund has the right to invest in all other financial means such as REIT and ETF and others.

### c. Investment Concentration or Specialization Policies and Practices

The Fund's investments are concentrated in the shares of listed Gulf companies that are compliant with the provisions of Islamic Sharia, in addition to companies listed in the markets of other Arab countries in the Middle East and North Africa at a rate of up to 20% of the net assets of the fund, and the Fund Manager has the right to invest in companies established in the countries of the Middle East and North Africa and whose main activity

is concentrated in those countries, and which are listed in any of their capital markets or any of the other financial markets outside the region.

**d. Investment Ratio**

The following table shows the Fund's minimum and maximum investment ratios:

Investment Type	Minimum	Maximum
Shares	0%	100%
Cash or Money Market Instruments	0%	100%

**e. Markets in which the Fund Intends to Invest In**

- The Fund has the right to invest in companies listed on the Main Market (TASI) and Parallel Market (Nomu) that comply with the provisions of Islamic Sharia set by the Sharia Committee.
- The fund manager has the right to invest in companies incorporated in the GCC countries whose main activity is concentrated in the GCC countries, and which are listed in the GCC stock markets or any other financial markets.
- The fund manager has the right to invest the surplus cash in short-term bank deposits and Shariah-compliant cash fund instruments

**f. Fund Manager's Investment in the Fund's Units**

The Fund Manager and its affiliates may invest in the Fund for its own account, if neither it nor any of its affiliates exercises the voting rights related to the units they own. The Fund Manager will disclose the details of its investments in the fund units, at the end of each quarter on the Fund Manager's website Saudi Stock Exchange website, as well as in periodic reports issued by the Fund Manager and in the financial statements, and will be treated similar to units participating in the Fund.

**g. Transactions, Methods and Tools Used by the Fund Manager for the Purpose of Making Investment Decisions**

The Fund Manager seeks (and does not guarantee) to select companies that have the ability to outperform the benchmark over the medium to long term. When selecting stocks, the Fund Manager will use his experience and resources to assess the overall global, regional and local economy, in addition to the fundamental and technical analysis of the companies in which it aims to invest. Other factors, but not limited to, the morale of the investors, the extent of market volatility, and the degree of interdependence between the stocks or what is known as correlation.

**h. Types of Securities that cannot be Included in the Fund's Investments**

All securities that do not fall within the investment field of the fund stipulated in paragraph (b) of paragraph (3).

**i. Investment Limits and Restrictions**

- The Fund will not invest in any securities that do not comply with the Shariah standards approved by the Fund's Shariah Committee.
- The Fund invests in shares of listed companies except for:
  - Financial institutions (except for Islamic banks and Islamic insurance companies).
  - Companies with the following characteristics:
    - Usurious debts exceeding 33% for a 12-month average of the company's market value or the company's total assets, whichever is greater.
    - The usurious income or any income that is not compatible with the provisions of Islamic law exceeds 5% of the total income.
- May invest in similar securities listed on global trading markets, for example: Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).
- The fund has the right to invest in companies listed in other Arab markets in the Middle East and North Africa, taking into account that these investments do not exceed 20% of the fund's net assets.

- The Fund Manager shall, during its administration of the AI Danah GCC Equity Trading Fund adhere to the restrictions and limits imposed by the Investment Funds Regulations, the Fund's Terms and Conditions.

**j. Extent of Investment in Other Investment Funds**

The Fund will not invest its assets in other fund units, whether they are investment funds managed by the fund manager or funds managed by other fund managers.

**k. The Investment Fund lending and borrowing power, and fund manager policy.**

The Fund is entitled to obtain financing that is compatible with Islamic Shariah, provided that the borrowing exposure does not exceed 10% of its net asset value, according to the absolute discretion of the Fund Manager except for borrowing from the Fund Manager or any of its subsidiaries to cover the redeemed amounts.

**l. The Maximum Limit to Deal with any Counterparty**

None.

**m. Risk Management Policy**

The Fund manages its investment portfolio and other assets by monitoring the return on net assets and making adjustments to them in the light of changes in market conditions in accordance with the Terms and Conditions. The capital structure depends on the issuance and redemption of units.

The Fund holds investments in various financial instruments in accordance with its investment policy. The investments are classified as "held for trading". The Fund is exposed to credit risk, stock price risk and liquidity risk, and its management policy is as follows:

- **Credit risk** - The Fund is exposed to credit risk with respect to bank balances and investment accounts maintained with the Fund Manager. Bank balances are kept with a bank with a good credit rating. The carrying amount is the maximum credit risk associated with the financial assets.
- **Equity price risk** - the fund's investments are affected by market prices resulting from the uncertainty of future prices. The fund manager manages this risk by diversifying the investment portfolio based on industry/sector focus.
- **Liquidity Risk** - The Fund's terms and conditions stipulate that units can be redeemed on each transaction day, and accordingly the Fund is exposed to liquidity risks related to meeting requests to redeem units. The fund's investments are easily verifiable as the investments are made in traded shares that can be easily liquidated within a short period of time. The fund manager has established some liquidity guidelines to ensure that sufficient funds are available to meet any commitments as they become due. Liquidity risk is managed through the fund manager's regular monitoring of the sufficiency of liquidity available to meet financial commitments as they fall due.
- **Currency risk** - the Fund's major investments are made in countries whose prices are pegged to the US dollar, except for the Kuwaiti dinar, which is not entirely pegged to the US dollar. The fund manager provides guidance to the sub-fund manager to invest in countries where changes in foreign exchange rates have a material impact on the financial statements. Other transactions in foreign currencies have no material effect.

**n. Information about the Benchmark, its Provider, and Calculation Methodology**

The benchmark is (GCC Shariah Capped Equity Index). Which (S&P Custom Indices) calculates based on Price Return. The benchmark is denominated in USD, calculated on a daily basis, and is re-evaluated on a quarterly basis by the index provider.

**o. Purpose of Using Derivative**

The Fund will not invest in financial derivative contracts.

**p. Waivers Approved by the CMA for any Investment Limit and Restriction**

None.

