



# Al-Badr Murabaha Fund - SAR Terms and Conditions

An open-ended Shariah-Compliant Money Market fund

FUND MANAGER - SAUDI FRANSI CAPITAL

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

This is the amended version of the Terms and Conditions Al-Badr Murabaha Fund - SAR that reflects the following changes.

- Adding structured products as an investment asset to be invested in.
- The Sharia Committee has amended some of the financial definitions.

According to our letter to the Capital Market Authority on 06/12/2023G, corresponding to 22/05/1445H.

Internal Use

Salam Zaki AlKhunaizi

Chief Executive Officer and Board Member

Haifa Fahad AlGoufi

Chief Compliance, Governance and Legal

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## Fund Facts

Name	Al-Badr Murabaha Fund - SAR
Class/Type	Open-ended Sharia-compliant Money Market Fund
Fund Manager	Saudi Fransi Capital
Purpose	The fund aims to provide liquidity and preserve capital.
Risk Level	Low
Minimum Initial Investment	SAR 2,000.00 (two thousand Saudi Riyals)
Minimum Additional Investment	SAR 1,000.00 (one thousand Saudi Riyals)
Minimum Redemption	SAR 1,000.00 (one thousand Saudi Riyals)
Dealing/Valuation Days	Every working day in Saudi Arabia
Unit Price Announcement Days	Business day following dealing day
Redemption Settlement Cycle	Four business days following dealing day
Initial Offering Price	SAR 10
Currency	SAR
Structure (period of the investment fund and its maturity date)	Open-ended
Date of the Authority's Approval for the Establishment and Offering of Units	The Authority's approval was obtained to continue the fund's units on Safar 8, 1430H corresponding to February 03, 2009G.
Issue Date of Terms and Conditions	21 Jumada Al-Awwal 1420H corresponding to 01 September 1999G
Latest Update of Terms and Conditions	30/10/2023G, corresponding to 15/04/1445H
Early Redemption Fees	None
Benchmark	1 Week SAR deposit rate 20 bps
Fund Administrator	Saudi Fransi Capital
Custodian	HSBC Saudi Arabia Limited
Auditor	Price waterhouse Coopers
Management Fees	0.50% per annum of the Fund net asset value
Subscription Fees	None
Redemption Fees	None
Custodian Fees	0.02% annually, calculated daily and deducted monthly based on the Fund net asset value on the last business day of each month, in addition to SAR 112.50 (one hundred and twelve Saudi Riyals and fifty halala) as transaction fees.
Dealing Expenses	The Fund is responsible for meeting any regulatory fees or expenses related to investment operations, and this will be disclosed if it occurs.
Fees and other Expenses	The following fees and expenses are shown in 9-b: transaction fees, audit and audit fees, registration fees (Saudi Stock Exchange), funding fees, regulatory fees and Fund's Board of Directors fees
Performance Fee	None
Dividends	None

Deadline for submitting Subscription and Redemption instructions for each dealing day	Before 12:00 noon KSA time
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## Definitions

The Fund	Al-Badr Murabaha Fund - SAR
Fund Manager	A person that is responsible for the management of the assets of an investment fund and the business of the investment fund, and offering of units of the investment fund.
Custodian	A person who is authorized under the Authorized Persons Regulations to conduct activities regarding the custody of securities.
Fund Currency	The currency in which the fund unit price is evaluated.
The Kingdom	Saudi Arabia
The Authority	The Capital Market Authority, inclusive of - wherever the text allows - any committee, sub-committee, employee or deputy delegated to perform any task required by the authority.
Investment Funds Regulations	The regulations issued by the Board of the Capital Market Authority.
Investment Fund	A joint investment portfolio that aims to provide an opportunity for its investors to participate collectively in the profits of the portfolio. It is managed by the Fund Manager for a fee.
Open-end investment fund	An investment fund with variable capital, the units of which are increased by offering new units or decreased by the redemption of some or all of their units by unitholders. Unitholders have the right to redeem the values of their units in this fund according to their net value in the dealing days shown in the fund's terms and conditions, in accordance with the Investment Funds Regulations.
Subscriber or Unitholder	The person who owns units in the investment fund.
Unit	Units owned by the subscriber in the fund.
Benchmark	The indicator against which the fund's performance is compared, which is the average deposit rate among Saudi banks.
Fund Board	The Board of Directors of the Fund.
The Shariah Committee	A group of Shariah scholars appointed by the Fund Manager to provide advice on investment products compatible with the provisions of Islamic Shariah.
Business day	The official business day, when the financial markets are open for business in the Kingdom.
Dealing day	A day when the subscription and redemption requests for investment fund units are executed.
Announcement Day	The days when unit prices are announced.
Valuation Point	The point in time on which the net asset value is calculated per unit and it is usually at the close of trading for the day prior to it, if this day is a business day in the respective market.
Last registration period	The last date to submit subscription and redemption instructions.
Unit Price	The fund unit value, which is calculated by dividing the net assets of the fund by the total number of existing units.
Subscription Fee	Fees that are paid in advance when buying fund units.
Management Fees	Compensation, expenses and fees related to consulting services to be paid to the Fund Manager.
Minimum investment	The minimum financial amount required to subscribe in the fund.
Shariah standards	Shariah standards approved by the Fund's Shariah Committee which determine the companies eligible to invest in.
Duration	The average number of years by which the extent to which asset prices are affected by proportional changes is measured.
Murabaha	It is the sale at the cost price plus a set known profit and a delayed payment on an agreed-upon date.
Mudarabah	It is a partnership agreement between Rabbul mal (the First Party/ies that is the fund) and a financial institution Al Mudareb (the Second Party/ies) where

