



Terms and Conditions

Saudi Fransi Capital Fixed Income Fund

A Sharia compliant open-ended fixed income investment fund

Fund Manager Name: 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 offering of units in the investment fund. The Capital Market Authority does not, however, take any responsibility for the contents of the Fund's Terms and Conditions, nor does it make any representation as to its accuracy or completeness. The Capital Market Authority does not make any recommendation as to the soundness or otherwise of investing in the investment fund, and the approval of offering the fund does not mean that the Authority recommends to invest in the fund, and the Authority emphasizes that the decision to invest in the fund is up to the investor or his representative.
- Saudi Fransi Capital Fixed Income Fund has been certified as being Shari'ah compliant by the Shariah Fund Board appointed for the investment fund.
- The Fund's Terms and Conditions and all other documentation comply with the Investment Funds Regulations and contain are complete, clear, accurate, and not misleading information on the investment fund and shall be updated and amended.
- The Fund's Terms and Conditions shall be read in conjunction with other documentation.
- Unitholders shall be deemed to have accepted and signed the Fund's Terms and Conditions, upon subscribing in any listed unit of the fund.
- The performance of the fund can be viewed within the fund's reports.
- Investors are advised to read and understand the Fund's Terms and Conditions. If in doubt, please consult a professional adviser.

This is the amended version of the Terms and Conditions of the Saudi Fransi Capital Fixed Income Fund, which reflects the following changes:

- Amendments related to the Zakat Collection Rules for Investing in Investment Funds.

This is according to our letter sent to the CMA on 30/10/2023G corresponding to 15/04/1445H.

Public

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Salam AlKhunaizi
CEO

Haifa AlGoufi
Head of Compliance, AML and Governance

Fund Summary

Fund Name	Saudi Fransi Capital Fixed Income Fund
Fund Manager	Saudi Fransi Capital
Fund Currency	SAR
The Risk Score For The Fund	Medium
Fund Type/Class	A Sharia compliant open ended fixed income investment fund
The Fund's Investment Objects	Investment objective would be to generate income and capital appreciation through investment in Sharia compliant sukuk, money market funds, money market transactions and bank deposits including but not limited to Murabaha, Wakala, Mudarba and Musharaka transactions and Sharia compliant structured products, notes and asset backed securities diversified by geography, issuer, rating, profit rate and maturity.
Cash Dividends	<p>The fund manager has the right to distribute the income to the unit owners on a semi-annual basis. Any cash distributions by the fund will be according to the fund manager's absolute discretion based on the fund's performance and market conditions.</p> <p>The fund manager has the right not to distribute income according to the fund's performance and market conditions and in exceptional cases, which are cases that the fund manager believes may affect the fund's assets or objectives negatively as a result of any of the economic factors such as deflation, inflation, low oil prices and/or political such as In the event of a change in the laws in the countries in which the Fund invests its assets and/or changing regulations, such as changing legislation and accounting systems.</p> <p>The fund manager has the right to distribute the income at the end of February and August of each year. Distributed income is due to all registered unit owners as on the last valuation day in the months of February and August, and the cash dividends are deposited in the specific investment accounts of unit owners available with the fund manager.</p> <p>The fund manager announces whether or not distributions are approved or not, immediately through the fund manager's website and the Saudi Market (Tadawul) website, one working day after the due date.</p> <p>The cash dividends will be deposited in the investment accounts of the unit holders available with the fund manager within a period of 20 business days from the end of February and August.</p>
The duration of the investment fund and maturity date	Saudi Fransi Capital Fixed Income Fund is an open ended fund.
Benchmark	Ideal Ratings Global Sukuk Active Index-Price Return

Categories Of Units	<p>Units in the fund are issued in two categories based on the conditions set forth below, and they are not automatically transferable from one category to another:</p> <p><u>Class A</u></p> <p>These units will be issued to unit owners in the fund who meet the following conditions:</p> <ul style="list-style-type: none"> • The minimum initial subscription amount is 10,000,000 (ten million) Saudi riyals • The minimum additional subscription amount is 1,000,000 (million) Saudi Riyals • The minimum redemption amount is 1,000,000 (million) Saudi riyals <p><u>Class B</u></p> <p>These units will be issued to unit owners in the fund who meet the following conditions:</p> <ul style="list-style-type: none"> • The minimum initial subscription amount is 2,000 (two thousand) Saudi riyals • The minimum additional subscription amount is 2,000 (Two thousand) Saudi Riyals • The minimum redemption amount is 2,000 (Two thousand) Saudi Riyals <p>No category will have investment strategies and objectives that differ from the investment strategies and objectives of other classes of the same fund.</p>
Fund Dealing Days/Valuation	Every Monday and Wednesday
The Deadline For Submitting Subscription & Redemption For each Dealing Day	Before 12:00 noon, Kingdom of Saudi Arabia time
The Day of Announcing The Fund Unit Price	The business day following the dealing day
The Date Of Paying The Value Of The Redeemed Units To The investors	Within five business days from the day of dealing
Subscription Fee	Maximum of 1% of the gross subscribed amount. The fund manager has the right to waive part or all the subscription fee that he deducts at any time according to his absolute discretion, provided that all unit owners in all categories enjoy equal rights and are treated equally by the fund manager.
Fund Administrator/ Operator Fee	Maximum of 0.05% p.a + applicable VAT of the fund's net asset value
Custody Fees	Maximum of 0.05% p.a + applicable VAT of the fund's net asset value
Transaction Fees (for custody)	USD 30 per transaction
Redemption Fee	None except for early redemption fees



Early redemption fee		For investors of (in-kind) contributions in the redemption during a period (six months to a year) from the date of subscription: 3% of the redeemed amount. There will be no early redemption fees for cash subscribers. The fund manager has the right to waive part or all of the early redemption fees at his absolute discretion. All unit owners in all categories enjoy equal rights and are treated equally by the fund manager.
Management fee		Unitholders pay management fees to the fund manager as follows: -Class A unit holders pay a management fee of 0.50% of the fund's net assets after deducting other expenses and accrued liabilities annually. -Class (B) unit holders pay a management fee of 0.75% of the fund's net assets after deducting other expenses and accrued liabilities annually. Fees are calculated on a daily basis and deducted monthly. This applies to all unit owners, as they will be treated equally. No category will have investment strategies and objectives that differ from the investment strategies and objectives of other classes of the same fund. The fund manager has the right to waive part or all of the management fees that he deducts at any time according to his absolute discretion, if all unit owners of all categories enjoy equal rights and are treated equally by the fund manager.
Unit price at the start of the fund		SAR 10.0000
Fund inception date		Offering period: 16 January 2022 , starting date: 8 April 2022
Terms and Conditions issuance date, last update		The Terms and Conditions was issued 13 October 2021. The last update was on 30/10/2023G, corresponding to 15/04/1445H.
Other Expenses	Audit Fee	35,000 (Thirty Five Thousand) Saudi Riyals as a maximum per year, and these fees are calculated and accrued on a daily basis
	Registration Fee (Tadawul)	٥,٠٠٠ (Five Thousand) Saudi Riyals per year. These fees are calculated and accrued on a daily basis and deducted on an annual basis.
	Funding Fees	According to the prevailing financing rates, and it will be disclosed if it occurs in the annual financial disclosure summary.
	Benchmark Fees	USD 10,000 per annum (including withholding tax if any)
	Regulatory Fees	7,500 Saudi riyals annually Calculated and accrued on a daily basis Paid on annual basis.
	Distribution Expenses	Not Available.
	In-kind subscription Expenses	The Fund is responsible for meeting any regulatory fees or expenses related to the in-kind subscription.
	Fund's Board of Director's Fees	The fund's share is estimated at 6000 Saudi riyals annually, and it is an estimated share that may change annually according to the fund's net assets. Calculated and accrued on a daily basis. Paid on annual basis.
	The fund manager shall bear any other expenses not mentioned in the table below.	



Fund Guide

Fund Manager	:	<p>Saudi Fransi Capital - Commercial Registration No. 1010231217, .Capital Market Authority License No. 11153/37 Head Office: PO Box 23454 Riyadh 11426 .Saudi Arabia Phone +966 11 2826666 Website: www.sfc.sa</p>
Custodian and Fund Operator	:	<p>HSBC Saudi Arabia Olaya - Murooj 7267 P.O Box 2255 Riyadh 12283 Saudi Arabia Phone +966 92000 5920 Fax +966 11 299 2385 Website: www.HSBCSaudi.com Email: SaudiArabia@HSBC.com</p>
Auditor	:	<p>AlAzem, AlSudairy, AlShaikh & Partners CPA's and Consultants – a Member of Crowe Global Prince Muhammad Bin Abdulaziz Road - Riyadh P.O Box . 11 Riyadh 10504 Phone: +966112175000 Fax: +966112175000 Website: www.crowe.com/sa</p>

Definitions

The Fund	:	Saudi Fransi Capital Fixed Income Fund.
Fund Manager	:	The capital market institution that carries out the management of the assets of an investment fund or a real estate investment fund, and the management of its business and offering of its units in accordance with the Investment Funds Regulations, the Real Estate Investment Funds Regulations and the Rules for Special Purposes Entities.
Custodian	:	An authorized person under the list of persons authorized to carry out securities custody activities.
Fund Currency	:	The currency in which the fund units' price is evaluated. The fund's currency is SAR.
Country	:	Saudi Arabia.
Authority	:	Capital Market Authority Any committee, sub-committee, employee, or agent who can be delegated to perform any of the Authority's functions.
Investment Fund Regulations	:	Bylaws of investment funds issued by the Board of the Capital Market Authority.
Investment Fund	:	A joint investment program that aims to provide an opportunity for its investors to participate collectively in the profits of the program, and is managed by the fund manager for specific fee.
Subscriber / Owner of Units	:	The person who owns units in the investment fund.
The Unit	:	The units owned by the subscriber in the fund.
Benchmark	:	Ideal Ratings Global Sukuk Active Index-Price Return
Board of Directors	:	A board that the fund manager appoints its members in accordance with the investment funds regulations to monitor the activities of the investment fund manager.
Sharia Board / Sharia Committee	:	A group of Sharia scholars appointed by the fund manager to provide advice on investment products that are compliant with the provisions of Islamic law.
Business day	:	The official business day when the financial markets are open for business in the Kingdom.
Dealing Day	:	The day on which the subscription and redemption requests for the units of the investment fund are executed.
Announcement Day	:	The days when unit prices are announced- which is following the dealing day.
Valuation point	:	The point in time on each transaction at which the net asset value per unit is calculated. The point in time on which the net asset value is calculated per unit, and it's usually at the close of trading for the day prior to it, provided that this day is a working day in the respective markets. However the NAV will be announced only on Announcement Day.
Unit price	:	The fund unit value, which is calculated by dividing the fund's net assets by the total number of existing units.
Corporate / Organizational and Savings Investment Plans	:	A program that allows small investors to subscribe below the minimum, with a monthly subscription from the investor to be determined by the investor.