## 4 Investment Fund Risks

- a. The Fund may be exposed to fluctuations in the value of its units due to the formation of its investments that are concentrated in the shares of listed companies that are characterized by high volatility.
- b. The past performance of the AI Danah GCC Equity Trading Fund and the past performance of the benchmark is not an indication of the Fund's future performance.
- c. There is no guarantee for unitholders that the Fund's absolute performance or its performance compared to the benchmark will repeat or match the previous performance.
- d. The Fund Manager warns investors that investing in AI Danah GCC Equity Trading Fund is not a deposit with any bank, as the Fund's assets are inherently subject to fluctuations, both high and low.
- e. The Fund Manager warns investors of the risk of losing money when investing in the Fund.
- f. The list of potential risks associated with investing in the Fund, the risk exposure to the Fund, and any conditions likely to affect the net value of the Fund's assets and returns.
  - **Stock Market Risk** – The Fund invests primarily in listed stocks, which are exposed to market risks and high price fluctuations. Investing in stocks is by nature a high-risk investment and there is a probability for sudden drops in values and loss of capital.
  - **Currency risk** - It is the risk of depreciation in the value of a financial instrument held by the Fund in a currency other than the currency of the Fund as a result of a change in exchange rates.
  - **Economic Risks** – The financial markets are linked to the general economic situation, which affects the profitability of companies, the level of inflation, interest rates and unemployment. Therefore, economic fluctuations may have a positive or negative effect on the performance of the Fund.
  - **Risks Related to Specific Sectors** – Some changes in economic and financial factors have more impact on certain sectors, either negatively or positively, and accordingly the performance may be affected given the size of the investments in a certain sector compared to the total Fund size.
  - **Liquidity Risk** – The risk that the Fund may be exposed to in providing the necessary liquidity to fulfill financial obligations.
  - **Risks Related to Specific Events** – The subscriber accepts that the value of the Fund's assets may be affected by various but unlimited factors, including political and economic factors and other related factors to legislation and regulations.
  - **Risk of Shariah-Compliant Investments** – The risk of Shariah-compliant investments is represented in the event that one of the investments deviates from the Fund's legal criteria, which leads to the disposal of these investments at prices that may be inappropriate and may adversely affect the Fund's performance and the unit price.
  - **Risk of Force Majeure** – The risk resulting from force majeure conditions, including but not limited to, government decisions, wars, civil unrest, civil disobedience, natural disasters, economic blockade, commercial boycott, market decisions, suspension of trading, or inability to communicate with the market for any reason or a breakdown of the computer system, or any reason that is not under the control of the Fund Manager or the funds he invests in. In the event of any force majeure, any obligation on the Fund will be deferred as required by the force majeure event. The Fund Manager will also announce the force majeure event and it will be binding on all investors in the Fund. It should be noted that the Fund Manager will not be liable to unitholders for any temporary or permanent loss of their investment, either directly or indirectly due to any force majeure.
  - **Risk of Unitholder Death** – If the subscriber is an individual, the terms and conditions of the Fund and all other documents will be binding on the heirs, executors of the will, estate managers, personal representatives, custodians and successors of the subscriber, and the approval of the unitholder on these Fund documents will not be canceled automatically upon the death or incapacity of the subscriber. If the subscriber is a legal entity, this agreement will not be automatically cancelled upon the death, bankruptcy or dissolution of any partner or shareholder therein. Regardless of these conditions, the Fund Manager is entitled, according to its absolute discretion, to suspend any transactions related to this agreement until the Fund Manager receives an order from the court, a power of attorney or any other evidence that is satisfactory of the authority vested in the heirs, executors of the will, directors of the estate, personal representatives, trustees or successors to allow the implementation of these transactions.

## 5 Risk Assessment Mechanism

The Fund Manager acknowledges that an internal mechanism for assessment of the risks related to the Fund is in place.

## 6 Targeted Class for Investing

The Fund targets all appropriate categories of individuals and companies according to the Fund's objectives and the risks associated with it.

## 7 Investment Restrictions and Limits

- The Fund will not invest in any securities that do not comply with the Shariah standards approved by the Fund's Shariah Committee.
- The investment scope of the Fund is the shares of companies listed in the local stock markets in the GCC countries: Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain and Oman, and based on the regulations of the Shariah Committee.
- The Fund invests in shares of listed companies except for:
  - Financial institutions: except for Islamic banks and Islamic insurance companies
  - Companies with the following characteristics:
    - Usurious debts exceeding 33% for a 12-month average of the company's market value or the company's total assets, whichever is greater.
    - The usurious income or any income that is not compatible with the provisions of Islamic law exceeds 5% of the total income.
- May invest in similar securities listed on global trading markets, for example: Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).
- The fund has the right to invest in companies listed in other Arab markets in the Middle East and North Africa, taking into account that these investments do not exceed 20% of the fund's net assets.
- The fund will not invest its assets in other funds units.
- The Fund is entitled to obtain financing in compliance with Shariah standards, provided that the borrowed amount does not exceed 10% of the net asset value of the fund, with the exception of borrowing from the fund manager or any of its affiliates to cover redemptions.

The Fund Manager of Al Danah GCC Equity Trading Fund is bound by the restrictions and limits imposed by the Investment Fund Regulations and the Fund's Terms and Conditions.

## 8 Currency

The Fund's currency is the Saudi Riyal. If the subscription amount is received in a currency other than the Fund's currency, the Fund Manager will convert it to the Fund's currency according to the prevailing exchange rates available with the Fund Manager.

## 9 Fees, Charges and Expenses

### a. Disclosure of Payments from the Fund's Assets

All types of payments are due from the fund's assets, and those fees and expenses are as follows:

Custody Fees	0.13% annually, calculated daily and deducted monthly on the basis of the net asset value of the Fund on the last business day of each month, in addition to processing a fee of SAR 225 (two hundred twenty-five).
Management Fees	The Fund Manager shall receive 1.75% annually of the net asset value of the Fund, as an accrued management fee, calculated cumulatively on a daily basis and deducted on a monthly basis.
Auditing Fees	A maximum of SAR 33,000.00 (thirty-Three thousand Saudi riyals) per year. This fee is calculated on a daily basis and deducted on a biannual basis.
Registration Fees (Saudi Stock Exchange)	SAR 5,000.00 (five thousand Saudi riyals) annually. This fee is calculated on a daily basis and deducted on an annual basis.
Funding Fees	According to the prevailing financing rates. If incurred, it will be disclosed in the annual financial disclosure summary.



Shariah Committee Fees	None
Purging	The Fund shall bear the purging fees, according to which the Fund's investments in joint stock companies are purged. The Fund Manager will determine the income that does not meet the criteria of the Fund's Shariah Committee. Accordingly, the amount will be deducted from the Fund and deposited in a special account for disbursement to charity, and this will be disclosed.
Distribution Expenses	None
Dealing Expenses	The Fund is responsible for meeting any regulatory fees or expenses related to investment operations. If incurred, it will be disclosed in the annual financial disclosure summary.
Operation Fees	The fund bears transaction fees, transfer fees and taxes, and this will be disclosed if it occurs.
Service Fees (related to the unitholder register)	None
Benchmark Fees	18,750 (Eighteen thousand seven hundred and fifty) Saudi riyals per year. These fees are cumulatively calculated on a daily basis and deducted on an annual basis.
Regulatory fees	SAR 7,500.00 (seven thousand and five hundred Saudi riyals) annually. This fee is calculated on a daily basis and is deducted on an annual basis.
Fund's Board of Directors Fees	These fees include all the public funds of Saudi Fransi Capital. Note that these fees will change annually, as these fees will be allocated pro-rata based on the size of the assets in each fund. They are calculated cumulatively on each calendar day and deducted on an annual basis.  The maximum annual remuneration of the Funds' board members of all Saudi Fransi Capital funds is estimated at SAR 60,000.00 (sixty thousand Saudi riyals). The Fund's annual share of these fees is estimated at SAR 328 (three hundred and twenty-eight). The Fund's share of these fees will change annually according to the Fund's assets under management (more or less). It is worth noting that each independent member (two members) will receive an amount of SAR 15,000.00 (fifteen thousand Saudi riyals) per meeting for a maximum of two meetings per year, which is the minimum number of meetings annually, and this is applicable for all of the public funds of Saudi Fransi Capital.

- All of the aforementioned fees, charges, and expenses borne by the Fund do not include the value-added tax that the Fund pays to the Fund Manager separately according to the rates stipulated by the value-added tax system, nor does it include any of the taxes imposed or to be imposed in the future in the Kingdom of Saudi Arabia, and will be paid any taxes due, in addition to the fees, expenses, and fees due and deducted from the fund's assets. In all cases,
- only actual fees and expenses will be deducted.

#### b. Fees, Charges and Expenses Calculations and Payment Schedule

Fees/Expense	Percentage/Assigned Amount	Calculation Method	Schedule
Subscription Fees	3% annually	Calculated from the subscription amount.	Pay in advance for each subscription.
Custody Fees	13.00% annually	Calculated daily.	Payable monthly on the basis of the Fund's net asset value on the last business day of each month.
Transaction Fees	SAR 225	A lump sum paid to the custodian for each transaction.	Paid - if any - at the end of each month.