	Rabbul mal authorized the Second Party Al Mudareb to invest its money for Generating profit.
Sukuk	Refers to Sukuk in which the fund invests, and they are bonds of equal value that represents a common undivided share in the ownership of real assets or their benefits or concession rights or in the ownership of an asset for a specific project, that meets the legal requirements and the consequent financial rights.
Repurchase Agreement	An agreement to sell securities or assets such as Sukuk with a specified price, while pledging to buy them from the buyer on a specific date at an agreed-upon price between the two parties.
Reverse Repurchase Agreement	An agreement to buy securities or assets such as Sukuk at a specified price, while pledging to sell them to the buyer on a specified date at an agreed-upon price between the two parties.
VAT	It is the value-added tax applied according to the provisions of the value-added tax system issued by Saudi Arabian Royal Decree No. M / 113 dated 2/11/1438H and its implementing regulations.
Structure Products	They are products with variable return, in which a contract that is Sharia based (Murabaha or Mudaraba contracts) is executed were the capital is specified at the contract start. However, the profit is not determined initially for the entire period, but is linked to a specific index for each period.
Derivative contracts	It is a financial instrument or a contract that derives its value from the value of other real or financial assets (bonds, foreign currencies, and commodities). These financial contracts have a specified period in addition to a specific price and terms that are specified when the contract is concluded between the seller and the buyer. Among these contracts are the following. Futures contracts is an agreement between two parties to sell a specific commodity in the future in exchange for a price that is determined at the time of the contract and is listed on the stock exchange where it acts as an intermediary between the two parties. Options contracts is an agreement between two parties to sell a specific asset in the future in exchange for a price determined at the time of the contract giving the right to one of the parties to sell or buy the asset from the other party at an agreed price in advance, and listing it on the stock exchange. Forward contracts is an agreement between two parties to sell a specific commodity in the future for a price that is set at the time of the contract. SWAPs are agreements on a future exchange of cash flows or for a specific asset owned by one of the parties in return for an outflow or an asset owned by the other party according to a previously arranged formula. Any other derivative contracts, if they comply with the Fund's Shariah standards.
Zakat Collection Rules for Investing in Investment Funds	The Zakat Collection Rules for Investing in Investment Funds issued pursuant to the Ministerial Resolution No. (29791) dated 09/05/1444H.

## 1 Investment Fund

### a. Name, Class and Type

Al-Badr Murabaha Fund - SAR is an Open-ended Sharia-compliant Money Market Fund.

### b. Issue Date of Terms and Conditions

The Terms and Conditions were issued on 21 Jumada Al-Awwal 1420H corresponding to 01 September 1999G, and the last update was made on 11/05/2023G corresponding to 21/10/1444H.

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

The Authority's approval to establish the Fund and offer its units to the public was obtained on 8 Safar 1430H corresponding to 3 February 2009G.

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

Al-Badr Murabaha Fund - SAR is an open-end investment fund.

## 2 Governing Laws

Al-Badr Murabaha Fund - SAR and Saudi Fransi Capital (the fund manager) are subject to the Capital Market Law and its implementing regulations and other relevant laws and regulations applicable in the Kingdom of Saudi Arabia.

## 3 Investment Policies and Practices

### a. Investment Objectives

Al-Badr Murabaha Fund - SAR is an open-end money market fund aimed at achieving returns by investing in financial instruments that are subject to the provisions of Islamic Shariah while preserving capital and providing liquidity.

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

- Shariah-compliant financing operations, investment of its assets in Shariah-compliant financing operations, for example, but not limited to, Murabaha, Mudaraba deals and structure products.
- The Fund's investments may be in different financial institutions in the global markets, which could include Banque Saudi Fransi.
- The Fund's investments may be in different currencies other than the Fund's currency, the Saudi Riyal, in accordance with investment strategies.
- The Fund Manager reserves the right to evaluate and purchase the sukuk, provided that it does not exceed 35% of the Fund's net assets value at the time of purchase.
- Units of similar public investment funds that are compliant with Shariah standards and licensed by the Capital Market Authority or a similar supervisory Authority outside the Kingdom with similar risk levels at a rate not exceeding 20% of the Fund's net assets value.
- The fund invests in repurchase and reverse repurchase agreements up to 5% of the fund's net assets value.

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

The Fund's investments are concentrated in Shariah-compliant financing operations. Investment of its assets in Shariah-compliant financing operations, for example, but not limited to, Murabaha and Mudaraba deals. The Fund also has the right to invest with various financial institutions in global markets which may include Banque Saudi Fransi, and the Fund's investments may be in different currencies other than the Fund's currency, the Saudi Riyal, in accordance with investment strategies.