Subscription Fee	:	Fees paid in advance when purchasing units in the fund.
Redemption fee	:	Fees paid in advance when redeeming units from the fund.
Early redemption fee	:	Fees paid for redemption after six months and before the completion of a year from the date of in-kind subscription, and it is for unit holders from in-kind contributions. There will be no early redemption fees for cash subscribers. The fund manager has the right to waive part or all of the early redemption fees at his absolute discretion. All unit owners in all categories enjoy equal rights and are treated equally by the fund manager.
Fund Management Fee	:	Expenses and fees related to management services paid to the fund manager.
Minimum Subscription	:	The minimum amount of money required to subscribe to the fund.
Shariah-Standard	:	Sharia criteria approved by the Sharia Committee of the Fund, according to which the companies eligible to invest in are determined by the Fund.
Duration	:	The expected change in the price of a fixed income instrument for a given parallel shift in the interest rates
Murabaha	:	It is selling at cost plus a known agreed profit and payment at an agreed later date.
Mudaraba	:	It is a partnership agreement between the speculator (the first party, which is the fund) or more, and a financial institution (the second party), where the speculator authorizes the second party to work and dispose of his money for the purpose of making a profit.
Musharaka	:	It is a short-term debt instrument, and the main function of these instruments is to create liquidity for companies, individuals and governments in order to meet their short-term cash needs.
Structure Products	:	A security or other asset resulting from a securitization transaction or scheme or similar structure.
Asset Backed Securities	:	means a debt instrument issued by a special purposes entity under whose terms: (a) the entitlement of holders of the debt instrument to a return is wholly dependent on the returns generated by the special purposes entity's assets; and (b) the sponsor is not obliged to the holders of the debt instrument (whether by guarantee or otherwise) to pay any amounts due on the debt instrument.
Sinking Fund	:	A sinking fund is a fund established by an economic entity by setting aside revenue over a period of time to fund a future capital expense, or repayment of a long-term debt.
Putable Sukuk	:	A Sakk issued with the right in favor of the issuer to call the instrument before its maturity date.
Sukuk	:	Means the certificates of a Sharia compliant debt instrument n which the fund invests, and it is a certificate of equal value that represents a common, undivided share in the ownership of real assets, their usufruct, concession rights, or ownership of an asset for a specific project that meets the Sharia requirements and the consequent financial rights.
Group	:	It means any company that owns 20% of another company, then it falls under the same group as the owning company.
Money Market Fund	:	An investment fund the sole objective of which is to invest in short term securities and money market transactions in accordance with the Investment Funds Regulations.



Money Market Transactions	:	Means short-term deposits.
In-kind Subscription	:	It is the customer's participation in the fund where the subscription is assets as against cash in exchange for units in the fund, where the asset is evaluated by the fund manager and units are issued to the subscriber in kind equivalent to the value of the asset and after the approval of the fund manager. The fund manager accepts sukuk only as principal for in-kind contributions.
Credit Rating	:	It is a measure issued by specialized agencies to assess the ability of the borrower to fulfill its obligations towards lenders.
Value Added Tax (VAT)	:	It is the value added tax applied pursuant to the provisions of the value added tax issued under Royal Decree No. M / 113 dated 11/2/1438 AH and its implementing regulations.
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.

Terms and Conditions

1. THE INVESTMENT FUND:

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

Saudi Fransi Capital Fixed Income Fund, a Sharia compliant open-ended fixed income investment fund.

b. Issue Date of Terms and Conditions, and last update

The Terms and Conditions of the Fund were issued on 7 Rabi Al-Awal 1443 H corresponding to 13 October 2021. The last update was on 05/11/2023G corresponding to 10/21/1444H.

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

The Authority's approval to continue in the Fund's units was obtained on 7 Rabi Al-Awal 1443 H corresponding to 13 October 2021.

d. Duration and Maturity Date of the Fund

Saudi Fransi Capital Fixed Income Fund is an open-end investment fund.

2. Regulatory Framework:

The Saudi Fransi Capital Fixed Income Fund and Saudi Fransi Capital (Fund Manager) are subject to the Capital Market Law and its implementing regulations with other relevant rules, regulations applicable in the Kingdom of Saudi Arabia.

3. The objectives of the investment fund:

a. The objectives of the investment fund.

The Saudi Fransi Capital Fixed Income Fund is a Sharia compliant open-ended public investment fund which aims to generate income and capital appreciation through investment in Sharia compliant sukuk, money market funds, money market transactions and bank deposits including but not limited to Murabaha, Wakala, Mudarba and Musharaka transactions and Sharia compliant structured products, notes and asset backed securities diversified by geography, issuer, rating, profit rate and maturity.

b. Types of assets in which the fund invests.

The fund will invest in the following instruments:

- Sharia compliant sukuk issued by sovereign and corporate issuers located in Saudi Arabia, Gulf Cooperation Council (GCC) and Global Markets denominated in US Dollar and Saudi Riyal which may be either listed in an exchange or unlisted (in the form of private placements). The sukuk may be of different tenors (short, medium or long) and include perpetuals as well as callable sukuk.



- Sharia compliant money market transactions and bank deposits including but not limited to Murabaha, Wakala, Mudarba and Musharaka transactions and Sharia compliant structured products, structured notes and asset backed securities.
- The underlying investments of the fund are primarily in USD and SAR. The fund's investments may be in different currencies other than the fund's currency, the Saudi Riyal, in line with the investment strategy.
- Public investment funds units with a similar strategy that are compatible with Sharia standards and licensed by the Capital Market Authority or a similar regulatory authority outside the Kingdom with a similar level of risk.
- Structured products and structured notes.

c. Policy of concentration of investments in the fund

- The fund will invest in Sharia compliant debt instruments as defined in Section 3 (b) primarily in Saudi Arabia and GCC region (maximum of 100% of the fund size). Investments outside of Saudi Arabia and GCC is limited to 30% of the fund size.
- The minimum credit rating for the Fund and counterparty's underlying Investments will be as determined by an international rating agency with a minimum rating of: Standard & Poor's BBB- / Moody's Baa3- / Fitch BBB- is 50% of the fund size.
- The maximum that the Fund will invest in below investment grade and non-rated underlying investments and counterparties is 50% of the fund size for. The Fund Manager will classify the quality of the Investments internally based on the stability and soundness of the counterparty or issuer's financial position and the internal risk assessment mechanism approved by the fund manager.
- The Fund can invests in units of public investment funds with a similar strategy that are compatible with Sharia standards and licensed by the Capital Market Authority or a similar Regulatory Authority outside the Kingdom of Saudi Arabia with a similar level of risk up to 25% of the fund's net assets value. The Fund Manager's decision will be based on criteria including the external fund's risk level, the historical performance, the value of the fund's assets, and the review of the fund's financial statements and periodic reports that shows the fund's investments and the fund manager's investment policies.

d. Percentage of investment in each asset class

Type of investment	Minimum	Maximum
Sukuk	60%	100%
Cash, money market instruments, money market instruments funds and public debt instruments	5%	40%
Structured products	0%	10%

- The minimum credit rating for the fund and its underlying investments will be determined either by one of the reputed international rating agency (S&P, Moody's, Fitch, Capital Intelligence) or based on the Internal rating Criteria of the Fund Manager. The Fund Manager will have absolute discretion on

the rating of a particular instrument (above investment grade or below investment grade) and may rely on the research available internally or through external sources for determining the rating.

- The fund manager has the right to keep a larger part or all of the fund's assets in the form of cash or in the form of short-term investments, in case he believes that market conditions or economic conditions are relatively inappropriate, such as deflation, inflation, low oil prices and/or political such as In the event of a change in the laws in the countries in which the Fund invests its assets and/or changing regulations, such as changing legislation and accounting systems.

The Fund Manager will insure to protect clients' investments in low risk short-term investments for the period, which is expected to be short according to unfavorable circumstances, and calculate the management fees as they are during the period.

e. Markets in which the Fund Intends to Invest In

Saudi Arabia, Gulf Cooperation Council (GCC) and Global Markets and it might include Banque Saudi Fransi. The domicile of the issuers is the main criteria for determining the geographical location and hence a sukuk/ financial instrument issued by a Saudi or GCC issuer (whose principal business activity is in Saudi Arabia and GCC) but listed in a global exchange – would still classify as a local or GCC exposure. Global exposure would mean that the issuer or underlying beneficiary is located outside of Saudi Arabia and GCC or the principle business activity is outside of Saudi Arabia and GCC.

f. The Fund Manager investment in the fund.

As defined in Article (15) of the Investment Funds Regulations, the Fund Manager and his affiliates may invest in the fund for his account, provided that he or any of the affiliates does not exercise their voting rights associated with the units they own.

The Fund Manager will disclose the details of his investments in the fund's units, by the end of every quarter on the fund manager's website and the website of the Saudi Capital Market Company (Tadawul) as well as in the periodic reports issued by the fund manager and in the financial statements, and this investment will be processed under the same protocol applied to all subscribers of the fund.

g. Techniques and instruments that may be used in the Management of the fund

The fund manager will undertake comprehensive credit analysis of sukuk and other financial instruments as defined in Section 3 (b) for the purpose of investment. The fund manager will also analyse the credit rating of issued sukuk either performed by reputed ratings agencies or rely on internal rating criteria for this purpose. The exposures in the fund will comply with the applicable investment limits as defined in Section 3 (c). The fund manager will also undertake buy and sell of sukuk and other instruments in the market as well as lengthen or shorten the duration of the fund in response to the movement of interest rates prevailing in the market. The weighted average duration

of the fund is expected to be around 2-3 years, although it can change depending on the market outlook.

The fund manager will conduct regular evaluation of investment opportunities and would analyze important economic indicators and expected interest rates in the local, regional and global markets.