Management Fees	1.75% annually	Calculated cumulatively on a daily basis.	Paid monthly.
Auditing Fees	Maximum SAR 33,000 per year.	Calculated cumulatively on a daily basis.	Paid on a biannual basis.
Registration Fees (Saudi Stock Exchange)	SAR 5,000	Calculated cumulatively on a daily basis.	Paid on annual basis.
Funding Fees	According to the prevailing financing rates, and it will be disclosed if it occurs in the annual financial disclosure summary.		
Dealing Fees	The Fund is responsible for meeting any regulatory fees or expenses related to investment operations, and this will be disclosed if it occurs in the annual financial disclosure summary.		
Shariah Committee Fees	None		
Purging	As shown in 9-a	Calculated by Quarterly.	Paid - if any - on a quarterly basis.
Distribution Expenses	None		
Services Fees (related to the Unitholder Register)	None		
Benchmark Fees	Maximum SAR 18,750 per year.	Calculated cumulatively on a daily basis.	Paid on an annual basis.
Regulatory Fees	SAR 7,500 annually.	Calculated cumulatively on a daily basis.	Paid on an annual basis.
Fund's Board of Directors Fees	<p>The Fund's share is estimated at SAR 328 annually, which is an estimated share that may change annually according to the Fund's assets.</p> <p>In addition to SAR 15,000.00 for each independent member (two members) for each meeting (with a maximum of two meetings per year, which is the minimum number of meetings of the Fund's Board of Directors).</p>	Calculated cumulatively every calendar day.	Paid on annual basis.

#### c. Percentage of the Fund Expenses Against the Total Fund Asset Value

Fees	Category	Amount in SAR	%
Trading registration fees	Recurring	5,250	0.0413%
Regulatory Fees	Recurring	7,500	0.0590%
Auditor Fees	Recurring	33,000	0.1963%

Remuneration of the Board of Directors	Recurring	316	0.0025%
Benchmarking Fees	Recurring	18,750	0.1476%
Transaction Fees	Recurring	27,191	0.2141%
Funding Fee	Recurring	-	-
Other	Non - recurring	19,476	0.1533%
Custody Fees	Recurring	18,638	0.1467%
Management Fees	Recurring	252,865	1.9906%
Shariah Audit Fees	Recurring	-	-
<b>Total Fees</b>	Recurring Cost Ratio:	363,510	2.8916%
	Non-recurring Costs Ratio:	19,476	0.1533%

#### d. Subscription or Redemption Charges and Calculation Method

Transactions imposed on subscription, redemption and transfer of ownership shall be owed to the unitholders, and those fees and expenses are as follows:

- The subscription fee is calculated as a percentage not exceeding 3% to be paid in advance of the total subscription amount when purchasing units in the fund, excluding value-added tax or any of the imposed taxes, and the customer agrees to pay the imposed taxes in addition to the subscription fees to the fund manager.
- There is no Redemption fee or early Redemption fees.
- Transfers between Saudi Fransi Capital funds are treated as if they were a redemption request from one fund and a subscription request in another fund, while complying with these terms and conditions and the terms and conditions of the funds to which the subscriber intends to invest. Any expenses related to participation in the fund transferred to it, if any, shall be deducted in addition to the taxes imposed. If there is a currency difference between the funds between which the transfer occurred, the manager shall transfer the proceeds according to the exchange rate prevailing at that time.

#### e. Special Discounts and Commission Policy

Not applicable.

#### f. Tax and Zakat Information

The Fund is subject to the provisions and regulations of the Zakat, Tax and Customs Authority, where applicable. The Fund Manager undertakes to register the Fund with the Zakat, Tax and Customs Authority within the statutory period.

Responsibility for paying Zakat on the investment units owned by investors rests on the owners of those units, and the tax expenses applicable to the fund will be disclosed in the fund's financial statements.

The Fund Manager shall not be responsible for paying the Zakat of the Units for the investors. Unitholders shall be responsible for paying the Zakat of their own Units in the Fund.

The Fund Manager will provide the Zakat, Tax and Customs Authority with all reports and requirements regarding zakat declarations in accordance with the Zakat Collection Rules for Investing in Investment Funds. The Fund Manager will also provide Unitholders with Zakat declarations upon request in accordance with the Zakat Collection Rules for Investing in Investment Funds. Unitholders who are subject to the provisions of the Zakat Collection Rules for Investing in Investment Funds shall calculate and pay Zakat on their investments. The Zakat Collection Rules for Investing in Investment Funds can be found on the website of the Zakat, Tax and Customs Authority.

#### g. Any Special Commission Entered into by the Fund Manager

None.

#### h. Example that Illustrates all Fees, Charges and Expenses Paid from the Fund's Assets or Unitholders

<b>Fees (assumed fund size 100 million)</b>	<b>SAR</b>	<b>%</b>
Subscription Amount	2,000,00	
Registration Fee (Saudi Stock Exchange)	0.6856	0.0343%
Regulatory Fees	0.9794	0.0490%
Auditing fees	0.6600	0.033%
Remuneration of the Board of Directors	0.0206	0.0010%
Benchmarking Fee	2.4484	0.1224%
Transaction Fees	2.5587	0.1279%
Funding Fee	0	0.0000%
Other	14.0335	0.7017%
Custody Fee	2.7419	0.1357%
Management Fee	36.2386	1.8119%
<b>Total Fees</b>	<b>64.0673</b>	

## 10 Valuation and Pricing

### a. Details on how each Asset Held by the Fund is Valued

On each dealing day, the value of the fund's net assets is determined on the basis of the closing price of the financial market, unless one of the markets in which the fund invests with a high percentage is closed on that day, and in such a case, the evaluation will take place on the next dealing day.

### b. Frequency and Time of Valuation

The Fund assets are valued Tuesday and Thursday, twice a week.

### c. Actions to be Taken in Case of Mis-Valuation or Mis-Pricing

If the Fund assets are valued incorrectly or the unit price is calculated incorrectly, the Fund Manager will do the following:

- Document the error in the valuation or pricing status.
- Compensate all affected unitholders (including former unitholders) for all valuation or pricing errors without delay.
- Inform the Authority immediately of any error in the valuation or pricing that constitutes 0.5% or more of the unit price.
- Immediately disclose the status of the error in valuation or pricing on its website, the market website and in the general fund reports.

### d. Method of Calculating the Unit Price for Dealing Purposes

The unit price at subscription or unit price on redemption is the net asset value per unit, where the unit value is calculated for subscription or redemption purposes by deducting all the amounts required on Saudi Fransi Saudi Equity Fund (the Fund's obligations) including but not limited to, specific fees In paragraph (9) of this terms and conditions, the total value of the assets and the unit price is determined by dividing the resulting number from this process by the total number of existing fund units on the date of the relevant transaction day, and it should be noted that no circumstances may change from the mentioned pricing method.

### e. Details on Publications of Unit Prices

The Fund Manager will publish the unit price every day of the announcement (twice a week) on the Saudi Stock Exchange Company website (Saudi Stock Exchange) and the official Fund Manager's website.