### d. Investment Ratio

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

Investment Type	Minimum	Maximum
Cash or Money Market Instruments	0%	100%
Sukuk and Structure Products	0%	35%
Public Offering Money Market Funds	0%	20%
Repurchase Agreements and Reverse Repurchase Agreements	0%	5%

- The minimum credit rating for the investments of the Fund and its counterparties is determined by one of the international credit rating agencies: Standard & Poor's / Moody's / Fitch / Capital Intelligence or through the internal evaluation mechanism approved by the fund manager. The fund manager has the right to classify a specific investment instrument or a counterparty (investment credit rating or less than the investment credit rating) and may depend in his assessment on internal research or through external sources to determine the rating.
- The fund manager has the right to keep a greater part or all of the fund's assets in the form of cash or in the form of short-term investments if he believes that market or economic conditions are relatively unfavorable.

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

Global money and fixed income markets, including the Saudi market.

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

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

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

The fund manager studies and analyzes the entities that receive cash and Islamic deposits, as he focuses on the credit rating and major owners, in addition to a number of accounting ratios that give more weight to one party than to another.

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

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

**i. Investment Limits and Restrictions**

- The Fund will not invest in any securities that do not comply with the Shariah standards approved by the Fund's Shariah Committee.
- The Fund is entitled to obtain financing compatible with the Shariah standards, provided that the borrowing exposure does not exceed 10% of its net asset value of the fund, with the exception of borrowing from the fund manager or any of its affiliates to cover redemptions.
- The Fund Manager reserves the right to evaluate and purchase the sukuk, provided that it does not exceed 35% of the Fund's net assets value at the time of purchase.
- Units of similar public investment funds that are compliant with Shariah standards and licensed by the Capital Market Authority or a similar supervisory Authority outside the Kingdom with similar risk levels at a rate not exceeding 20% of the Fund's net assets value.

The Fund Manager shall, during its administration of Al-Badr Murabaha Fund - SAR adhere to the restrictions and limits imposed by the Investment Funds Regulations, the Fund's Terms and Conditions

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

The Fund has the right to Invest in units of similar that are compliant with Shariah standards, publicly available, investment funds that are licensed by the Capital Market Authority or a similar supervisory Authority outside the Kingdom with similar risk levels up to 20% of the Fund's net assets value.

**k. Borrowing Rights and Pledging Assets Policy**

The Fund is entitled to obtain financing compatible with the Shariah standards, provided that the borrowing exposure does not exceed 10% of its net asset value of the fund, with the exception of borrowing from the fund manager or any of its affiliates to cover redemptions.

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

None.

**m. Risk Management Policy**

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

The Fund holds investments in various financial instruments in accordance with its investment policy. The investments are classified as "held at amortized cost" ie Sukuk and Shariah compliant deposits. The Fund is exposed to special commission rate risks, credit risks and liquidity risks, 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 Shari'a compliant deposits. To reduce this risk, the fund manager regularly monitors changes in commission rates.
- **Credit risk** - The Fund is exposed to credit risk on bank balances, investments held at amortized cost, Shari'a compliant deposits and other receivables. The fund manager seeks to limit credit risk by dealing with parties with good credit ratings, monitoring exposure and setting limits for individual investments. The fund manager has not identified any significant concentration of credit risk arising from the investments, and the book value is the maximum credit risk related to the financial assets.

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

The benchmark for the fund is (1 Week SAR deposit rate 20 bps).  
It is a general indicator, obtained by the fund manager through the Bloomberg website.

**o. Purpose of Using Derivative**

The fund manager may use derivative contracts to achieve investment objectives and hedge the risk of price volatility.

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

None.

**4 Investment Fund Risks**

- a. The Fund may be exposed to fluctuations in the value of its units due to the formation of its investments that are concentrated in the shares of listed companies that are characterized by high volatility.
- b. The past performance of the Al-Badr Murabaha Fund - SAR and the past performance of the benchmark is not an indication of the Fund's future performance.