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

All securities that do not fall within the Fund's investment universe as stipulated in Paragraph (b) of this Article. The fund will not invest in any security which is not Sharia compliant as defined by the Sharia Board. For the purpose of Sharia compliance the Fund Manager will have absolute discretion in determining compliance for the benefit of the unit holders in the fund. The fund Manager will not invest in putable sukuk or instruments which have any provision for sinking fund features.

i. Investment Limits and Restrictions

- The Fund Manager will be guided by the Investment Limits and Restrictions as defined in Section 3.
- During its management of the Saudi Fransi Capital Fixed Income Fund, the fund manager is bound by the restrictions and limits imposed by the investment funds regulations Article (41), the terms and conditions of the fund that are as following:
 - a) Investments of the public fund's money and assets must be in another investment fund in accordance with the following conditions:
 - 1. The investment of the public fund's money and assets shall be limited to investment in the funds registered with the Authority or investment funds outside the Kingdom subject to an equivalent regulatory oversight in a jurisdiction recognized by the Authority as having equivalent regulation. The Authority shall have the discretion to assess whether the jurisdiction has regulatory standards and requirements at least equivalent to those of the Authority.
 - 2. The investment of the public fund's money and assets in private funds or illiquid assets, in accordance with Paragraph (j) of the investment funds regulations, shall not exceed (10%) of the public fund's net assets value.
 - 3. The investment of the money and assets of the public fund shall not exceed (25%) of its net asset value in the units of another investment fund, or in the units of different investment funds issued by the same capital market institution.
 - b) Not more than (10%) of the issued securities of any single issuer may be held for the benefit of the public fund.
 - c) With regards to the provisions of Subparagraph (3) of Paragraph (b) of the investment funds regulations, not more than (10%) of the public fund's net asset value may be invested in a class of securities issued by any single issuer, and in all cases not more than (20%) of fund's net assets value may be invested in all classes of securities issued by any single issuer.
 - d) The following investment shall be exempted from the provisions of Paragraph (d) of the investment funds regulations:

1. Investment in debt instruments issued by the Government of the Kingdom in the currency of the fund, and if its currency is other than the currency of the fund, investment in such may not comprise more than (35%) of the net asset value of the public fund.
 2. Investment in debt instruments issued by sovereign issuer other the government of the Kingdom, which may comprise not more than (35%) of the net asset value of the public fund;
 3. Investment of more than (10%) of the public fund net asset value in one class of listed debt instruments issued by a single issuer, which may comprise not more than (20%) of the net asset value of the fund
- e) With regards to the provisions of Paragraph (c) of Article (40) of the investment funds regulations, and except for the investment in investment funds, not more than (25%) of the public fund's net asset value may be invested in deferent parties belonging to the same group, including all investments in securities issued by them, money market transactions with them and bank deposits to them.
- f) Not more than (20%) of the net asset value of the units of another investment fund may be held for the benefit of a public fund.
- g) The borrowing of the public fund may not exceed (15%) of its net asset value.
- h) Not more than (15%) of the public fund's net asset value may be invested in derivatives.
- i) Not more than (10%) of the public fund's net asset value may be invested in illiquid assets.
- j) The portfolio of a public fund may not include any security where a call is to be made for any sum unpaid on that security unless it is feasible to pay the entire amount of cash or securities that can be converted into cash from the portfolio of the fund within (5) days.

j. Extent of Investment in Other Investment Funds

The Fund invests in units of public investment funds with a similar strategy that are compatible with Sharia standards and licensed by the Capital Market Authority or a similar Regulatory Authority outside the Kingdom of Saudi Arabia with a similar level of risk up to 25% of the fund's net assets value.

The fund will not own more than 20% of the net asset value of the fund whose units were owned.

The Fund will bear any fees charged on investing in units of the Fund or investment funds managed by the Fund Manager or other fund managers.

k. Borrowing Rights and Pledging Assets Policy

The Fund is entitled to obtain financing that is compatible with Islamic Shariah, according to the absolute discretion of the Fund Manager for the purpose of redemptions. The fund manager will not borrow for the purpose of investments and will not pledge the assets.

l. The Maximum Limit to Deal with any Counterparty

The Fund's investment in different counterparties belonging to the same group will not exceed 25% of the net asset value. Investment in sukuk, money market funds and deposits will be included in determining the group exposure limit. The fund manager will have absolute discretion in defining a

“group”. In general – a “group” will imply an issuer with all possible financial instruments as defined in Section 3-(b) including subsidiaries and issuers where the primary issuer has a majority ownership of the latter. The fund manager will be guided by the internal risk management limits for the same. The above will not apply to sovereign issuances.

m. Risk Management Policy

The investment decisions taken by the fund manager shall be consistent with the prudent investment practices that meet the objectives as defined in Section 3 (a). The fund manager will ensure:

- Availability of adequate liquidity in the fund to meet any expected redemption.
- Request for the investment fund the investments are based on the risk allocation without breaching any investment objectives, policies and terms and conditions.
- The risks are assessed on a periodic basis.

The Fund is exposed to special commission rate risk, credit risk, liquidity and currency risk, and its management policy is as follows:

- **Special Commission Rate Risk:** The Fund is exposed to commission rate risk on its commission bearing assets, including Sukuk held at amortized cost and Shariah-compliant deposits. To reduce these risks, the Fund Manager monitors changes in commission rates regularly.
- **Credit Risk:** The Fund is exposed to credit risk on bank balances and investments held at amortized cost, Shariah-compliant deposits and other receivables. The Fund Manager seeks to limit credit risk by dealing with parties with good credit rating, or a good reputation for counterparties with below investment grade or unrated. Monitoring exposure and setting limits for individual investments determined internally by the Fund manager.

n. Benchmark

Ideal Ratings Global Sukuk Active Index-Price Return – calculated and provided by Ideal ratings. The index is calculated on a daily basis and comprises of fixed and floating rate Sharia compliant sukuk denominated in USD and rebalanced on a monthly basis.

The index consists of a list of assets that are in line with the assets of the investment universe of the Fund and in line in terms of legitimacy, credit rating, geographical distribution and issuance periods.

o. Purpose of Using Derivatives

The Fund Manager will not invest in derivatives.

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

None.

4. Investment Risks:

- a. The Fund is considered to be medium risk and Saudi Fransi Capital gives no assurance that the Fund's Investment Objectives of capital appreciation and income generation will be met. The fund's NAV / share will fluctuate based on the valuation of the underlying investments and the investor may lose some or total loss of invested capital.
- b. The past performance of the fund or the Benchmark is not an indication of the future performance. The fund does not guarantee that its absolute or its performance relative to the benchmark will be repeated or similar to any past performance.
- c. Investing in Saudi Fransi Capital Fixed Income Fund is not a deposit with any bank, as the Fund's assets are inherently subject to fluctuations, both high and low.
- d. Investors may not be able to recover some or all of their investments and should invest based on their risk profile – they may risk losing either part or total investment in the fund.

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 revenues are as follows:

- **Credit and Counterparty Risk** – The risk of a change in a counterparty's financial position as a result of change in management, solvency, demand for their product and service which would result in counterparty to default on its obligations and agreed contracts. A default by counterparty will adversely affect Unit price. The fund has exposure to financial instruments which are below investment grade which carries higher credit and counterparty risks compared to the investment grade issuances. The fund manager also relies on internal ratings and ratings offered by third party vendors for the purpose.
- **Interest Rate Risk** – The risk arising from the fluctuation of the value of the financial instruments as a result of the change in the interest rate, which may adversely affect the performance of the Fund and the unit price. The valuation of the fund may be negatively affected due to rise in interest rates.
- **Commodity Risk** – Fluctuations in commodity prices may affect the Fund's value and profits.
- **Currency Risk** – The value of securities may fluctuate as a result of a change in the foreign exchange rate. Any investment in currencies other than the base currency (SAR) will carry foreign exchange fluctuation risk including any risk arising out of de-pegging the Saudi Riyal or any GCC currency compared to the US dollar.
- **Liquidity Risk** – The risk that the Fund may be exposed to in providing the necessary liquidity to fulfill financial obligations. Investment in sukuk, perpetual and bank deposits carry liquidity risk. Reduced market liquidity may adversely affect market prices. The fund manager may be obligated to sell securities at a discount to the prevailing market prices due to wide bid-offer spread on a given date. If total redemptions exceed 10% of the fund's value – the Fund Manager reserves the right to postpone such redemptions to the next dealing day on a pro-rata basis. The fund's

performance may suffer losses due to large redemptions and the fund manager may find it difficult to liquidate securities issued by way of private placement and over-the-counter (OTC) securities.

- **Economic , Geopolitical and Regulatory Risk** –The fund’s investment s may be affected by many economic factors such as recession, fluctuation of oil prices, profit rates, inflation, liquidity, capital flows and adverse political events in different markets that the fund proposes to invest. The fund may be exposed to risks due to change in accounting policies, government regulations, applicable laws and taxation rules.
- **Risks of investing in foreign markets** – Foreign securities and securities issued by companies and financial institutions that have business abroad may involve risks related to political, economic and regulatory conditions in these countries, and these risks include the risk of change in economic conditions such as economic downturn and inflation rates or political such as uncertainties resulting from global, regional or systemic political changes. The collapse of the financial system of these countries, as well as changes in the regulatory environment, legislation, accounting systems, and local and governmental regulations, which negatively affect the performance of the fund and the unit price.
- **Risk 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. The subscriber understands and agrees that the value of the Fund units is subject to ups and downs. The Fund Manager will not be obligated to accept a request to redeem units at offering value. Given that investing in the Fund is not the same as a deposit with a local bank, the unitholder is responsible for any financial loss that may result from investing in the fund.
- **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 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 Investment in Other Funds** – The Fund will only invest in funds similar to it in the strategy and level of risk, but risks may arise due to fluctuations in the unit price of the invested fund, which may negatively affect the performance of the Fund and the unit price.

- **Risks of unrated investments** - Risks may arise related to investments in unrated sukuk and other instruments, as the change in the financial position of the sukuk issuer may negatively affect the fund's net asset value and unit price.
- **Risk of changing the credit rating** - These are the risks resulting from downgrading the credit rating of the issuance of sukuk, the issuer or the counterparty to other investment instruments, which leads to a negative impact on the value of the fund's net assets and the unit price.
- **Risks of the right of recall securities** - There may be options for early recall or redemption by the issuer of some of the fund's investments in sukuk or other investment instruments, which would negatively affect the fund's net asset value and unit price.
- **Settlement Risks** - The fund's valuation may be adversely affected on delayed settlement of principal and profit. A counterparty may defer or default on its obligations and the investment may suffer loss on such investments.
- **Taxation Risk** - Investment in the fund is subject to current or potential tax risks such as VAT, which may negatively affect the value of the fund's net assets and the unit price.
- **Structured Product Risks** - Structured products are subject to substantial credit risk and credit rating change. In the event of a credit incident such as default, restructuring, bankruptcy and rejection / endowment, the structured products may be recovered at a value less than their nominal value, and the market value of the structured products may move up or down depending on the movement of interest rates, the performance of the issuer and/or indicators and the financial condition of the issuer/guarantor/the mortgaged assets by way of security, credit rating or perceived merit in the market and other factors. Given that these products do not have a regular market, the fund manager may be forced to incur losses if they are liquidated, which affects its market value and thus the fund's performance, net asset value and unit price.
- **Risks of controlling a large proportion of the fund's assets** - Some of the fund's clients may own a large percentage of its assets, which may affect the distribution of the fund's investments in the event of a withdrawal from one or a group of these controlling clients, and this may affect the fund's performance, the net value of its assets and the unit price.

The investor bears full responsibility for any financial loss that may result from investing in the fund and resulting from any of the above-mentioned risks, without any guarantee on the part of the fund manager except for the willful negligence of the fund manager.

5. Mechanism for Assessing Risks:

The Fund Manager acknowledges the existence of an internal mechanism and internal credit rating to evaluate risks associated with the Fund's assets. The fund will also abide by the guideline and exposure limits to various asset classes to mitigate the risks.

The fund manager will have periodic follow-up of the fund's assets as follows:

- Monthly follow-up from the Risk Department on the Fund's asset allocation, including any change in the size of ownership of the securities individually and the securities overall from the size of the Fund.
- Monthly follow-up by the Risk Department on the Fund's ownership of the total issue size of a security.
- Quarterly follow-up by the Risk Department of any change in the credit assessment of the issuer and the country of origin.
- Any change in the terms and conditions of the investment fund or a change in the investment decision-making strategy that would affect the current risk criteria of the investment fund.