## 11 Dealing

### a. Details of the Initial Offering

Start Date	19 Rabi' al-Awwal 1427H corresponding to 17 April 2006G.
Offering Period	The offering period was completed in 1427H corresponding to 2006G.
Initial Offering Price	SAR 10.00

**b. Date and Deadlines for Submitting Subscription and Redemption Requests**

The deadline for receiving subscription and redemption requests is before 12:00 p.m. KSA time on each dealing day. The fund manager is responsible for the following:

- Execution of subscription and redemption requests that meet the requirements and received before the last registration period - at 12:00 noon, Saudi Arabia time on each dealing day - based on the fund's unit price calculated on the relevant dealing day.
- Subscription and redemption requests shall be implemented so that they do not conflict with any provisions contained in the Investment Funds Regulations or the Fund's Terms and Conditions.
- Redemption returns shall be paid to unit holders prior to the closing date of the business on the fourth day following the dealing day in which the redemption price was set, as a maximum.

**c. Subscription and Redemption Procedures**

- **Subscription Procedures** – Investors can subscribe to the Fund by submitting a completed and signed application form to the Fund Manager in addition to any other documents that the Fund Manager may request, or through the electronic channels of the Fund Manager, and the subscription request will be accepted upon receipt of the investment amount. All the completed subscription requests will be executed adequately if received before the last registration period at 12:00 p.m. KSA time of each dealing day - based on the unit price of the fund calculated on the relevant trading day.
- **Redemption Procedures** – The subscriber may request a complete or partial refund (while maintaining the minimum investment balance) of its units by completing and signing the redemption form and submitting it to the Fund Manager, or through the electronic channels of the Fund Manager. The specified registration period is the deadline for receiving redemption requests which are every trading day before 12:00 noon In KSA time, all adequate redemption requests received before the registration period deadline are executed based on the fund unit price on the relevant trading day. The unit price is announced on the business day following the day of the concerned transaction, and the subscriber may request the transfer of its investment or part of it from one fund to another and the transfer request is processed in such case as a separate request for redemption from the first fund and a subscription to the second fund.

**d. Restrictions on Dealing in the Fund Units**

The Fund Manager, during its management of AI Danah GCC Equity Trading Fund, is bound by the restrictions and limits imposed by the investment funds regulations and the terms and conditions of the fund. The table below shows the minimum value of units that the unitholder must own, subscribe or redeem:

Minimum Initial Investment	SAR 2,000.00 (two thousand Saudi Riyals)
Minimum Additional Investment	SAR 1,000.00 (one thousand Saudi Riyals)
Minimum Redemption	SAR 1,000.00 (one thousand Saudi Riyals)

**e. Cases with which dealings in units are postponed or suspended, and the procedures followed in those cases**

- The Fund Manager has the right to refuse any subscription if it deems that this subscription may lead to a violation of the regulations of the Capital Market Authority or a violation of the terms and conditions of the fund.
- The Fund Manager may postpone responding to any redemption request from an open investment fund until the next dealing day, in any of the following cases:
  - On any dealing day, if the value of redemption requests, including the transfer of units to another fund with the fund manager, exceeds 10% of the net asset value of the fund, the fund manager may, at its absolute discretion, postpone any requests for redemption and/or transfer of units to another fund with the fund manager On a pro-rata basis so that the total value of the requests does not exceed 10% of the fund's net asset value, and the delayed redemption and transfer requests will be executed on the immediately following dealing day, while they are always subject to 10% of the net asset value.
  - If dealings are suspended in the main market in which the securities or other assets owned by the investment fund are dealt, either in general or in relation to the assets of the fund that the fund manager reasonably deems important in relation to the net asset value of the fund.

- If the subscriber's investment in the fund falls below the minimum investment limit mentioned in the terms and conditions due to its redemption, then the fund manager has the right to return the remainder of the investment value to the subscriber.
- The Fund Manager has the right to postpone the implementation of redemption requests in the event that the fund is unable to sell / liquidate the assets it owns for any reason.
- The Fund Manager has the right to suspend subscription and redemption in the event of force majeure circumstances beyond his control that prevent him from implementing these requests such as power outages, malfunctions in technical systems, wars, political problems or natural disasters, provided that this suspension is lifted as soon as the event that led to the suspension of subscription has passed or refunded.

#### f. Deferred Refund Requests Selection Procedures

Where applicable, the fund manager will postpone any requests for redemption and/or transfer of units to another fund with the fund manager on a pro-rata basis so that the total value of the requests does not exceed 10% of the fund's net asset value, and the postponed redemption and transfer requests will be executed on the next dealing day Direct, always subject to 10% of the net asset value.

#### g. Provisions Governing the Transfer of Unit Ownership to Other Investors

Regulatory provisions are the provisions of the Saudi Capital Market Authority laws and its implementing regulations and other related regulations and bylaws applied in the Kingdom of Saudi Arabia, according to the unit price on that day.

#### h. Minimum Units for Subscription or Redemption

Minimum Initial Investment	SAR 2,000.00 (two thousand Saudi Riyals)
Minimum Additional Investment	SAR 1,000.00 (one thousand Saudi Riyals)
Minimum Redemption	SAR 1,000.00 (one thousand Saudi Riyals)

#### i. Minimum Amount Fund Manager Intends to Collect and Action Taken in the Event the Minimum Amount is Not Reached

Not applicable because AI Danah GCC Equity Trading Fund is an existing fund.

## 12 Distribution Policy

#### a. Income and Dividend Distribution Policy

The profits of the fund's units will not be distributed to the investors, as the realized profits are reinvested in the fund, and thus the reinvestment will reflect positively on the value and price of the units.

#### b. Approximate Date of Maturity and Distribution

Not applicable.

#### c. How to pay distributions

Not applicable.

## 13 Reporting to Unit Owners

#### a. Financial reports submitted to unit holders

- The Fund Manager will prepare annual reports and submit them to unit holders within a period not exceeding (3) months from the end of the reporting period.
- The Fund Manager will prepare the preliminary financial statements and submit them to the unit holders within a period not exceeding (30) days from the end of the reporting period.
- The Fund Manager will prepare the quarterly statements and submit them to the unit holders within a period not exceeding (10) days from the end of the relevant quarter.

- In the event of termination of the fund, the fund manager will prepare the fund termination report and submit it to the unit holders within a period not exceeding (70) days from the date of completion of the termination and liquidation of the fund, including the final audited financial statements for the period following the last audited annual financial statements.

**b. Information on the Locations and Means of Making Available Fund Reports**

- The Fund's unit holders and potential unit holders will be informed of the annual reports and the preliminary and annual financial statements free of charge by publishing them on the fund manager's website and Saudi Stock Exchange website.
- The quarterly statement will be submitted free of charge by publishing it on the fund manager's website and Saudi Stock Exchange website.

**c. Annual Financial Statements**

The Fund Manager will make the annual financial statements available on the Fund Manager's and Saudi Stock Exchange website.

**d. Declaration Stating the Availability of the First Audited Financial Statement**

Not applicable, as AI Danah GCC Equity Trading Fund is an existing fund.

## 14 Information on Unitholders' Register

- The Fund Manager prepares and maintains a record of unitholders in the Kingdom.
- The unitholder record is conclusive evidence of ownership of the units thereof.
- The Fund Manager registers the information of the unitholders in the record and is obligated to update it immediately when any change occurs to the data registered in it.
- The unitholders record is available for inspection by the Authority upon request, and the Fund Manager shall provide a summary of the unitholder record to any unitholder for free upon request (provided that this summary shows all information related to the concerned unitholder only).
- Without prejudice to the provisions of the relevant regulations, the record of unitholders shall contain, at least, the following data:
  - Name of the unitholder, its nationality and address.
  - National ID number or equivalent identification, such as residency number, passport number, commercial registration number, or any other identification method determined by the Authority according to the category of the unitholder.
  - Nationality of the unit owner.
  - The registration date of each unitholder in the record.
  - Details of all transactions related to the fund units made by each unitholder.
  - The current balance of the number of units owned by each unitholder.
  - Any restriction or dues on the units owned by each unitholder.