- c. There is no guarantee for unitholders that the Fund's absolute performance or its performance compared to the benchmark will repeat or match the previous performance.
- d. The Fund Manager warns investors that investing in Al-Badr Murabaha Fund - SAR is not a deposit with any bank, as the Fund's assets are inherently subject to fluctuations, both high and low.
- e. The Fund Manager warns investors of the risk of losing money when investing in the Fund.
- f. The list of potential risks associated with investing in the Fund, the risk exposure to the Fund, and any conditions likely to affect the net value of the Fund's assets and returns.
- **Credit and Counterparty Risks** - Risks of non-payment by the parties of the financial institutions through which the Fund deals. Accordingly, the Fund is exposed to credit risks in its investment portfolios and returns. The fund manager seeks to reduce credit risk by monitoring the distribution of credit and setting limits on investments with the financial institutions that the fund deals with.
  - **Commodity risk** - fluctuations in commodity prices may affect the value and profit of the fund.
  - **Currency risk** - It is the risk of depreciation in the value of a financial instrument held by the Fund in a currency other than the currency of the Fund as a result of a change in exchange rates.
  - **Liquidity Risk** – The risk that the Fund may be exposed to in providing the necessary liquidity to fulfill financial obligations.
  - **Economic Risks** – The financial markets are linked to the general economic situation, which affects the profitability of companies, the level of inflation, interest rates and unemployment. Therefore, economic fluctuations may have a positive or negative effect on the performance of the Fund.
  - **Risks of investing in global markets** - Foreign securities and securities issued by companies and financial institutions with business abroad may involve risks related to the political, economic and regulatory conditions in these countries, and these risks include the risk of change in economic conditions such as economic deflation and inflation rates or political uncertainties resulting from global, regional or systemic political changes Such as 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.
  - **Risks Related to Specific Events** – The subscriber accepts that the value of the Fund's assets may be affected by various but unlimited factors, including political and economic factors and other related factors to legislation and regulations.
  - **Risk of Force Majeure** – The risk resulting from force majeure conditions, including but not limited to, government decisions, wars, civil unrest, civil disobedience, natural disasters, economic blockade, commercial boycott, market decisions, suspension of trading, or inability to communicate with the market for any reason or a breakdown of the computer system, or any reason that is not under the control of the Fund Manager or the funds he invests in. In the event of any force majeure, any obligation on the Fund will be deferred as required by the force majeure event. The Fund Manager will also announce the force majeure event and it will be binding on all investors in the Fund. It should be noted that the Fund Manager will not be liable to unitholders for any temporary or permanent loss of their investment, either directly or indirectly due to any force majeure.
  - **Risk of Unitholder Death** – If the subscriber is an individual, the terms and conditions of the Fund and all other documents will be binding on the heirs, executors of the will, estate managers, personal representatives, custodians and successors of the subscriber, and the approval of the unitholder on these Fund documents will not be canceled automatically upon the death or incapacity of the subscriber. If the subscriber is a legal entity, this agreement will not be automatically cancelled upon the death, bankruptcy or dissolution of any partner or shareholder therein. Regardless of these conditions, the Fund Manager is entitled, according to its absolute discretion, to suspend any transactions related to this agreement until the Fund Manager receives an order from the court, a power of attorney or any other evidence that is satisfactory of the authority vested in the heirs, executors of the will, directors of the estate, personal representatives, trustees or successors to allow the implementation of these transactions.
  - **Interest rate fluctuation risk** - These are the risks resulting from the fluctuation of the value of financial instruments as a result of a change in the interest rate, and financial instruments are the markets in which securities of all kinds are traded, such as the stock markets of stocks and bonds, derivatives markets, commodity markets and financial debt markets from short-term debts, which negatively affects the performance of Fund and unit price.
  - **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.

- **Risks of investing in other investment funds** - The fund will only invest in funds similar to it in strategy and level of risk, but risks may arise due to fluctuations in the unit price of the fund invested in, which negatively affects the fund's performance and unit price.
- **Risks of investing in structured products** - the investor in structured products is exposed to the risks of early call of investments by the issuer, which may result in the reinvestment at an unsuitable investment period or result in lower returns. These products may be in non-local currencies, which makes them vulnerable to interest rate fluctuations.

## 5 Risk Assessment Mechanism

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

## 6 Targeted Class for Investing

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

## 7 Investment Restrictions and Limits

- The Fund is entitled to obtain financing compatible with the Shariah standards, provided that the borrowing exposure does not exceed 10% of its net asset value of the fund, with the exception of borrowing from the fund manager or any of its affiliates to cover redemptions.
- The Fund Manager reserves the right to evaluate and purchase the sukuk, provided that it does not exceed 35% of the Fund's net assets value at the time of purchase.
- Units of similar public investment funds that are compliant with Shariah standards and licensed by the Capital Market Authority or a similar supervisory Authority outside the Kingdom with similar risk levels at a rate not exceeding 20% of the Fund's net assets value.

The Fund Manager shall, during its administration of Al-Badr Murabaha Fund - SAR adhere to the restrictions and limits imposed by the Investment Funds Regulations, the Fund's Terms and Conditions.

## 8 Currency

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

## 9 Fees, Charges and Expenses

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

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

<b>Custody Fees</b>	0.02% annually, calculated daily and deducted monthly on the basis of the net asset value of the Fund on the last business day of each month, in addition to processing a fee of SAR 112.50 (one hundred and twelve riyals and fifty halalas).
<b>Management Fees</b>	The Fund Manager shall receive 0.50% annually of the net asset value of the Fund, as an accrued management fee, calculated cumulatively on a daily basis and deducted on a monthly basis.
<b>Auditing Fees</b>	A maximum of SAR 33,000.00 (thirty-three thousand Saudi riyals) per year. This fee is calculated on a daily basis and deducted on a biannual basis.
<b>Registration Fees (Saudi Stock Exchange)</b>	SAR 5,000.00 (five thousand Saudi riyals) annually. This fee is calculated on a daily basis and deducted on an annual basis.