In the event of any of these risks occurring, the fund manager informs Compliance and Risk Departments of the details and nature of the risks and their impact on the fund and the expected period for their continuation, and without affecting the unit holders; the fund manager will reduce the impact of the risks by defining the actions to be taken and setting a time frame for implementation and the date of correction Expected. The fund manager will also work on improving the internal risk assessment mechanism to avoid this type of risk in the future.

The fund manager will follow best practices to assess and deal with the above-mentioned risks, taking into account the nature and quality of the invested assets.

The fund's board of directors evaluates the fund manager's handling of risks related to the fund's assets in accordance with the fund manager's policies and procedures regarding monitoring risks related to the fund and how to deal with them.

6. Profile of Investors Most Suited to Invest in the Fund:

The Fund targets individuals, legal persons and government entities willing to invest primarily in Sukuk and those that are eligible to invest in this fund, taking into account the Fund's investment objectives and risks associated with investing in the Fund that are stated in the Fund's Terms and Conditions. Besides, these risks shall be carefully studied and understood by any potential investor before making a decision regarding the investment in the fund. The investor should also understand and be familiar with the relevant securities, markets and risks and take into consideration its financial position and investment objectives. The Fund Manager is advised to consult with a licensed professional advisor if it is not possible to understand and assess the appropriateness of investing in the Fund.

7. Investment restrictions / limits:

The fund manager, while managing the Saudi Fransi Capital Fixed Income Fund, is committed to the restrictions and limits imposed by the investment funds regulations, the fund's terms and conditions.

8. Currency:

The fund's currency is Saudi Riyal.

In case subscription amount is received in a currency that differs from the fund currency, the fund manager will convert it into the fund's currency according to the prevailing exchange rates available with the fund manager.

9. Services, commissions and fees:

a. Statement of details of all payments from the fund's assets and the method of their calculation.

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

Custodian and Operator Fee	Custody fees will be maximum of 0.05% p.a and a transaction fee of USD 30 per transaction. Operator / administration fee will be maximum of 0.05% p.a.
Management Fee	Unitholders pay management fees to the fund manager as follows: - Class A unit holders pay a management fee of 0.50% of the fund's net assets after deducting other expenses and accrued obligations annually. - Class B unit holders pay a management fee of 0.75% of the fund's net assets after deducting other expenses and accrued obligations annually. Fees are calculated on a daily basis and deducted on a monthly basis. This applies to all unit holders who will be treated equally. No class will have different investment strategies and objectives than the investment strategies and objectives of other classes of the same fund. The fund manager has the right to waive part or all of the administrative fees he deducts at any time at his absolute discretion, provided that all unit holders of all categories enjoy equal rights and are treated equally by the fund manager.
Subscription & Redemption Fee	Maximum of 1% of the gross subscribed amount. No redemption fees except for the early-redemption fees. The fund manager has the right to waive part or all the subscription fee that he deducts at any time according to his absolute discretion, provided that all unit owners in all categories enjoy equal rights and are treated equally by the fund manager.
Early redemption fee	For investors of (in-kind) contributions in the redemption during a period (six months to a year) from the date of subscription: 3% of the redeemed amount. There will be no early redemption fees for cash subscribers. The fund manager has the right to waive part or all of the early redemption fees at his absolute discretion. The fund manager has the right to waive part or all the early redemption fee according to his absolute discretion. All unit owners in all categories enjoy equal rights and are treated equally by the fund manager.
Transaction Fees (for custody)	USD 30 per transaction
Other Fees and Expenses	
Audit Fee	35,000 (Thirty Five Thousand) Saudi Riyals as a maximum per year, and these fees are calculated and accrued on a daily basis
Registration Fee (Tadawul)	5,000 (Five Thousand) Saudi Riyals per year. These fees are calculated and accrued on a daily basis and deducted on an annual basis.

Funding Fees	According to the prevailing financing rates, and it will be disclosed if it occurs in the annual financial disclosure summary.
In-kind subscription Expenses	The Fund is responsible for meeting any regulatory fees or expenses related to the in-kind subscription
Distribution expenses	None.
Benchmark fee	USD 10,000 per annum (including applicable withholding tax, if any)
Regulatory fees	¥,500 (seven thousand and five hundred) Saudi Riyals per year. These fees are calculated and accrued on a daily basis and deducted on an annual basis.
Fund board members' fees	These fees include all Saudi Fransi Capital funds offered in a public offering, bearing in mind that these fees will be variable annually, as the share of each fund will be allocated from these fees based on the size of the assets and they are calculated and accrued on each calendar day and deducted on an annual basis. The annual maximum for the total fees and expenses of the members of the board of directors of all Saudi Fransi Capital funds is estimated at 60,000 (sixty thousand) Saudi Riyals, and the fund's share of these fees is estimated at 6,000 (six thousand) Saudi Riyals per year. The fund's share of these fees will change annually according to the fund's assets (increase or decrease), noting that each independent member (two members) will receive 15,000 (fifteen thousand) Saudi Riyals for each meeting (with a maximum of two meetings per year, which is the minimum number of Board meetings).

*All the fees, expenses mentioned above that the fund incurs do not include value-added tax, which the fund pays to the fund manager in accordance with the rates stipulated by the value-added tax system, nor does it include any of the taxes imposed or that will be imposed in the future in the Kingdom of Saudi Arabia, and any taxes in addition to the fees, expenses and fees due are 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
Management Fee	Class (A) 0.50% and Class (B) of 0.75% annually - a maximum -. This applies to all unit holders who will be treated equally.	Calculated and accrued on a daily basis.	Monthly payment.
Transaction Fee (for custody)	USD 30 per transaction	A sum paid to the custodian for each transaction.	Pay - if any - at the end of each month.
Subscription Fees	1% of the gross subscribed amount, at the discretion of the fund manager. The fund manager has the right to waive part or all of the subscription fees he deducts at any time at his absolute discretion, provided that all unit holders of all categories enjoy equal rights and are treated equally by the fund manager.		
Redemption Fees	None		

Early Redemption fees	For investors of in-kind contributions in the event of redemption within a period (six months to a year) from the date of subscription: 3% of the redeemed amount. The fund manager has the right to waive part or all of the early redemption fees at its absolute discretion.		
Custodian and Operator Fee	Custody fees will be maximum of 0.05% p.a and a transaction fee of USD 30 per transaction. Operator / administration fee will be maximum of 0.05% p.a.		
Other Fees and Expenses			
The fund manager shall bear any other expenses not mentioned in the table below.			
Audit Fee	Maximum SAR 35,000.00 per year	Calculated and accrued on a daily basis.	Paid on a biannual basis.
Registration Fee (Tadawul)	SAR 5,000.00	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.		
In-kind subscription Expenses	The Fund is responsible for meeting any regulatory fees or expenses related to the in-kind subscription		
Distribution Expenses	Not Available.		
Benchmark Fees	USD 10,000 per annum (including withholding tax if any)		
Regulatory Fees	7,500 Saudi riyals annually. Calculated and accrued on a daily basis. Paid on annual basis.		
Fund's Board of Director's Fees	<ul style="list-style-type: none">- The annual maximum for the total fees and expenses of the members of the board of directors of all Saudi Fransi Capital funds is estimated at 60,000 (sixty thousand) Saudi Riyals, and the fund's share of these fees is estimated at 6,000 (six thousand) Saudi Riyals per year. The fund's share of these fees will change annually according to the fund's assets (increase or decrease), noting that each independent member (two members) will receive 15,000 (fifteen thousand) Saudi Riyals for each meeting (with a maximum of two meetings per year, which is the minimum number of Board meetings).- Calculated and accrued on a daily basis.- Paid on annual basis		

c. Example that illustrates percentage of the fund expenses against the total fund asset value for the fund and the unitholder

Fees	Classification	SAR	Percentage
Fund Size (hypothetical)		300,000,000	
Registration fee trading	Frequent	5,000	0.002%
Regulatory fees	Frequent	7,500	0.003%



Auditor fee	Frequent	35,000	0.012%	
Remuneration of the Board of Directors	Frequent	6,000	0.002%	
Benchmark fee	Frequent	37,500	0.013%	
Transaction fees	Frequent	11,250	0.004%	
Funding fees	Frequent	0	0%	
Custodian Fee	Frequent	148,196	0.049%	
Operator Fee	Frequent	148,196	0.049%	
Management fee (Average)	Frequent	1,875,000	0.625%	
Subscription fee	Non-frequent	3,000,000	1.00%	
Total Fees on the Fund	Frequent: 0.76% Non-frequent: 1.00%	5,273,690	1.76%	
Expenses	Class (A)	Class (B)		
Annualized Fund Performance (hypothetical)	3.00%	3.00%		
Invested amount (hypothetical)	٢٠0,000,000	Percentage of the invested amount	١٠0,000,000	Percentage of the invested amount
Invested amount plus profit	206,000,000		103,000,000	
Registration fee trading	3,433	0.002%	1,717	0.002%
Regulatory fees	5,150	0.003%	2,575	0.003%
Auditor fee	24,033	0.012%	12,017	0.012%
Remuneration of the Board of Directors	4,120	0.002%	2,060	0.002%
Benchmark fee	25,750	0.013%	12,875	0.013%
Transaction fees	7,725	0.004%	3,863	0.004%
Funding fees	0	0.000%	0	0.000%
Custodian Fee	101,778	0.049%	50,889	0.049%
Operator Fee	101,778	0.049%	50,889	0.049%
VAT	35,812	0.017%	17,906	0.017%
Management fee	1,016,997	0.494%	762,748	0.741%
VAT on the management fee	152,550	0.074%	114,412	0.111%
Subscription fee (maximum of 1.00%)	2,000,000	0.971%	1,000,000	0.971%
VAT on the subscription fee	300,000	0.146%	150,000	0.146%
Total Expenses	3,779,126	1.835%	2,181,950	2.118%
Invested amount net of fees and expenses	202,220,874		100,818,050	

d. Details of the transactions imposed on subscription, redemption and transfer of ownership paid by unit holders, and the method of their calculation.

Subscription fee	%١ of the subscribed amount. The fund manager has the right to waive part or all of the subscription fees he deducts at any time at his absolute discretion, provided that all
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	unit holders of all categories enjoy equal rights and are treated equally by the fund manager.
Redemption fee	None.
Early redemption fee	For investors of in-kind contributions in the event of redemption within a period (six months to a year) from the date of subscription: 3% of the redeemed amount. The fund manager has the right to waive part or all of the early redemption fees at its absolute discretion.

- Transfer fees are payable by unit holders and are as follows:

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, with compliance 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 prevailing exchange rate at that time.

e. Any special commissions done by the fund manager.