## 15 Information and Details of Meeting of Unitholders:

**a. Circumstances in which a Meeting of Unitholders is Called**

- The Fund Manager may call a meeting of unitholders on its own initiative.
- The Fund Manager must call the unitholders meeting within (10) days of receiving a written request from the Custodian.
- The Fund Manager must call the unitholders meeting within (10) days of receiving a written request from one or more unitholders who own or collectively own at least 25% of the Fund's value.

**b. Procedures for Calling a Meeting of Unitholders**

- The invitation to the unitholders meeting will be posted on the website of the Fund Manager and the website of the market, in addition to sending a notice to the unitholders and the Custodian at least (10) days prior to the meeting with a period not exceeding (21) days before the meeting, provided that the announcement and notification shall specify the date of the meeting, its location and time and the proposed items.

- The meeting shall be valid and with a quorum in the event that a number of unit owners who collectively own at least 25% of the value of the fund's units are present. The units and the custodian shall not be less than (5) days before the date of the second meeting, and the second meeting shall be considered valid regardless of the percentage of the fund's units represented in the meeting.
- Meetings of unitholders may take place, participate in its deliberations, and vote on its decisions by means of modern technology, in accordance with the regulations set by the Authority.

#### c. Method of Voting for Unitholders and Voting Rights in Unitholders' Meetings

- Each unitholder has the right to appoint an agent to represent it at the unitholders meeting.
- Each unitholder has the right to cast one vote for every unit he owns in the Fund.
- In the case of holding meetings by means of modern technology, voting will be conducted accordingly and in accordance with the regulations set by the Authority.

## 16 Rights of Unitholder

#### a. List of Unitholder Rights

- Own the subscribed units in the Fund.
- Exercise the rights related to the units owned according to the Terms and Conditions, Information Memorandum, and the Investment Funds Regulations, including but not limited to voting rights in unitholders' meetings.
- Obtain the annual unit register statement for any financial investment in the Fund's units.
- Approval of the basic changes to the Fund's terms and conditions.
- Announce any change in the Fund's Terms and Conditions, Information Memorandum, and obtain a summary of such change before it takes effect in accordance with these Terms and Conditions in a manner that does not conflict with the provisions of the Investment Funds Regulations.
- Redemption of units before any change in the Terms and Conditions takes effect without imposing any redemption fees - if any.
- Obtain an updated copy of the Terms and Conditions and the Information Memorandum in Arabic at no charge.
- Obtain the audited financial statements of the Fund, free of charge, upon request.
- Notification of the Fund Manager's desire to terminate the Investment Fund in accordance with the Terms and Conditions and Information Memorandum in a manner that does not conflict with the provisions of the Investment Funds Regulations.

#### b. Voting Rights policy

The fund manager is not obligated to vote, but in the event of participating in the voting, in general the voting is consistent with the recommendations of the company's management, either directly or indirectly through a majority vote. In addition, the fund manager may vote against the recommendations of the company's management if he believes that this best serves the interests of the unit holders.

## 17 Unitholder's Liabilities

Except for the loss of the unitholder for its investment in the Fund or part of it, the unitholder is not responsible for the Fund's debts and obligations.

## 18 Unit Characteristics

- The Fund is divided into units of equal value and with the same privileges and rights, provided that the total value of the units issued constitutes the total value of the Fund.
- The Fund Manager will not issue ownership certificates to investors in the Fund's units, but will rather keep a record of all unitholders in the Fund.

## 19 Changes to the Fund's Terms and Conditions

#### a. Provisions Governing Changes to the Fund's Terms and Conditions

- Changing the Terms and Conditions of the Fund is subject to the provisions of the Investment Funds Regulations issued by the Capital Market Authority, whereby the Fund Manager may, at his discretion, only amend these Terms and Conditions at any time based on the condition of obtaining the approval of the unitholders and the Authority on the proposed fundamental changes, or notify the Authority and the unitholders of the important changes.
- A copy of these Terms and Conditions will be provided on the Fund Manager's website and the Saudi Stock Exchange website.

**b. Procedures to be Employed on Notifying Changes to the Fund's Terms and Conditions**

In a manner that does not conflict with the provisions of the Investment Funds Regulations, the Authority and the unit holders will be notified of the changes in the terms and conditions according to the following mechanism:

- The Fund Manager will obtain the approval of the Authority after obtaining the approval of the unit holders on any proposed fundamental change in the fund. After that, the fund manager will notify the unit holders of the details of these changes by announcing on the website of the fund manager and the website of the Saudi Stock Exchange before (10) days of the change taking effect.
- The Fund Manager will obtain the approval of the fund's board of directors before making any fundamental or non-fundamental changes to the fund's terms and conditions.
- The Fund Manager will notify the Authority and the unit holders in writing of any non-basic changes to the fund's terms and conditions no less than (10) days before they become effective.

## 20 Termination and Liquidation of the Investment Fund

**a. Fund Termination Events and Procedures**

- Upon the occurrence of any event that necessitates the termination of the fund, the fund manager will terminate the fund immediately and notify the Authority and the unit holders within (5) working days of the occurrence of the event that necessitated the termination of the fund.
- In the event that any of the requirements of the Investment Funds Regulations or any other requirements of the Capital Market Authority under which the fund may be terminated is not met, the fund manager will terminate the fund and notify the Authority and the unit holders of that.
- The fund manager will prepare a plan and procedures for terminating the fund in the interest of the unit holders, and obtain the approval of the fund's board of directors on this plan before taking any action in this regard.
- The fund manager will notify the Authority and the unit holders in writing of the details of the fund's termination plan and procedures, no less than (21) days prior to the date on which the fund is intended to be terminated.
- The Authority and the unit holders will be notified in writing of the termination of the fund within (10) days from the end of the fund term.

**b. Procedures for Liquidating the Fund**

- In the event that the fund's term expires and the fund manager has not completed the sale of the fund's assets during its term, the fund manager will liquidate the assets and distribute the entitlements of the unit holders to them within a period not exceeding (6) months from the date of expiry of the fund's term.
- The fund manager will obtain the approval of the fund's board of directors on the plan and procedures for liquidating the fund before taking any action.
- The fund manager will notify the Authority and the unit holders in writing of the end of the liquidation of the fund within (10) days from the end of the liquidation of the fund, and distribute the entitlements of the unit holders immediately upon the end of the fund or its liquidation without delay and in a manner that does not conflict with the interest of the unit holders.
- The fund manager will announce on his website and the website of the Saudi Tadawul Company the expiry of the fund's term and the term of its liquidation, and provide the unit holders with a report on the termination of the fund within a period not exceeding (70) days from the date of the completion of the termination or liquidation of the fund.
- In the event of the expiry of the fund's term, the fund manager will not charge any fees that will be deducted from the fund's assets.