<b>Funding Fees</b>	According to the prevailing financing rates. If incurred, it will be disclosed in the annual financial disclosure summary.
<b>Shariah Committee Fees</b>	None
<b>Distribution Expenses</b>	None
<b>Dealing Expenses</b>	The Fund is responsible for meeting any regulatory fees or expenses related to investment operations. If incurred, it will be disclosed in the annual financial disclosure summary.
<b>Service Fees (related to the unitholder register)</b>	None
<b>Benchmark Fees</b>	None
<b>Regulatory fees</b>	SAR 7,500.00 (seven thousand and five hundred Saudi riyals) annually. This fee is calculated on a daily basis and is deducted on an annual basis.
<b>Fund's Board of Directors Fees</b>	<p>These fees include all the public funds of Saudi Fransi Capital. Note that these fees will change annually, as these fees will be allocated pro-rata based on the size of the assets in each fund. They are calculated cumulatively on each calendar day and deducted on an annual basis.</p> <p>The maximum annual remuneration of the Funds' board members of all Saudi Fransi Capital funds is estimated at SAR 60,000.00 (sixty thousand Saudi riyals). The Fund's annual share of these fees is estimated at SAR 23,760.15 (twenty-three thousand seven hundred sixty-five halala). The Fund's share of these fees will change annually according to the Fund's assets under management (more or less). It is worth noting that each independent member (two members) will receive an amount of SAR 15,000.00 (fifteen thousand Saudi riyals) per meeting for a maximum of two meetings per year, which is the minimum number of meetings annually, and this is applicable for all of the public funds of Saudi Fransi Capital.</p>

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

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

<b>Fees/Expense</b>	<b>Percentage/Assigned Amount</b>	<b>Calculation Method</b>	<b>Schedule</b>
Custody Fees	0.02% annually	Calculated daily.	Payable monthly on the basis of the Fund's net asset value on the last business day of each month.
Transaction Fees	SAR 112.50	A lump sum paid to the custodian for each transaction.	Paid - if any - at the end of each month.
Management Fees	0.50% annually- Maximum- . This applies to all unit holders who will be treated equally.	Calculated cumulatively on a daily basis.	Paid monthly.

Auditing Fees	Maximum SAR 33,000 per year.	Calculated cumulatively on a daily basis.	Paid on a biannual basis.
Registration Fees (Saudi Stock Exchange)	SAR 5,000	Calculated cumulatively on a daily basis.	Paid on annual basis.
Funding Fees	According to the prevailing financing rates, and it will be disclosed if it occurs in the annual financial disclosure summary.		
Dealing Fees	The Fund is responsible for meeting any regulatory fees or expenses related to investment operations, and this will be disclosed if it occurs in the annual financial disclosure summary.		
Shariah Committee Fees	None		
Distribution Expenses	None		
Services Fees (related to the Unitholder Register)	None		
Benchmark Fees	None		
Regulatory Fees	SAR 7,500 annually.	Calculated cumulatively on a daily basis.	Paid on an annual basis.
Fund's Board of Directors Fees	The Fund's share is estimated at SAR 23,760.15 annually, which is an estimated share that may change annually according to the Fund's assets.  In addition to SAR 15,000.00 for each independent member (two members) for each meeting (with a maximum of two meetings per year, which is the minimum number of meetings of the Fund's Board of Directors).	Calculated cumulatively every valuation day.	Paid on annual basis.

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

Fees	Category	Amount in SAR	%
Trading registration fees	Recurring	5,250	0.0003%
Regulatory Fees	Recurring	7,500	0.0005%
Auditor Fees	Recurring	33,000	0.0027%
Remuneration of the Board of Directors	Recurring	24,499	0.0016%
Benchmarking Fees	Recurring	-	-
Transaction Fees	Recurring	-	-

Funding Fee	Recurring	-	-
Other	Non - recurring	7,354	0.0005%
Custody Fees	Recurring	242,718	0.0160%
Management Fees	Recurring	6,870,122	0.4541%
Shariah Audit Fees	Recurring	-	-
<b>Total Fees</b>	Recurring Cost Ratio:	7,186,889	0.4750%
	Non-recurring Costs Ratio:	7,354	0.0005%

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

- There is no Subscription, Redemption or early Redemption fees.
- Transfers between Saudi Fransi Capital funds are treated as if they were a redemption request from one fund and a subscription request in another fund, while complying with these terms and conditions and the terms and conditions of the funds to which the subscriber intends to invest. Any expenses related to participation in the fund transferred to it, if any, shall be deducted in addition to the taxes imposed. If there is a currency difference between the funds between which the transfer occurred, the manager shall transfer the proceeds according to the exchange rate prevailing at that time.

#### e. Special Discounts and Commission Policy

The fund manager may grant reductions in the fund management fees to unit holders or cancel them whenever he deems it appropriate, and this applies to all unit holders, as they will be treated equally.

#### f. Tax and Zakat Information

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

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

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

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

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

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

<b>Fees (assumed fund size 100 million)</b>	<b>SAR</b>	<b>%</b>
Subscription Amount	2,000.00	
Registration Fee (Saudi Stock Exchange)	0.0088	0.0004%
Regulatory Fees	0.0126	0.0006%
Auditing fees	0.6600	0.033%
Remuneration of the Board of Directors	0.0172	0.0009%
Benchmarking Fee	0	0.0000%
Transaction Fees	0.0107	0.0005%
Funding Fee	0	0.0000%
Other	0.0100	0.0005%
Custody Fee	0.4200	0.0210%
Management Fee	10.4972	0.0005%
<b>Total Fees</b>	<b>11.0331</b>	

## 10 Valuation and Pricing

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

On each trading day, the valuation is done on the basis of the currency and the valuation is determined based on all the assets in the portfolio minus the fund's receivables at that time. The valuation method depends on the type of asset as follows:

- The value of the fund's assets that are invested in money market instruments (Murabaha) is determined on the basis of the nominal value in addition to the accumulated profits until the trading day, for the structure products the return will be calculated for the period that past during the life of the transaction and added to the nominal value of the transaction.
- Unlisted bonds and sukuk are valued using their carrying amount plus accumulated profits.
- As for the purposes of evaluating the sukuk listed or traded in any organized financial market or on an automated pricing system, the price of the last transaction made in that market or system will be used. If the conditions of that market or that system do not allow the use of this method, it is permissible to evaluate using the book value in addition to the accumulated profits.
- In the event that the Fund invests in another investment fund, the latest announced unit price on each trading day will be used.
- For any other investment, the fund manager depends on the fair value that it determines based on the methods and rules approved by the custodian and after verification by the fund's auditor.

### b. Frequency and Time of Valuation

The Fund assets are valued every working day in the Kingdom of Saudi Arabia, five times a week.

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

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

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

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

The unit price at subscription or unit price on redemption is the net asset value per unit, where the unit value is calculated for subscription or redemption purposes by deducting all the amounts required on Saudi Fransi Saudi Equity Fund (the Fund's obligations) including but not limited to, specific fees In paragraph (5) of this terms and conditions, the total value of the assets and the unit price is determined by dividing the resulting

number from this process by the total number of existing fund units on the date of the relevant transaction day, and it should be noted that no circumstances may change from the mentioned pricing method.

#### e. Details on Publications of Unit Prices

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

## 11 Dealing

#### a. Details of the Initial Offering

Start Date	21 Jumada I 1420H corresponding to 01 September 1999G.
Offering Period	The offering period ended in 1420H corresponding to 1999G.
Initial Offering Price	SAR 10

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

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

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

#### c. Subscription and Redemption Procedures

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

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

The Fund Manager, during its management of Al-Badr Murabaha Fund - SAR, is bound by the restrictions and limits imposed by the investment funds regulations and the terms and conditions of the fund. The table below shows the minimum value of units that the unitholder must own, subscribe or redeem:

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

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

- The Fund Manager has the right to refuse any subscription if it deems that this subscription may lead to a violation of the regulations of the Capital Market Authority or a violation of the terms and conditions of the fund.
- The Fund Manager may postpone responding to any redemption request from an open investment fund until the next dealing day, in any of the following cases:
  - On any dealing day, if the value of redemption requests, including the transfer of units to another fund with the fund manager, exceeds 10% of the net asset value of the fund, the fund manager may, at its absolute discretion, postpone any requests for redemption and/or transfer of units to another fund with the fund manager On a pro-rata basis so that the total value of the requests does not exceed 10% of the fund's net asset value, and the delayed redemption and transfer requests will be executed on the immediately following dealing day, while they are always subject to 10% of the net asset value.
  - If dealings are suspended in the main market in which the securities or other assets owned by the investment fund are dealt, either in general or in relation to the assets of the fund that the fund manager reasonably deems important in relation to the net asset value of the fund.
  - If the subscriber's investment in the fund falls below the minimum investment limit mentioned in the terms and conditions due to its redemption, then the fund manager has the right to return the remainder of the investment value to the subscriber.
  - The Fund Manager has the right to postpone the implementation of redemption requests in the event that the fund is unable to sell / liquidate the assets it owns for any reason.
- The Fund Manager has the right to suspend subscription and redemption in the event of force majeure circumstances beyond his control that prevent him from implementing these requests such as power outages, malfunctions in technical systems, wars, political problems or natural disasters, provided that this suspension is lifted as soon as the event that led to the suspension of subscription has passed or refunded.

**f. Deferred Refund Requests Selection Procedures**

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

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

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

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

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

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

Not applicable because Al-Badr Murabaha Fund - SAR is an existing fund.

**12 Distribution Policy**

**a. Income and Dividend Distribution Policy**

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

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

Not applicable.

**c. How to pay distributions**

Not applicable.

## 13 Reporting to Unit Owners

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

- The Fund Manager will prepare annual reports and submit them to unit holders within a period not exceeding (3) months from the end of the reporting period.
- The Fund Manager will prepare the preliminary financial statements and submit them to the unit holders within a period not exceeding (30) days from the end of the reporting period.
- The Fund Manager will prepare the quarterly statements and submit them to the unit holders within a period not exceeding (10) days from the end of the relevant quarter.
- In the event of termination of the fund, the fund manager will prepare the fund termination report and submit it to the unit holders within a period not exceeding (70) days from the date of completion of the termination and liquidation of the fund, including the final audited financial statements for the period following the last audited annual financial statements.

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

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

**c. Annual Financial Statements**

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

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

Not applicable, as Al-Badr Murabaha Fund - SAR is an existing fund.

## 14 Information on Unitholders' Register

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

- Details of all transactions related to the fund units made by each unitholder.
- The current balance of the number of units owned by each unitholder.
- Any restriction or dues on the units owned by each unitholder.