The fund manager has the right to waive part or all of the management fee and early redemption fees he deducts at any time at his absolute discretion, provided that all unit holders of all categories enjoy equal rights and are treated equally by the fund manager, and that the same waive will be applied to all unit holders equally.

f. Information on Tax and Zakat

The Fund is subject to the provisions and regulations of the Zakat, Tax and Customs Authority of Saudi Arabia General Authority of alms (Zakat) and Income, where applicable.

VAT also applies to the Fund in relation to management expenses and fees, other fees and expenses in accordance with the value-added system and its implementing regulations.

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

The Fund Manager undertakes to register the Fund with the Zakat, Tax and Customs Authority within the statutory period.

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

As defined in Article (28) of the Investment Funds Regulations, the fund manager may conclude special commission arrangements if the following conditions are met:

- If the person responsible for executing the transaction provides execution services on the best terms to the fund manager.
- If the goods or services received by the fund manager may reasonably be considered for the benefit of the fund manager's clients.
- If the amount of any fees or commission paid to the provider of goods or services is reasonable in the circumstances.

Special commission arrangements mean the arrangements whereby the fund manager receives goods or services in return for a commission paid for the service directed through the service provider.

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

Fees	Class A		Class B	
Investment amount (estimated)	150,000,000		150,000,000	
Annualized Fund Performance (hypothetical)	3.00%		3.00%	
Investment amount plus the return	154,500,000		154,500,000	
Other Expense	252,671	0.16%	252,671	0.16%
Management Fee	762,612	0.49%	1,143,917	0.74%
VAT on Management Fee	114,392	0.07%	171,588	0.11%
Subscription Fee (Max 1%)	1,500,000	0.97%	1,500,000	0.97%
VAT on Subscription Fee	225,000	0.15%	225,000	0.15%
Total Expense	2,854,674	1.85%	3,293,176	2.13%
Net Value of Investor	151,645,326		151,206,824	

10. Evaluating and Pricing:

a. The method of evaluating each of the fund's assets.

On each Dealing day, the valuation is done on the basis of the base currency and the valuation is determined based on all the assets included in the portfolio.

The valuation method depends on the type of asset as follows:

- 1) For assets that are securities which are listed or traded on any regulated securities exchange or automated quotation system, the closing price will be used of such market or system.
- 2) Where the securities are suspended, it will be valued at the suspended price, unless there is conclusive evidence to indicate that the value of such securities have gone below the suspended price.
- 3) For Non-listed Bond and Sukuk, book value plus accrued interest or profit will be used.
- 4) For Listed Sukuk, or traded on any organized securities market or through automatic pricing system, and market conditions does not allow the valuation of the sukuk, as stated in Subparagraph (1) referred to above, it may value those sukuk as stated in Subparagraph (3).
- 5) For Investment Funds, last published Net Asset Value per unit will be used for valuation.
- 6) For Money market and bank deposits including but not limited to Murabaha, Wakala, Mudarba and Musharaka transactions, nominal value and accrued interest/profit will be used.
- 7) For any other investment, the fund manager will use the fair value as determined based on the methods and rules approved by the operator.

b. The number of evaluation points and their frequency.

The fund's assets are evaluated on each business day but the official NAV will be announced on the following business day after the dealing day.

c. Actions to be taken in case of wrong evaluation or wrong pricing.

As defined in Article (73) of the Investment Funds Regulations, in case that one of the assets of the public fund is erroneously valued or the unit price is erroneously calculated, the fund manager will:

- Documenting the status of the wrong evaluation or pricing.
- Compensate all affected unit holders (including previous unit holders) for all valuation or pricing errors without delay.
- Immediately inform the Authority of any error in the valuation or pricing that constitutes 0.5% or more of the unit price of either Class A or Class B.
- Immediately disclose the status of the wrong valuation or pricing on his website, the market's website, and in the reports of the Public Fund.

d. The method of calculating the unit price for the purposes of executing subscription and redemption requests.

The unit price upon subscription or the unit price upon redemption is the net asset value of each unit, where the unit value is calculated for the purposes of subscription or redemption by deducting all amounts required to Saudi Fransi Capital Fixed Income Fund(fund obligations), including, but not limited

to, the fees specified in paragraph (9) of these terms and conditions out of the total value of the assets, and the unit price is determined by dividing the resulting figure from this process by the total number of the fund's existing units on the date of the relevant dealing day. It should also be noted that there are no circumstances that may change the mentioned pricing method.

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

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

11. Dealing:

a. Details of the Initial Offering

Start Date	16 January 2022
Offering Period	60 Business days
Initial Offering Price	10 Saudi Riyal

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. It is worth noting that the trading days are every business day of the Saudi Stock Market.
- The subscription and redemption requests will be processed without conflicting with the Investment Funds Regulations and this Terms and Conditions.
- Redemption requests will be paid maximum before the closing of the fifth business day after the dealing day that the unit price is taken.
- In-kind subscriptions: The unitholders of in-kind subscription cannot fully or partially redeem until after one year has passed from the date of the initial subscription, and it can be redeemed after the lapse of six months from the date of the initial subscription in return for an early redemption fee of 3% of the redeemed amount.

c. Subscription and Redemption Procedures

- Investors can subscribe in the fund on each dealing day.
- If a redemption is received before 12:00 p.m. KSA time on each dealing day it will be effective at the same dealing day, and in case the redemption request is received after that time then it will be treated as a received request for the next dealing day.
- The Fund Manager will pay Redemption requests maximum before the closing of the fifth business day after the dealing day that the unit price is taken.
- **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 cut-off 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. In-kind Subscriptions: It is the customer's participation in the fund with an asset in exchange for cash subscription in exchange for units in the fund, where the asset is evaluated by the fund manager and units are issued to the in-kind participant equal to the value of the asset and after the approval of the fund manager. The fund manager accepts sukuk only as an asset for in-kind contributions. The value of the in-kind subscription asset is evaluated at the time of the initial subscription and the additional subscription by factors including: the market value if the asset is listed, the life (maturity date) of the asset, the size of the issue, how liquid it is in the fixed income markets and how frequently it was traded in the past, whether the issue is public or private, and the issue currency.

- **Redemption Procedures** – The unitholder may request a complete or partial redemption 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 deadline for receiving redemption requests would be before 12:00 noon In KSA time on each dealing day. The unit price is announced on the business day following the dealing day.

In-kind Subscriptions: The unitholders of in-kind subscription cannot fully or partially redeem until after one year has passed from the date of the initial subscription, and it can be redeemed after the lapse of six months from the date of the initial subscription in return for an early redemption fee of 3% of the redeemed amount.

The fund manager has the right to waive part or all of the early redemption fees at its absolute discretion.

All unit holders of all categories enjoy equal rights and are treated equally by the fund manager.

d. Restrictions on dealing in the units of the fund.

The fund manager, during its management of the Saudi Fransi Capital Fixed Income Fund, shall abide by the restrictions and limits imposed by the investment funds regulations, the terms and conditions of the fund. The Fund Manager has the right to refuse any subscription if it believes that this subscription may lead to a violation of the regulations of the Capital Market Authority or a violation of the fund terms and conditions.

No minimum initial subscription to corporate/organizational and savings investment plans, and there will be no minimum additional subscription. The subscribers of this category will be classified under class (B) and they will be subject to what applies to class (B) in terms of fees, rights and others.

In-kind subscriptions: If the value of the in-kind subscription at the time of the initial subscription is 10,000,000 (ten million) Saudi riyals or higher, the subscriber will be classified under class (A), and if the value is 2,000 (two thousand) Saudi riyals or higher, the subscriber will be classified under class (B). The fund manager will not accept any in-kind subscription if the value of the asset at the time of the initial subscription is less than 2,000 (two thousand) Saudi riyals.

The unitholders of the in-kind subscription cannot fully or partially redeem until after one year has passed from the date of the initial subscription, and it can be redeemed after six months from the date of the initial subscription in return for an early redemption fee of 3% of the redeemed amount.

e. Circumstances in which Dealing in Units may be Deferred or Suspended

- As defined in Paragraph (a) of Article (65) of the Investment Funds Regulations, subscription in the units of the fund and redemption can only be in the dealing days.
- Subscription and redemption requests that meet the requirements and received before the deadline for submitting the subscription and redemption instructions for each dealing day - 12:00 Saudi Arabia time of each dealing day - will be executed based on the unit price of the fund calculated on the relevant dealing day.
- Subscription and redemption requests will be met subject to any provisions to the contrary in the Fund's Terms and Conditions or in the Investment Funds Regulations.
- As defined in Paragraph (e) of Article (65) of the Investment Funds Regulations, the unitholder proceeds of redemption will be paid no later than the close of business on the fifth day at the latest of the following the valuation point at which the price for the redemption was determined as a maximum.
- The Fund Manager may postpone the fulfilment of any redemption request from an open-end fund until the next business day, in any of the following cases:
 - On any business day, if the value of redemption requests exceeds 10% of the Fund's net asset value, as defined in Article (66) of the Investment Funds Regulations, the Fund Manager can, at its absolute discretion, defer any redemption requests and/or transfer units to another fund on a pro-rata basis, so that the total value of the requests does not exceed 10% of the net value of the Fund's assets. Redemption and transfer requests that were postponed on the day of the subsequent transaction will be executed directly and will always be subject to 10% of the net asset value. Fair and equitable procedures will be followed when selecting the redemption requests to be postponed. All unit holders of all classes will enjoy equal rights and will be treated equally by the fund manager.
 - If the subscriber's investment in the Fund falls below the minimum investment mentioned in the Terms and Conditions due to its redemption, then the Fund Manager reserves the right to return the remainder of the investment value to the subscriber.
 - The Fund Manager has the right to postpone the implementation of the redemption requests in the event that the Fund is unable to sell/liquidate its assets for any reason.
- As defined in Paragraph (a) of Article (67) of the Investment Funds Regulations, the fund manager will suspend the subscription and redemption of units if the Authority orders any such suspension.
- As defined in Paragraph (b) of Article (67) of the Investment Funds Regulations, the fund manager may not suspend the subscription and redemption of units, unless in the following circumstances:
 - 1) in the event of force majeure outside its control that prevents it from fulfilling these requests, such as power outages or 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 or redemption.
 - 2) If there has been a 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 fundamental to the net asset value of the public fund.



- 3) If the fund manager reasonably believes that any such suspension is in the best interests of the unitholders in the public fund.
- The Fund Manager will notify the Capital Market Authority and the unit holders immediately of any suspension, with an explanation of the reasons for the suspension and will also notify immediately upon the end of the suspension and will disclose this on the Fund Manager's website and the market's website.
 - As defined in Paragraph (c) of Article (67) of the Investment Funds Regulations, for any suspension the Fund Manager will take the following actions:
 - 1) Ensure that any suspension continues only for as long as it is necessary and justified having regard to the best interests of the unitholders;
 - 2) Review the suspension on a regular basis and shall consult with the fund's board of directors, the custodian and the fund operator on a regular basis regarding that;
 - 3) Notify both the Authority and the unitholders immediately of any suspension, and give the reasons for the suspension, and shall similarly notify both the Authority and the unitholders as soon as the suspension ends and disclose it on its website.
 - the Authority will have the power to lift such suspension if the Authority believes that to do so is in the best interests of unitholders

f. Procedures under which the Selection of Redemption Requests would be delayed

Where applicable, the Fund Manager will postpone any redemption requests on a pro-rata basis so that the total value of the requests does not exceed 10% of the net value of the Fund's assets and the deferred redemption and transfer requests will be executed on the day of the next transaction directly and will always be subject to 10% of the net asset value.

g. the Provisions regulating the transfer of ownership of units to other investors.