## 21 Fund Manager

### a. Name, Duties and Responsibilities of Fund Manager

- Saudi Fransi Capital, the Fund Manager, is responsible for complying with the provisions of the Investment Funds Regulations and all related regulations, whether it performs its responsibilities and duties directly or assigns them to a third party under the provisions of the Investment Funds Regulations and the Financial Market Institutions Regulations.
- The Fund Manager also works for the benefit of unitholders in accordance with the provisions of the Investment Funds Regulations, the Financial Market Institutions Regulations and the provisions of the Fund's Terms and Conditions, and abides by the duties of the trust towards unitholders, which ensures work and exercise reasonable care to achieve their interests, and is responsible for doing the following:
  - Fund management
  - Managing the fund's operations, including the fund's administrative services.
  - Subtracting the units of the fund
  - Ensure the accuracy and completeness of the Fund's terms and conditions and that they are complete, clear, correct, not misleading and up-to-date
  - Develop policies and procedures to monitor the risks that affect the investments of the Fund, and ensure that they are dealt with quickly
  - The application the compliance monitoring program, and the results of the application provides the Commission upon request
  - Adhering to the approval requirements and notifications submitted to the Authority in accordance with the provisions of the rules and regulations issued by the Capital Market Authority, where applicable

### b. Authority Authorization Number and Date

Saudi Fransi Capital is licensed by the Capital Market Authority with license (11153-37) dated 26 Safar 1432H corresponding to 30 Jan 2011G.

### c. Registered Address

Head Office: 8092 King Fahd Road,  
PO Box 23454, Riyadh 11426, Kingdom of Saudi Arabia  
Phone +966 11 282 6666 - Fax: +966 11 282 6725

### d. Web Address

www.sfc.sa

### e. Paid-Up Capital

The paid-up capital of Saudi Fransi Capital is SAR 500,000,000.00 (five hundred million Saudi riyals).

### f. Summary of Financial Information

	2020
Revenue	380,073,678
Expenses	272,431,039
Net Income	124,851,350

### g. Primary Roles, Responsibilities and Duties

The Fund Manager is responsible for complying with the provisions of the Investment Funds Regulations and all related regulations, whether he performs his responsibilities and duties directly or assigns them to a third party under the provisions of the Investment Funds Regulations and the Financial Market Institutions Regulations.

The Fund Manager also works for the benefit of unit holders in accordance with the provisions of the Investment Funds Regulations, the Financial Market Institutions Regulations, and the terms and conditions of the fund.

- Fund management
- Managing the fund's operations, including the fund's administrative services.
- Subtracting the units of the Fund
- Ensure the accuracy and completeness of the Fund's terms and conditions and that they are complete, clear, correct, not misleading and up-to-date
- Develop policies and procedures to monitor the risks that affect the investments of the Fund, and ensure that they are dealt with quickly
- The application of the corresponding program and commitment to the Fund, and the results of the application provides the Commission upon request
- Adhering to the approval requirements and notifications submitted to the Authority in accordance with the provisions of the rules and regulations issued by the Capital Market Authority, where applicable

**h. Other Business Activities and Interests of Material Importance or May Conflict with the Fund's Activities**

None. The fund manager acknowledges that there is no conflict of interest, and in the event that any conflict of interest arises or occurs in the future, the fund manager will take the necessary action in the interest of the unit holders and disclose that conflict in the fund's periodic reports.

**i. Appointment of a Sub-Manager**

The Fund Manager may assign a third party or more or any of its affiliates to work as sub-fund manager, provided that the Fund Manager incurs the fees and expenses of any sub-manager.

**j. Provisions Governing the Removal/Replacement of the Fund Manager**

- The Fund Manager has the right to voluntarily withdraw from managing the fund as required by the interests of the unit holders, provided that it arranges for the appointment of an alternative fund manager, subject to the provisions and regulations of the Capital Market Authority.
- The Authority has the right to dismiss the fund manager and take any action it deems appropriate to appoint a replacement fund manager for that fund or take any other measure it deems appropriate, in the event of any of the following cases:
  - The Fund Manager has ceased the activity of investment management, fund operation, or investment management activity without notifying the Authority of that in accordance with the Financial Market Institutions Regulations.
  - Cancellation of the Fund Manager's license to engage in investment management activity and fund operation or investment management activity, or its withdrawal or suspension by the Authority.
  - Submit a request to the Authority from the fund manager to cancel his license to engage in investment management activity, fund operation or investment management activity.
  - If the Authority considers that, the fund manager has breached - in a manner that the Authority deems essential - to abide by the regulations or executive regulations.
  - The death, incapacity or resignation of the investment portfolio manager who manages the fund, with no other person registered with the fund manager capable of managing the fund's assets.
  - Any other case that the Capital Market Authority considers on reasonable grounds to be of material importance.

If the Authority exercises any of their powers in accordance with the previous paragraph, the fund manager shall cooperate fully to facilitate the smooth transfer of responsibilities to the alternate fund manager. The trustee of the fund manager shall, where necessary and appropriate and at the sole discretion of the Authority, transfer to the alternate fund manager all contracts related to the fund in line with the provisions of the Investment Funds Regulations.

## 22 Fund Administrator

**a. Name of Fund Administrator**

Saudi Fransi Capital

**b. Authority Authorization Number and Date**

Saudi Fransi Capital is licensed by the Capital Market Authority with license (11153-37) dated 26 Safar 1432H corresponding to 30 Jan 2011G.

**c. Registered Address**

Head Office: 8092 King Fahd Road,  
PO Box 23454, Riyadh 11426, Kingdom of Saudi Arabia  
Phone +966 11 282 6666 - Fax: +966 11 282 6725

**d. Primary Roles and Functions**

- Operation of the Fund
- The fund operator is responsible for evaluating the fund's assets
- The fund operator shall be responsible for the pricing of the units and responsible for the erroneous valuation or pricing
- The fund operator is responsible for the full and fair evaluation of the fund's assets
- The fund operator shall prepare, maintain and update a register of unit holders
- Maintain books and records related to the operation of the fund
- Maintain a record of all issued and canceled units, and an updated record showing the fund's existing units balance
- The fund operator is responsible for the process of distributing profits to unit holders
- The fund operator is responsible for executing and regulating all subscription and redemption requests

**e. Appointment of Sub-Administrator**

The Fund Administrator has the right to appoint a sub-administrator.

**f. Tasks Assigned to a Third Party**

None.

## 23 Custodian

**a. Name**

HSBC Saudi Arabia Limited

**b. Authority Authorization Number**

Capital Market Authority License (05008/37) dated on 5 Dhul-Hijjah 1426H corresponding to 5 January 2006G.

**c. Registered Address**

Head Office: Olaya - Al-Mrooj 7267  
P.O. Box: 2255 Riyadh 12283, Kingdom of Saudi Arabia  
Phone +966 92000 5920 - Fax +966 11 299 2385  
Email: SaudiArabia@HSBC.com  
www.HSBCSaudi.com

**d. Primary Roles and Function**

- The Custodian is responsible for its obligations in accordance with the provisions of the Investment Funds Regulations, whether it fulfils its responsibilities directly or assigns it to a third party under the provisions of the Investment Funds Regulations or the list of authorized persons.
- The Custodian is liable towards the Fund Manager and unitholders for the losses of the Fund resulting from its fraud, shortcoming, misbehavior or deliberate negligence.

- The Custodian is responsible for preserving and protecting the Fund's assets for the benefit of unitholders, and it is also responsible for taking all necessary administrative measures in relation to preserving the Fund's assets.

**e. Appointment of a Sub-Custodian**

The Custodian may assign a third party or more or any of its affiliates to work as sub-Custodian of the Fund, provided that the Custodian incurs the fees and expenses of any sub-Custodian.

**f. Functions that have been Delegated to a Third Party by the Custodian**

None.