## 15 Information and Details of Meeting of Unitholders:

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

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

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

- The invitation to the unitholders meeting will be posted on the website of the Fund Manager and the website of the market, in addition to sending a notice to the unitholders and the Custodian at least (10) days prior to the meeting with a period not exceeding (21) days before the meeting, provided that the announcement and notification shall specify the date of the meeting, its location and time and the proposed items.
- The meeting shall be valid and with a quorum in the event that a number of unit owners who collectively own at least 25% of the value of the fund's units are present. The units and the custodian shall not be less than (5) days before the date of the second meeting, and the second meeting shall be considered valid regardless of the percentage of the fund's units represented in the meeting.
- Meetings of unitholders may take place, participate in its deliberations, and vote on its decisions by means of modern technology, in accordance with the regulations set by the Authority.

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

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

## 16 Rights of Unitholder

### a. List of Unitholder Rights

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

### b. Voting Rights policy

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

## 17 Unitholder's Liabilities

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

## 18 Unit Characteristics

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

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

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

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

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

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

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

## 20 Termination and Liquidation of the Investment Fund

### a. Fund Termination Events and Procedures

- Upon the occurrence of any event that necessitates the termination of the fund, the fund manager will terminate the fund immediately and notify the Authority and the unit holders within (5) working days of the occurrence of the event that necessitated the termination of the fund.
- In the event that any of the requirements of the Investment Funds Regulations or any other requirements of the Capital Market Authority under which the fund may be terminated is not met, the fund manager will terminate the fund and notify the Authority and the unit holders of that.
- The fund manager will prepare a plan and procedures for terminating the fund in the interest of the unit holders, and obtain the approval of the fund's board of directors on this plan before taking any action in this regard.

- The fund manager will notify the Authority and the unit holders in writing of the details of the fund's termination plan and procedures, no less than (21) days prior to the date on which the fund is intended to be terminated.
- The Authority and the unit holders will be notified in writing of the termination of the fund within (10) days from the end of the fund term.

**b. Procedures for Liquidating the Fund**

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

## 21 Fund Manager

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

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

**b. Authority Authorization Number and Date**

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

**c. Registered Address**

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

**d. Web Address**

www.sfc.sa

**e. Paid-Up Capital**

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

**f. Summary of Financial Information**

	<b>2020</b>
Revenue	380,073,678
Expenses	272,431,039
Net Income	124,851,350

**g. Primary Roles, Responsibilities and Duties**

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

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

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

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

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

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

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

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

- The Fund Manager has the right to voluntarily withdraw from managing the fund as required by the interests of the unit holders, provided that it arranges for the appointment of an alternative fund manager, subject to the provisions and regulations of the Capital Market Authority.
- The Authority has the right to dismiss the fund manager and take any action it deems appropriate to appoint a replacement fund manager for that fund or take any other measure it deems appropriate, in the event of any of the following cases:

- The Fund Manager has ceased the activity of investment management, fund operation, or investment management activity without notifying the Authority of that in accordance with the Financial Market Institutions Regulations.
- Cancellation of the Fund Manager's license to engage in investment management activity and fund operation or investment management activity, or its withdrawal or suspension by the Authority.
- Submit a request to the Authority from the fund manager to cancel his license to engage in investment management activity, fund operation or investment management activity.
- If the Authority considers that, the fund manager has breached - in a manner that the Authority deems essential - to abide by the regulations or executive regulations.
- The death, incapacity or resignation of the investment portfolio manager who manages the fund, with no other person registered with the fund manager capable of managing the fund's assets.
- Any other case that the Capital Market Authority considers on reasonable grounds to be of material importance.

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

## 22 Fund Administrator

### a. Name of Fund Administrator

Saudi Fransi Capital

### b. Authority Authorization Number and Date

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

### c. Registered Address

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

### d. Primary Roles and Functions

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

### e. Appointment of Sub-Administrator

The Fund Administrator is not entitled to appoint a sub-administrator.

### f. Tasks Assigned to a Third Party

None.

## 23 Custodian

### a. Name

HSBC Saudi Arabia Limited

### b. Authority Authorization Number

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

### c. Registered Address

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

### d. Primary Roles and Function

- The Custodian is responsible for its obligations in accordance with the provisions of the Investment Funds Regulations, whether it fulfils its responsibilities directly or assigns it to a third party under the provisions of the Investment Funds Regulations or the list of authorized persons.
- The Custodian is liable towards the Fund Manager and unitholders for the losses of the Fund resulting from its fraud, shortcoming, misbehavior or deliberate negligence.
- The Custodian is responsible for preserving and protecting the Fund's assets for the benefit of unitholders, and it is also responsible for taking all necessary administrative measures in relation to preserving the Fund's assets.