The regulating provisions are the provisions of the Saudi Capital Market Authority system and its implementing regulations and other relevant laws and regulations applicable in the Kingdom of Saudi Arabia, according to the unit price on that day. It should also be noted that the fund manager will not transfer the ownership of units to other investors at special prices except for the case of the unit holder's death.

h. The minimum number or value of units that a unitholder must subscribe or transfer or redeem:

Minimum Initial Subscription and Investment Balance for Class (A) Units	10,000,000 (ten million) Saudi Riyals
Minimum additional subscription for class (A) units	١,٠٠٠,٠٠٠ (million) Saudi Riyals
Minimum redemption for Class A units	١,٠٠٠,٠٠٠ (million) Saudi Riyals
Minimum Initial Subscription and Investment Balance for Class (B) Units	٢,٠٠٠ (two thousand) Saudi Riyals

Minimum Additional Subscription for Class (B) Units	٢,٠٠٠ (two thousand) Saudi Riyals
Minimum redemption for Class B units	٢,٠٠٠ (two thousand) Saudi Riyals

In-kind subscriptions: If the value of the in-kind subscription at the time of the initial subscription is 10,000,000 (ten million) Saudi riyals or higher, the subscriber will be classified under class (A), and if the value is 2,000 (two thousand) Saudi riyals or higher, the subscriber will be classified under class (B). The fund manager will not accept any in-kind subscription if the value of the asset at the time of the initial subscription is less than 2,000 (two thousand) Saudi riyals.

The unitholders of the in-kind subscription cannot fully or partially redeem until after one year has passed from the date of the initial subscription, and it can be redeemed after six months from the date of the initial subscription in return for an early redemption fee of 3% of the redeemed amount.

i. The minimum amount that the fund manager intends to raise during the initial offer period, and the action taken in the event that this minimum amount is not raised during the period.

The minimum amount that the fund manager intends to raise through the investors' subscriptions during the initial offering period shall be ten million Saudi riyals, and the fund has the right to invest the subscription amounts until the completion of the initial offering period in money market transactions.

In the event that the minimum amount is not collected during the initial offering period, the fund manager shall return the subscription amounts and any returns resulting from their investment without deduction to the investors, in compliance with the relevant regulations and instructions.

12. Distribution Policy:

a. Statement of the income and dividend distribution policy.

The fund manager has the right to distribute the income it achieves to unit holders on a semi-annual basis, and any cash distributions by the fund will be at the fund manager's absolute discretion based on the fund's performance and market conditions.

The fund manager has the right not to distribute income according to the fund's performance and market conditions and in exceptional cases, which are cases that the fund manager believes may affect the fund's assets or objectives negatively as a result of any of the economic factors such as deflation, inflation, low oil prices and/or political such as In the event of a change in the laws in the countries in which the Fund invests its assets and/or changing regulations, such as changing legislation and accounting systems.

The fund manager has the right to distribute the income at the end of February and August of each year. Distributed income is due to all registered unit owners as on the last valuation day in the months of February and August, and the cash dividends are deposited in the specific investment accounts of unit owners available with the fund manager.

The fund manager announces whether or not distributions are approved or not, immediately through the fund manager's website and the Saudi Market (Tadawul) website, one working day after the due date.

The cash dividends will be deposited in the investment accounts of the unit holders available with the fund manager within a period of 20 business days from the end of February and August.

b. Approximate date of maturity and dividends.

The fund manager has the right to distribute the income at the end of February and August of each year. Distributed income is due to all registered unit owners as on the last valuation day in the months of February and August, the cash dividends will be deposited in the investment accounts of the unit holders available with the fund manager within a period of 20 business days from the end of February and August. The due date will be specified within the distribution announcement details.

c. How to pay dividends.

The cash dividends will be deposited in the investment accounts of the unit holders available with the fund manager within a period of 20 business days from the end of February and August.

13. Reporting to Unitholders:

a. Financial reports submitted to unit holders.

As defined in Article (76) of the Investment Funds Regulations, the fund manager will prepare the following reports:

- The fund manager will prepare the annual reports and submit them to unit holders within a period not exceeding (90) days from the end of the reporting period.
- The fund manager will prepare the initial reports for the unit holders within a period not exceeding (30) days from the end of the reporting period.
- The fund manager will prepare the quarter statement of the fund for the unit holders within a period not exceeding (10) days from the end of such quarter.
- The fund manager will provide the unit holders with the reports upon request free of charge.

b. Places of making the Fund's reports available.

The fund's unit holders and potential unit holders will be informed of the financial statements including annual reports free of charge by publishing them on the fund manager's website and the Saudi Market (Tadawul) website.

c. The fund's annual financial statements.

- The fund manager will make the annual financial statements available, included in the annual reports upon request free of charge, on the fund manager's website and the Saudi Market (Tadawul) website.
- The fund manager will provide the first audited financial statement at the end of the fund's fiscal year that is 31-December-2022.

14. Unitholders Record:

- The fund manager prepares a register of unit holders and keeps it in the Kingdom.
- The Unitholders Register is conclusive evidence of the ownership of the units installed therein.

- The fund Operator saves the unitholders' information in the register and is obligated to update it immediately upon any change in the data recorded therein.
- The register of unitholders is available for inspection by the Authority upon request, and the fund manager provides a summary of the register of unit holders to any unit owner free of charge upon request (provided that this summary shows all information related to the relevant unit owner only).
- As defined in Paragraph (c) of Article (12) of the Investment Funds Regulations, the unitholders register contains - as a minimum - the following data:
 - The name, address and contact numbers of the unitholder.
 - The national identification number, residence number (Iqama), passport number or commercial registration number of the unitholder when applicable, or any other identification as determined by the Authority.
 - The nationality of the unitholder.
 - The date of registration of the unitholder in the register.
 - Data of all transactions related to the Fund's units conducted by the unitholder.
 - The current balance of the number of units owned by the unitholder.
 - Any restriction or right on the units owned by the unitholder.

15. Unitholders Meeting:

a. Circumstances in which a meeting of unitholders must called.

- The fund manager may call for a meeting of unit holders on his own initiative, provided that the subject of the invitation does not conflict with the duties and responsibilities of the fund manager in accordance with Paragraph (a) of Article (75) of the Investment Funds Regulations.
- The fund manager must call a meeting of the unitholders within (10) days of receiving a written request from the custodian.
- The fund manager must call a unit holders meeting within (10) days of receiving a written request from one or more unit holders who collectively or individually own at least 25% of the value of the fund's units.

B. Procedures for calling a meeting of unitholders.

- The invitation to the meeting of unitholders shall be by announcing 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, no more than (21) days before the meeting, provided that The announcement and notice specify the date, place and time of the meeting and the proposed items.
- When preparing the unitholders meeting's agenda, the fund manager must take into consideration the matters that unitholders wish to list; unitholders holding no less than (10%) of the value of the public fund units are entitled to add one or more items to the unitholders meeting's agenda, provided

that the proposed items does not overlap with the duties and responsibilities of the fund manager in accordance with the provisions of these Regulations, The fund manager may amend the unitholders meeting's agenda during the announcement period, provided that it is announced on the fund manager's website and on the website of the market and by sending a written notice to all the unitholders and the custodian at least (10) days' prior to the meeting and not more than (21) days' notice before the meeting.

- The quorum required to conduct a meeting of the unitholders shall be a such number of unitholders own collectively at least (25%) in value of the units in the fund, If the quorum requirements are not met, the fund manager will call for a second meeting by announcing it on its website and on the website of the market and shall send a notice in writing to all unitholders and the custodian giving not less than (5) days' notice of the second meeting. The second meeting is considered valid regardless of the percentage of units represented in the meeting.
- Unitholders' meetings, participation in its deliberations and voting on its decisions may be held by means of modern technology in accordance with the regulations set by the Authority.

c. The method of unitholders voting and voting rights at unitholders meetings.

- Each unitholder has the right to appoint an agent to represent him at the unitholders meeting.
- Each unitholder has the right to cast one vote for each unit he owns in the fund.
- In the case of holding meetings by means of modern technology, the voting will be according to the regulations set by the authority.

16. Rights and Liabilities of Unitholders:

a. List of the Rights and Liabilities of Unitholder

- Obtain an updated copy of the Terms and Conditions in Arabic at no charge.
- Obtaining a summary showing all the information related to the relevant unit owner only upon request and free of charge.
- Notification of the Fund Manager's desire to terminate the Fund in accordance with the Investment Funds Regulations.
- Exercise the rights related to the units owned, including but not limited to voting rights in unitholders' meetings.
- Disclosing to unit holders of material developments or specific events without delay.
- Obtaining the audited financial statements of the Fund and the audited semi-annual statements and the data stipulated in the Funds Regulations free of charge upon request.
- The right to check the net current assets value of the fund free of charge.
- All owners of units of the same class have the right to enjoy equal rights and to be treated equally by the fund manager.
- Not to return any profits that were distributed to unit owners.

- The right to request the issuance of a special resolution requesting the dismissal of any member of the fund's board of directors, and this request is directed to the fund manager.
- Notification of any change in the terms and conditions of the fund and sending a summary of this change before it takes effect according to the type of change and the period specified in the investment fund regulations.
- The right to redeem the units before any fundamental and non- fundamental change takes effect without redemption fees (if any).
- Obtaining the subscription amounts and any returns resulting from their investment without any deduction in the event that the minimum amount is not collected during the initial offering period, as well as the surplus according to the period stipulated in the funds' regulations.
- Obtaining the returns of the redemption process before the closing date of work on the fifth day maximum following the evaluation point at which the redemption price was set.
- The right to receive an immediate notification from the fund manager when he imposes a suspension of subscription or redemption of units for the fund, with an explanation of the reasons for the suspension, as well as immediately upon the end of the suspension.
- Affected unit owners have the right to obtain compensation from the fund manager for all evaluation or pricing errors without delay.
- Obtaining an updated copy of the fund's Terms and Conditions annually, showing the actual expenses, fees and the fund's performance information upon request.
- Notification from the fund manager's desire to terminate the investment fund before the termination by a period of not less than 21 calendar days, other than the events stipulated in the Terms and Conditions.
- Notification of the Authority's decision in the event of dismissal of the fund manager and the liquidation process and the appointment of a replacement liquidator.
- Immediately and without delay notification of any fundamental events or developments during the liquidation period.
- The right to attend and request holding of meetings, vote and obtain a notice of holding the meeting before it is held within the period stipulated in the Investment Funds Regulations.
- Obtaining procedures for handling complaints upon request from the fund manager.

b. Voting Rights Policy

The Fund Manager is not obligated to vote, but in the event of participation in the voting, its vote shall be consistent with the recommendations of the issuer of the asset in general, by majority vote. Likewise, the Fund Manager may vote against the company's management recommendations if he believes that this best serves the interests of unit holders.