**g. Provisions Governing the Removal or Replacement of the Custodian**

- The Capital Market Authority has the right to dismiss and replace the custodian and take any action it deems appropriate in the event of any of the following cases:
  - The custodian stops practicing custody activity without notifying the Authority in accordance with the Financial Market Institutions Regulations.
  - Cancellation, withdrawal or suspension of the custodian's license to practice custody activity by the Authority.
  - Submit a request to the Authority from the custodian to cancel his license to practice custodian activity.
  - If the Authority considers that the custodian has breached, in a way that it deems essential, to comply with the Law or its implementing regulations.
  - Any other case you see the body - based on reasonable grounds - it is of fundamental importance.
- The Fund Manager is entitled to isolate the custodian and replace it in the following cases:
  - The fund manager may dismiss the custodian by written notice if it reasonably considers that the removal of the custodian is in the interest of the unit holders, and the Authority and the unit holders must be immediately notified in writing, and immediately disclosed on the fund manager's website and website.
  - If the Authority or the fund manager exercises any of their powers in accordance with the previous paragraph, the fund manager must appoint a replacement custodian in accordance with the provisions of the Investment Funds Regulations issued by the Capital Market Authority, and the fund manager and the isolated custodian must cooperate fully to facilitate the smooth transfer of responsibilities to the replacement custodian. The isolated custodian must transfer - where necessary and appropriate - to the replacement custodian all contracts related to the fund

## 24 Board of Directors

**a. Names of Fund Board Members**

Member Name	Member Classification
Mr. Ehab Talib Ahmed Farhan	Chairman, Non-Independent
Mr. Abdullah Sulaiman Abdulaziz Al-Oraini	Vice-Chairman, Non-Independent
Mr. Muhammad Fathallah Abdul-Khaleq Al-Bukhari	Member, Independent
Mr. Hani Ibrahim Ahmed Obaid	Member, Independent

**b. A Brief about the Fund Board Members' Qualifications**

- **Mr. Ehab Talib Ahmed Farhan** – Head of the Private Banking at the Banque Saudi Fransi, Wealth Management at Saudi Fransi Capital, with 13 years of experience in consulting services with the National Bank in the field of the global stock exchange and investment products. He joined Banque Saudi Fransi in 2005 as Head of the Investment Department of the Jeddah City Department. He was appointed as the Head of Wealth Management in charge at the Saudi Fransi Capital in May 2015, then joined the Saudi Fransi Capital as Head of Wealth Management until May of 2018, holder of a Bachelor's degree in Business Administration,

class 1995, and a qualified financial planner certificate from the Arab Monetary Agency - Banking Institute in the year 2004.

- **Mr. Abdullah Sulaiman Abdulaziz Al-Oraini** – The Head of Brokerage at the Saudi Fransi Capital Company, with 14 years of experience in the banking sector in the Kingdom, Mr. Abdullah became the Head of Brokerage in the Saudi Fransi Capital Company in 2011. He was appointed as the Head of Brokerage in 2014 at Saudi Fransi Capital. Holds a Bachelor's degree in International Business Administration from King Saud University, class of 1999.
- **Mr. Muhammad Fathallah Abdul-Khaleq Al-Bukhari** – With more than 25 years of experience in the banking and investment sector inside and outside the Kingdom, holding a Bachelor's degree in English Literature from King Saud University in 1972. Mr. Mohamed is currently retired, and his last position was Director of Conformity and Compliance at the Arab National Investment Company in 2011.
- **Mr. Hani Ibrahim Ahmed Obaid** – A partner in Invest Corp., with 11 years of experience in the banking and investment sector inside the Kingdom. Mr. Hani became the Fund Manager at Banque Saudi Fransi in 2004. He joined Morgan Stanley in 2008 as Vice President of Private Wealth Management, and in 2012 he became a partner in Invest Corp. Holds a Bachelor's degree in Technology Management from Wentworth University of Technology.

#### c. Description of the Roles and Responsibilities of the Fund Board

- Approve all contracts, decisions, and substantial reports to which the fund is a party.
- Adopt a written policy regarding voting rights related to the fund's assets.
- Supervise, and when appropriate, approve or ratify any conflicts of interest disclosed by the Fund Manager in accordance with the investment funds regulations.
- Meeting at least twice annually with the Compliance Officer with the Fund Manager and/or the Compliance Committee and the competent Anti-Money Laundering and Counter-Terrorism Financing Officer, to ensure that the Fund Manager complies with all applicable regulations and bylaws.
- Approval of any recommendation submitted by the liquidator, if appointed, according to the investment funds regulations.
- Ensure that the fund terms and conditions, the information memorandum, and any other document, whether it is a contract or otherwise, is complied with by the Investment Funds Regulations.
- Ensuring that the Fund Manager fulfils its responsibilities in the interest of the unitholders in accordance with the fund terms and conditions, and the provisions of the investment funds regulations.
- Work with honesty, goodwill, interest, care and diligence in the interests of the Fund and its unitholders.
- Take minutes of the meetings that includes all the minutes of the meetings and the decisions made by the Board.

#### d. Details on the Remuneration of the Fund Board Members

The Fund's Board of Directors' remuneration encompass all the funds of Saudi Fransi Capital, which is supervised by the Board, knowing that these fees will be changed annually, as each share of these funds will be allocated based on the size and proportion of the asset on pro-rata basis, and they are calculated cumulatively on each calendar day and deducted on an annual basis.

The annual maximum sum of the fees and expenses of members of the Board of Directors of all the funds of Saudi Fransi Capital is estimated at SAR 60,000.00 (sixty thousand Saudi Riyals). The Fund's share of this fee is estimated at SAR 328 (three hundred and twenty-eight).

It is also worth noting that the Fund's share of these fees will change annually according to the Fund's assets (increase or decrease), and that each independent member will receive an amount of SAR 15,000.00 (fifteen thousand Saudi riyals) per meeting with a maximum of two meetings per year which is the minimum number of Fund board meetings for all the funds of Saudi Fransi Capital.

#### e. Conflict of Potential Interest

There is no existing or potential conflict of interest between the interests of a Fund's Board member and the interests of the Fund.

#### f. Other Fund Boards Membership

The Fund's Board members participate in other fund boards under the management of Saudi Fransi Capital as follows:

Fund Name	Ehab Farhan	Abdullah Al-Oraini	Hani Obaid	Muhammad Bukhari
Al-Badr Murabaha Fund - US Dollars	Chairman	Member	Independent member	Independent member
US Dollar Money Market Fund	Chairman	Member	Independent member	Independent member
Al-Saffa Saudi Equity Trading Fund	Chairman	Member	Independent member	Independent member
Al Qasr GCC Real Estate and Construction Equity Trading Fund	Chairman	Member	Independent member	Independent member
Al-Badr Murabaha Fund - SAR	Chairman	Member	Independent member	Independent member
Saudi Riyal Money Market Fund	Chairman	Member	Independent member	Independent member
Saudi Istithmar Equity Fund	Chairman	Member	Independent member	Independent member
Al-Danah GCC Equity Trading Fund	Chairman	Member	Independent member	Independent member
Saudi Fransi Capital Saudi Equity Income Fund	Chairman	Member	Independent member	Independent member
Saudi Fransi GCC IPO Fund	Chairman	Member	Independent member	Independent member
Taleem REIT	Member	-	Independent member	Independent member
Bonyan REIT	-	-	Independent member	-