17. Responsibilities of the Unitholder:

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. Characteristics of units:

The Fund's units are issued in two categories, namely Category (A) and Category (B), and the categories differ from each other in terms of fees and fees applicable to each category as stipulated in Clause 7 (a) of these terms and conditions, and the issuance of the two categories (A) and (B) of units on the value of the initial subscription amount in the fund.

Category A:

These units are issued to unitholders in the fund whose initial subscription in the fund is estimated to be equivalent to or more than 10,000,000 (ten million) Saudi riyals.

The minimum balance for a category (A) investor to maintain the category classification will be 10,000,000 (one million) Saudi riyals.

Category B:

These units are issued to the unitholders in the fund whose initial subscription value in the fund ranges from 2,000 (two thousand) Saudi riyals up to 9,999,999 Saudi riyals.

The minimum balance for a category (A) investor to maintain the category classification will be 2,000 (two thousand) Saudi riyals.

The fund manager has the right to issue an unlimited number of units of categories (A) and (B) in the fund, and each unit represents a proportional share in the fund and is equal to its counterparts in the fund.

The fund manager will not issue certificates of ownership to investors in the units of the fund, but will keep a record showing all the unit owners in the fund.

Minimum Initial Subscription and Investment Balance for Class (A) Units	10,000,000 (ten million) Saudi riyals
Minimum additional subscription for class (A) units	١,000,000 (million) Saudi Riyals
Minimum redemption for Class A units	١,000,000 (million) Saudi Riyals
Minimum Initial Subscription and Investment Balance for Class (B) Units	2,000 (Two thousand) Saudi Riyals
Minimum Additional Subscription for Class (B) Units	٢,٠٠٠ (Two thousand) Saudi Riyals
Minimum redemption for Class B units	٢,٠٠٠ (Two thousand) Saudi Riyals

In-kind subscriptions: If the value of the in-kind subscription at the time of the initial subscription is 10,000,000 (ten million) Saudi riyals or higher, the subscriber will be classified under class (A), and if the value is 2,000 (two thousand) Saudi riyals or higher, the subscriber will be classified under class (B). The fund manager will not accept any in-kind subscription if the value of the asset at the time of the initial subscription is less than 2,000 (two thousand) Saudi riyals.

The unitholders of the in-kind subscription cannot fully or partially redeem until after one year has passed from the date of the initial subscription, and it can be redeemed after six months from the date of the initial subscription in return for an early redemption fee of 3% of the redeemed amount.

19. Changes in the Fund's Terms and Conditions:

a. The provisions governing the change of the Fund's terms and conditions.

Changing the terms and conditions of the fund is subject to the provisions of Article (62) and (63) of the Investment Funds Regulations issued by the Capital Market Authority, where the fund manager may, at his discretion only, amend these terms and conditions at any time based on obtaining the approval of the unit holders and the authority on the proposed fundamental changes, or notify the Authority and the unitholders of the non-fundamental changes.

- Fundamental changes means the changes that require the approval of unit holders through an ordinary fund resolution shall mean any of the following cases mentioned in Paragraph (d) of Article (62) of the Investment Funds Regulations:
 - 1) A change which significantly changes the purposes, nature or class of the public fund.
 - 2) A change which alters the risk profile of the public fund.
 - 3) Any other instances determined by the Authority from time to time and reported to the fund manager.
- As of Paragraph (d) of Article (63) of the Investment Funds Regulations, “non-fundamental change” means a change that does not fall within the cases mentioned in the previous paragraph.
- The fund manager will obtain the fund board approval before carrying out any fundamental or non-fundamental change.
- The fund manager will notify the unitholders and disclose details of changes on its website and the Saudi Stock Exchange (Tadawul) website.

b. Procedures to be followed for notification of any changes in the Fund's terms and conditions.

In a manner that does not conflict with Article (62) and (63) of the Investment Funds Regulations, changes in the terms and conditions will be done 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.

- The fund manager will notify the unit holders of the details of any fundamental changes by announcing on the fund manager's website and the market's website before (10) days of the change taking effect.
- The fund manager will notify the Authority and the unit holders of the details of any non-fundamental changes by announcing on the fund manager's website and the market's website before (10) days of the change taking effect.
- The fund manager will obtain the fund board approval before carrying out any fundamental or non-fundamental change to the terms and conditions.

20. Termination and Liquidation of the Fund:

a. The events of which will result in the termination and liquidation of the fund and procedures for it

- The fund will be terminated and liquidated in the following events:
 - 1- If the fund manager finds that the value of the fund's assets under management is insufficient to justify the economic operation of the fund, or in the event of any change in the law, regulation, or any other circumstances that the fund manager deems to be a sufficient reason to terminate the fund.
 - 2- The fund manager's desire to terminate the fund.
- The fund manager will immediately terminate the fund due to any adverse event which may necessitate such termination and notify the Authority and the unitholders within (5) business days of the occurrence of the event that mandated the termination of the fund.
- The fund manager will prepare a plan and procedures for the termination of the fund consistent with the unitholders interests and must obtain the fund board of directors' approval on such plan and procedures prior to carrying out any procedure in this regard.
- The fund manager will notify the Authority and the unitholders, in writing, of the details of the plan and procedures for the fund termination at least (21) days prior to the intended date for terminating the fund, without prejudice to the Fund's Terms and Conditions.
- The fund manager will comply with the plan and procedures for fund's termination approved by the fund board of directors.
- The fund manager will notify the Authority and unitholders, in writing, regarding the fund's termination within (10) days from the end of the fund term in accordance with the requirements in Paragraph (d) of Annex (10) of Investment Funds Regulations.
- The fund manager will complete the process of selling the fund's assets and distribute the unitholders' dues among them prior to the end of the fund's term.
- The fund manager will treat all unitholders equally during the fund termination or liquidation process
- The fund manager will immediately upon the end of fund term or liquidation distribute the dues of the unitholders among them, without delay and in a manner that does not conflict with the interest of unitholders and the Fund's Terms and Conditions.

- The Fund Manager will announce on its website and the Saudi Stock Exchange website the end of the Fund period and the liquidation period.
- The fund manager will provide the unitholders with the fund termination report within a period not exceeding (70) days from the date of completion of its termination or liquidation, including the final audited financial statements of the fund for the period subsequent to the last annual audited financial statements.

b. The followed procedures for the liquidation of the Fund

- In the event of termination and liquidation of the fund, the fund manager shall comply with the provisions of Article (22) of the Investment Funds Regulations.
- In the event that the term of the fund 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 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 Tadawul website 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 completion of the fund's termination or liquidation.

c. In case of end of term of the investment fund, the fund manager may not take any fees deducted from the fund's assets.

21. Fund Manager:

a. Name, Duties, and responsibilities of the 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 he performs his responsibilities and duties directly or assigns them to a third party under the provisions of the Investment Funds Regulations and the Authorized Persons Regulations.
- The fund manager also acts for the benefit of unitholders in accordance with the provisions of the Investment Funds Regulations, the Authorized Persons Regulations and the provisions of the fund's terms and conditions,

- The fund manager will abide by the duties of trust towards unit holders, which ensures work and exercise reasonable diligence to achieve their interests, and is responsible for doing the following:
 1. Fund management.
 2. Issuing of Units to unitholders
 3. Ensure the accuracy and completeness of the terms and conditions of the Fund and that it is complete, clear, correct, not misleading and up-to-date.
 4. Develop policies and procedures to monitor risks that affect the Fund's investments, and ensure speedy handling of them.
 5. Implementing the Fund's compliance and compliance program, and providing the Authority with the results of the application upon request.
 6. Ensure that all announcements related to the fund are accurate and not misleading.
 7. Preparation of required reports as mentioned in Section 13 and provide to unit holders.
 8. Compliance with 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

Capital Market Authority License 11153-37 dated 26 Safar 1432H corresponding to 30 January 2011G.

c. Registered Address and Head Office of the Fund Manager

Saudi Fransi Capital - King Fahad Road
PO Box 23454, Riyadh 11426, Kingdom of Saudi Arabia
Phone +966 11 282 6666 - Fax: +966 11 282 6725

e. Fund Manager's website and any website, related to the fund manager, contain information on the investment fund, if any

Website: www.sfc.sa

f. Paid-Up Capital

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

g. Summary of Financial Information of the Fund Manager

	2020
Revenue	380,073,678 SAR
Profit	124,851,350 SAR

h. Primary roles, responsibilities and duties of the fund manager in relation to the investment fund

The fund manager is responsible for complying with 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 Authorized Persons Regulations.

The fund manager also acts for the benefit of unit holders in accordance with the Investment Funds Regulations, the Authorized Persons Regulations and the Terms and Conditions of the Fund, and abides by the duties of trust towards unit holders, which ensures work and exercise reasonable diligence to achieve their interests, and is responsible for doing the following:

1. Fund management.
2. Issuing of units to Unitholders.
3. Ensure the accuracy and completeness of the terms and conditions of the Fund and that they are complete, clear, correct, not misleading and up-to-date.
4. Develop policies and procedures to monitor risks that affect the Fund's investments, and ensure speedy handling of them.
5. Implementing the Fund's compliance and compliance program, and providing the Authority with the results of the application upon request.
6. Ensure that all announcements related to the fund are accurate and not misleading.
7. The fund manager prepares, maintains and updates a register of unit holders.
8. The fund manager is responsible for the process of distributing profits to unit holders.
9. The fund manager is responsible for executing and organizing all subscription and redemption requests.

i. Other business activities or interests of the fund manager that are of significance or could potentially conflict with those of the investment fund

Not applicable.

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.

j. The right of the fund manager to appoint a sub-fund manager.

The fund manager may assign one or more third parties or any of its affiliates to act as a sub-fund manager for the fund, provided that the fund manager pays the fees and expenses of any sub-fund manager from his own resources.

. The provisions regulating the dismissal or 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:

1. The fund manager ceases to practice management activity without notifying the Authority of that in accordance with the Authorized Persons Regulations.
2. Cancellation, withdrawal or suspension of the fund manager's license to practice management activity by the Authority.
3. Submit a request to the Authority from the fund manager to cancel the management activity.
4. If the Authority considers that the fund manager has breached - in a manner that the Authority deems essential - to comply with the regulations or executive regulations.
5. The death, disability, 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.
6. Any other case that the Capital Market Authority considers on reasonable grounds to be of fundamental importance.

As of Paragraph (h) of Article (20) of the Investment Funds Regulations, 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 replacement fund manager during the initial (60) days period after the appointment of the replacement fund manager. The fund manager shall where necessary and applicable and at the discretion of the Authority, novate all of the contracts relating to the relevant investment fund to which it is a party to the replacement fund manager.

22. Fund Operator

a. Name of the fund operator.

HSBC Saudi Arabia (HSBC).

b. Authority authorisation number and date.

Capital Market Authority License 05008-37 dated 05 Dhul Hijjah 1426H corresponding to 05 January 2006G.

c. Registered address and business address of fund operator.

HSBC Saudi Arabia

Olaya - the meadows 7267

P.O. Box 2255 Riyadh 12283

Saudi Arabia

Phone +966 92000 5920

Fax +966 11 299 2385

Website: www.HSBCSaudi.com

Email: SaudiArabia@HSBC.com

d. A statement of the primary roles for the fund operator, functions in relation to the investment fund.

- Administer the fund.
- The fund operator is responsible for evaluating the fund's assets.
- Managing the fund's operations, including the fund's administrative services.
- The fund operator shall be responsible for pricing the units and responsible for the incorrect evaluation or pricing.
- The fund operator is responsible for the full and fair evaluation of the fund's assets.
- Maintaining books and records related to the operation of the fund.
- Maintaining 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 preparing and maintaining a register of unit holders in the Kingdom.
- The fund operator shall be responsible for keeping the unit holders register with the following information as a minimum:
 - 1) The unit owner's name, address, and contact numbers.
 - 2) The unit owner's national identity number, residence number, passport number, or commercial registration number, as the case may be, or any other identification method determined by the Authority.
 - 3) The nationality of the unit owner.
 - 4) The date of registration of the unit owner in the register.
 - 5) Data of all transactions related to the units conducted by each unit owner.
 - 6) The current balance of the number of units (including portions of units) owned by each unit holder.
 - 7) Any restriction or right on the units owned by each unit owner.
- The fund operator shall be responsible for immediately updating the unit holders register to reflect the changes in the information referred to previously.

e. Statement that the operator may appoint a sub-operator.

The fund operator will not assign a sub-fund operator.

f. Statement of the functions to which the operator has delegated a third party in relation to the investment fund.

Not applicable

23. The Custodian:

a. Name of Custodian

HSBC Saudi Arabia

b. Authority Authorization Number

Capital Market Authority License 05008-37 dated 05 Dhul Hijjah 1426H corresponding to 05 January 2006G.

c. Registered Address

HSBC Saudi Arabia
Olaya - the meadows 7267
P.O. Box 2255 Riyadh 12283
Saudi Arabia
Phone +966 92000 5920
Fax +966 11 299 2385
Website: www.HSBCSaudi.com
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d. Primary Roles and Responsibilities of Custodian

- 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, willful misconduct or gross 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.
- The custodian is responsible for opening a separate account with a local bank in his name, with the account designated as being for the benefit of the relevant investment fund.
- The custodian must segregate each investment fund's assets from its own assets and from the assets of its other clients, and must separately identify, by registration in the name of the custodian for the benefit of the relevant investment fund the securities and other assets of such investment fund. The custodian must maintain all necessary records to support the performance of its contractual responsibilities.
- The custodian must deposit all cash belonging to the investment fund into the relevant bank account referred to earlier, and must deduct from the relevant bank account payments for investments and expenses incurred in the management and operation of the investment fund in accordance with the Investment Funds Regulations, the Fund's Terms and Conditions that it received from the fund manager, and the contract by which the custodian was appointment by the fund manager.

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

The custodian may assign a third party to act as custodian or any of its affiliates to act as sub-custodian, the custodian shall pay the fees and expenses of any sub-custodian from his own resources.

f. 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:
 - 1) The custodian ceases to practice the reserving activity without notifying the Authority according to the list of authorized persons.
 - 2) Cancellation, withdrawal or suspension of the custodian's license to practice management activity by the Authority.
 - 3) Presenting a request to the Authority by the Fund Manager to revoke its license to practice preservation activity.
 - 4) If the Authority deems that the Fund Manager has violated - in a manner deemed essential in the commitment of the law or it's implementing regulations.
 - 5) Any other case that the Capital Market Authority deems on reasonable grounds that it is of fundamental importance.
- As of Article (30) of the Investment Funds Regulations, the Fund Manager has the right to dismiss the custodian and replace it in the following cases:
 - The Fund Manager may dismiss the Custodian pursuant to a written notification if he reasonably believes that the dismissal of the Custodian is in the best interest of the unitholders, and the fund manager shall notify the Authority and the unitholders in writing immediately and announcement of such shall be on the fund manager's website and the market's website.
 - If the Fund Manager exercise any of it powers as of Paragraph (b) of Article (30) of the Investment Funds Regulations, the Fund Manager must appoint an alternative Custodian within (30) days of the custodian's receipt of the written notification issued, and the Fund Manager and the dismissed custodian must cooperate fully to facilitate the smooth handover of responsibilities to the alternative Custodian. The dismissed Custodian must handover - when necessary and appropriate - to the alternative Custodian, all contracts related to the Fund, an announcement of such shall be on the fund manager's website and the market's website.

24. Fund Board:

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

- 1) approving material contracts, decisions and reports involving the public fund, including, but not limited to, contracts for the provision of fund management services, contracts for the provision of custody services but excluding contracts entered into pursuant to investment decisions regarding underlying investments made or to be made by the fund.
- 2) Approve a written policy in regards to the voting rights related to the public fund assets.
- 3) Overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified.
- 4) Meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations, including (without limitation) the requirements of the Investment Funds Regulations.
- 5) Approving all changes stipulated in Articles (62) and (63) of the Investment Funds Regulations before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable).
- 6) Confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with the Investment Funds Regulations, of the Terms and Conditions and of any other document, contractual or otherwise, that includes disclosures relating to the public fund and/or the fund manager and its conduct of the public fund.
- 7) Ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with the Investment Funds Regulations, the Fund's Terms and Conditions.
- 8) Reviewing the report that includes assessment of the performance and quality of services provided by the parties involved in providing significant services to the fund referred to in



Paragraph (l) of Article (9) of the Investment Funds Regulations, in order to ensure that the fund manager fulfils his responsibilities in the interest of unitholders in accordance with the Fund's Terms and Conditions and the provisions stipulated in the Investment Funds Regulations.

- 9) Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.
- 10) 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.
- 11) Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund's board of director.
- 12) Review the report containing all complaints and the measures taken regarding them referred to in Paragraph (m) of Article (9) of the Investment Funds Regulations, in order to ensure that the fund manager carries out his responsibilities in a way that serves the interest of unitholders in accordance with the Fund's Terms and Conditions and what contained in the Investment Funds Regulations.

d. Details on the Remuneration of the Fund Board Members

The Fund's Board of Directors' remuneration encompass all the public 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), 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 public funds of Saudi Fransi Capital.

The Fund's share of this fee is estimated at SAR 6,000, 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).

e. Conflict of 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 - USD	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 Capital Fixed 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 Shariah 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 standards applied to determine the legitimacy of the instruments in question are an investment in money market instruments and fixed income, with the exception of non-Islamic financial institutions.

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 Shariah, the Fund is obliged to withdraw from these investments.

26. INVESTMENT ADVISOR:

None.

27. DISTRIBUTOR:

None.

28. AUDITOR:

a. Name of Auditor

Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants - a member of Crowe Global

b. Registered Address

Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants - a member of Crowe Global

Prince Muhammad bin Abdulaziz Road - Riyadh
P.O Box 11, Riyadh 10504
Phone number: +966112175000 - Fax: +966112175000
Website: www.crowe.com/sa

c. Primary Roles and Responsibilities of Auditor

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 Governing the Replacement of the Investment Fund's Auditor

The fund board must reject the appointment of an auditor, or instruct the fund manager to replace an auditor which has already been appointed in relation to the Fund, if:

- 1) There are any outstanding and material allegations of professional misconduct in relation to audit functions by the auditor.
- 2) The auditor of the public fund ceases to be an independent auditor.
- 3) The auditor of the public fund is no longer registered with the Authority.
- 4) The fund board determines that the auditor does not have sufficient qualifications and experience to perform a satisfactory auditing functions.
- 5) The Authority, in its absolute discretion, instructs the public fund manager to replace the auditor appointed in relation to the public fund.

29. Fund Assets:

- a) The assets of the Saudi Fransi Capital Fixed Income Fund are held by a custodian for the benefit of the investment fund and owned by the unit holders of the fund, and these assets are not considered the property of the custodian and he has no right to dispose of them except in accordance with the terms and conditions of this fund.
- b) The custodian must separate the assets of each investment fund from its own and from the assets of its other clients, and these assets must be independently identified by registering the securities and other assets of each investment fund in the name of the custodian for the benefit of that fund, and keep all necessary records and other documents that supports the performance of its contractual obligations.
- c) The assets of the Saudi Fransi Capital Fixed Income Fund are collectively owned by the unit holders. The fund manager, fund sub-manager, custodian, sub-custodian, advisor, or distributor may not have any interest in, or claim in, the assets of the fund, unless the fund manager, sub-fund manager, custodian or The sub-custodian, advisor, or distributor owns the units of the fund, within the limits of his ownership, or if such claims are permitted under the provisions of the Investment Funds Regulations and disclosed in these terms and conditions.

30. Complaints Procedures:

Complaints handling procedures related to the fund are available to unit holders and will be provided to them upon request without charge.

Also, any of the unit holders can file any complaint by sending a complaint letter that includes the unit holder's signature, phone number, fax number and postal address to one of the following means:

- Visit the customer service department in the fund manager's main office.
- Contact the customer service of the fund manager on the toll-free number 8001243232.
- Sending the complaint to the fund manager at fax No. 011-2826623.
- Through the fund manager's email complaints@fransicapital.com.sa

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

If no settlement is reached, or no response is received in relation to the complaint, within 30 business days, the unit holder has the right to file a complaint to the Investor Complaints Department at the Capital Market Authority. The unit holder may also file a complaint to the Committee for Resolution of Securities Dispute, after the lapse of 90 calendar days from the date of submitting the complaint to the Authority, unless the Authority directs the complainant to submit his complaint to the Committee for the Resolution of Securities Disputes before the lapse of this period.

31. Any 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 without charge.

b. The judicial authority competent to consider any dispute arising from or from the investment in the Fund.

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

c. Documents available to unit holders.

- Fund terms and conditions.
- All contracts mentioned in the terms and conditions to which the Fund is a party.
- The fund's periodic reports.
- The fund's audited financial statements.
- The financial statements of the fund manager.

d. There is no other information that is known, or that the fund manager or the fund board of directors should reasonably know, that may reasonably be requested by the current or potential unit holders or is expected to be included in the terms and conditions of the fund upon which the investment decision will be taken.

e. Any exemptions from the investment regulations restrictions are 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 unit owner:

I/we have read the terms and conditions of the Saudi Fransi Capital Fixed Income Fund, understand what is stated in them, agree to them, and acknowledge the characteristics of the units that have been subscribed to the fund, and a copy of this agreement has been obtained and signed.

Subscriber name / Subscriber names	:	
investment account number	:	
Date	:	
location or branch	:	
Signature	:	

For the use of Saudi Fransi Capital and its employees only.		
Name of the employee concerned	:	
Date	:	

Salam AlKhunaizi
CEO

Haifa AlGoufi
Head of Compliance, AML and Governance