## 25 Shariah Board

### a. Identity of the Shariah Committee Members

- **Dr. Salah bin Fahd Al-Shalhoub (Chairman of the Shariah Committee)**
  - A specialist in Islamic fiqh and an academic with over twenty years of experience in teaching and researching in the fields of Shariah sciences, Islamic finance, and economics.
  - He is a consultant for a group of Islamic financial institutions to review contracts and products in financing, investment, cooperative insurance, Islamic bonds, and their development to enhance their Shariah and practical efficiency, and serves society through training, authoring, writing, and media participation to raise awareness of Islamic finance and banking.
- **Dr. Salem Ali Al Ali (Member of the Shariah Committee)**
  - A specialist in Islamic finance law and the legal and jurisprudential issues related to the development of Islamic capital markets. He is an assistant professor in the Department of Shariah and Islamic Studies at the United Arab Emirates University and a member of the Shariah Committee in many financial institutions. He has many consultative, educational, and research contributions in the Islamic finance sector in several countries, including Saudi Arabia, the United Arab Emirates, Malaysia, and the United Kingdom.
- **Dr. Hisham bin Abdulmalik Al Al-Sheikh (Member of the Shariah Committee)**
  - A professor of comparative fiqh and Shariah regulations at the Higher Institute of Judiciary at Imam Muhammad bin Saud Islamic University. He previously held the position of Shariah advisor in many financial institutions and entities. He participated in the preparation and formulation of the Shariah rulings code in the financial transactions section under the chairmanship of one of the subcommittees and then participated in the review committees for the Shariah rulings code. He has many printed publications and research in the judiciary and financial transactions field.

The fees of the Shariah Services will not be charged to the fund.

**b. Roles and Responsibilities of the Shariah Board**

- The committee supervisory role is to outline Sharia-compliant standards and monitor the Fund's performance to ensure it's not violating the established standards.
- Supervising the Islamic banking transactions that comply with the provisions and principles of Sharia.
- Decide on Shariah-related matters to comply with Shariah provisions and principles in force.
- Ensuring that Sharia policies and procedures are in line with the provisions and principles of Sharia

**c. Remuneration of the Sharia Board Members**

Shariah Board remuneration will not be incurred by the Fund.

**d. Standards Used to Determine Shariah-Compliant Investments, its Periodic Review and the Procedures in the Event of Non-Compliance with Shariah Standards**

The criteria applied to determine the legitimacy of the listed shares subject to investment are investment in shares of listed companies, except for:

- Financial institutions (except for Islamic banks and Islamic insurance companies).
- Companies with the following characteristics:
  - Usurious debts exceeding 33% for an average period of 12 months of the market value of the company.
  - Cash and debts owed to the company exceed 49% for the 12-month average of the company's market value.
  - The usurious income or any income that is not compatible with the provisions of Islamic law exceeds 5% of the total income.

The legitimacy of the Fund's assets is reviewed periodically, and in the event that the assets invested in it become non-compliant to the provisions of Islamic Sharia, the Fund is obliged to withdraw from these investments.

## 26 Investment Advisor

None

## 27 Distributor

None

## 28 Auditor

**a. Name of the Auditor**

Price Waterhouse Coopers.

**b. Registered Address**

Head Office: Kingdome Tower, King Fahad Road  
P.O Box 8282, Riyadh 11482, Saudi Arabia  
Phone: +966.11.2110400 - Fax: +966.11.2110401  
Website: [www.pwc.com/middle-east](http://www.pwc.com/middle-east)

**c. Functions, Duties and Responsibilities**

The Auditor prepares, submits and reviews the interim and annual financial statements and approves the annual statements in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.

#### d. Provisions regulating the replacement of the Auditor

The Fund Manager has the right to replace the Auditor after obtaining the approval of the Fund's Board in the following cases:

- In the event of existing and important allegations about the professional misconduct of the Auditor in the performance of its duties.
- If the auditor is no longer independent.
- If the auditor is no longer registered with the Authority.
- If the fund's board of directors decides that the auditor does not have sufficient qualifications and experience to perform the audit duties satisfactorily.
- If the Authority requests, at its sole discretion, the auditor appointed for the fund to be changed.

## 29 Fund Assets

- The assets of Al Danah GCC Equity Trading Fund are held by a Custodian on behalf of the Fund and the unitholders. These assets are not the property of the Custodian who has no right to dispose of them except in accordance with the Fund's Terms and Conditions.
- The Custodian must separate the assets of each Fund from its assets and the assets of its other clients, and those assets must be identified independently by registering the securities and other assets of each investment fund in the name of the Custodian for the benefit of that Fund, and that it maintains all necessary records and other documents that support the performance of its contractual obligations.
- The assets of Al Danah GCC Equity Trading Fund are collectively owned by unitholders of communal ownership. It is not permissible for the Fund Manager, the Sub-Manager, the Custodian, the Sub-Custodian, the Advisor or the Distributor to have any interest in the Fund's assets or a claim with respect to those assets, unless the Fund Manager, the Sub-Manager or the Custodian or The Sub-Custodian, Advisor, or Distributor owns the units of the Fund, within the limits of its ownership, or these claims were permitted under the provisions of the Investment Funds Regulations and disclosed in these Terms and Conditions.

## 30 Complaint Procedure

The procedures for handling complaints related to the fund are available to unitholders and it will be presented to them upon request and free of charge.

Any of the unitholders can submit any complaint by sending a letter of complaint that includes the signature of the unitholder, phone number, fax number and postal address to one of the following:

- Visiting the customer service department in the head office of the Fund Manager.
- Contact the customer service of the Fund Manager on the toll-free number 8001243232.
- Send the complaint to the Fund Manager via fax 011-2826623.
- By emailing the Fund Manager at [complaints@fransicapital.com.sa](mailto:complaints@fransicapital.com.sa)

The Fund Manager will settle the complaint and respond to it within 5 business days from its date.

## 31 Other Information

a. The policies and procedures that the fund manager will follow to address the conflict of interest and any potential and/or actual conflict of interest will be provided to the fund unit holders upon request free of charge.

#### b. The Jurisdiction of the Committee for the Resolution of Securities Disputes

The competent judicial authority to consider any dispute arising out of or from investing in the Fund is the Securities Dispute Resolution Committee.

#### c. The List of Documents Available for Unitholders

- Fund terms and conditions
- All contracts mentioned in the terms and conditions
- Fund periodic reports

- The Fund's audited financial statements
  - The fund manager's financial statements
- d. **There is no other known information, or it should be known to the Fund Manager or the Fund's Board of Directors and may be requested - reasonably - by the current or potential owners of the units or expected to be included in the Terms and Conditions on which the investment decision will be decided upon**
- e. **Any exemption from the restrictions of the investment regulation approved by the Capital Market Authority, except for those mentioned in the investment policies and practices.**

The Fund is not subject to any exemption from any of the investment regulations restrictions, other than general exemptions that have been issued or may be issued in the future by the Capital Market Authority regarding all investment funds.

## 32 Acknowledgment from the Unitholder

I/we have read the Terms and Conditions of AI Danah GCC Equity Trading Fund, and understand what was stated in them and agree to them, and acknowledge to review the properties of units that were subscribed to in the Fund, and a copy of this agreement was received and signed.

Subscriber name(s)	
Investment Account Number	
Date	
Location or Branch	
Signature	

For use by Saudi Fransi Capital employees only	
Employee Name	
Date	



### 33 Appendix (1): Summary of Financial Disclosure

Audited figures for 2022 (including VAT, where applicable).

Fee type	Amount ( SAR )
Auditor Fees	40,250.00
Regulatory Fees	7,869.52
Custodian Fees	27,286.84
Transaction Fees	20,850.59
Remuneration of the Board of Directors	295.65
Management Fees	367,319.93
Tadawul Fees	5,750.00
Index calculation fees	18,750.05
Others	36,171.22

Salam Zaki AlKhunaizi

Chief Executive Officer and Board Member

Haifa Fahad Algoufi

Chief Compliance, Governance and Legal