### e. Appointment of a Sub-Custodian

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

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

None. The Custodian may assign a third party or more or any of its affiliates to work as sub-Custodian of the Fund

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

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

- If the Authority or the fund manager exercises any of their powers in accordance with the previous paragraph, the fund manager must appoint a replacement custodian in accordance with the provisions of the Investment Funds Regulations issued by the Capital Market Authority, and the fund manager and the isolated custodian must cooperate fully to facilitate the smooth transfer of responsibilities to the replacement custodian. The isolated custodian must transfer - where necessary and appropriate - to the replacement custodian all contracts related to the fund

## 24 Board of Directors

### a. Names of Fund Board Members

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

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

- **Mr. Ehab Talib Ahmed Farhan** – Head of the Private Banking at the Banque Saudi Fransi, Wealth Management at Saudi Fransi Capital, with 13 years of experience in consulting services with the National Bank in the field of the global stock exchange and investment products. He joined Banque Saudi Fransi in 2005 as Head of the Investment Department of the Jeddah City Department. He was appointed as the Head of Wealth Management in charge at the Saudi Fransi Capital in May 2015, then joined the Saudi Fransi Capital as Head of Wealth Management until May of 2018, holder of a Bachelor's degree in Business Administration, class 1995, and a qualified financial planner certificate from the Arab Monetary Agency - Banking Institute in the year 2004.
- **Mr. Abdullah Sulaiman Abdulaziz Al-Oraini** – The Head of Brokerage at the Saudi Fransi Capital Company, with 14 years of experience in the banking sector in the Kingdom, Mr. Abdullah became the Head of Brokerage in the Saudi Fransi Capital Company in 2011. He was appointed as the Head of Brokerage in 2014 at Saudi Fransi Capital. Holds a Bachelor's degree in International Business Administration from King Saud University, class of 1999.
- **Mr. Muhammad Fathallah Abdul-Khaleq Al-Bukhari** – With more than 25 years of experience in the banking and investment sector inside and outside the Kingdom, holding a Bachelor's degree in English Literature from King Saud University in 1972. Mr. Mohamed is currently retired, and his last position was Director of Conformity and Compliance at the Arab National Investment Company in 2011.
- **Mr. Hani Ibrahim Ahmed Obaid** – A partner in Invest Corp., with 11 years of experience in the banking and investment sector inside the Kingdom. Mr. Hani became the Fund Manager at Banque Saudi Fransi in 2004. He joined Morgan Stanley in 2008 as Vice President of Private Wealth Management, and in 2012 he became a partner in Invest Corp. Holds a Bachelor's degree in Technology Management from Wentworth University of Technology.

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

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

- Take minutes of the meetings that includes all the minutes of the meetings and the decisions made by the Board.

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

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

The annual maximum sum of the fees and expenses of members of the Board of Directors of all the funds of Saudi Fransi Capital is estimated at SAR 60,000.00 (sixty thousand Saudi Riyals). The Fund's share of this fee is estimated at SAR 23,760.15 per year.

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

#### e. Conflict of Potential Interest

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

#### f. Other Fund Boards Membership

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

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

## 25 Shariah Board

### a. Identity of the Shariah Committee Members

#### ▪ **Dr. Salah bin Fahd Al-Shalhoub (Chairman of the Shariah Committee)**

- A specialist in Islamic fiqh and an academic with over twenty years of experience in teaching and researching in the fields of Shariah sciences, Islamic finance, and economics.
- He is a consultant for a group of Islamic financial institutions to review contracts and products in financing, investment, cooperative insurance, Islamic bonds, and their development to enhance their Shariah and practical efficiency, and serves society through training, authoring, writing, and media participation to raise awareness of Islamic finance and banking.

#### ▪ **Dr. Salem Ali Al Ali (Member of the Shariah Committee)**

- A specialist in Islamic finance law and the legal and jurisprudential issues related to the development of Islamic capital markets. He is an assistant professor in the Department of Shariah and Islamic Studies at the United Arab Emirates University and a member of the Shariah Committee in many financial institutions. He has many consultative, educational, and research contributions in the Islamic finance sector in several countries, including Saudi Arabia, the United Arab Emirates, Malaysia, and the United Kingdom.

#### ▪ **Dr. Hisham bin Abdulmalik Al Al-Sheikh (Member of the Shariah Committee)**

- A professor of comparative fiqh and Shariah regulations at the Higher Institute of Judiciary at Imam Muhammad bin Saud Islamic University. He previously held the position of Shariah advisor in many financial institutions and entities. He participated in the preparation and formulation of the Shariah rulings code in the financial transactions section under the chairmanship of one of the subcommittees and then participated in the review committees for the Shariah rulings code. He has many printed publications and research in the judiciary and financial transactions field.

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

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

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

### c. Remuneration of the Sharia Board Members

Shariah Board remuneration will not be incurred by the Fund.

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

The criteria applied to determine the legitimacy of the instruments under investment are 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 Sharia, the Fund is obliged to withdraw from these investments.

## 26 Investment Advisor

None

## 27 Distributor

None

## 28 Auditor

### a. Name of the Auditor

Price waterhouse Coopers

### b. Registered Address

Kingdom Tower , King Fahad Rd, Al Olaya , Riyadh  
P.O Box 8282, Riyadh 11482 , Saudi Arabia  
Phone: +966.11.211.0400 - Fax: +966.11. 211.0401  
Website: www. pwc.com/middle-east

### c. Functions, Duties and Responsibilities

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

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

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

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

## 29 Fund Assets

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

## 30 Complaint Procedure

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

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

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

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

### 31 Other Information

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

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

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

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

- Fund terms and conditions
- All contracts mentioned in the terms and conditions
- Fund periodic reports
- The Fund's audited financial statements
- The fund manager's financial statements

d. **There is no other known information, or it should be known to the Fund Manager or the Fund's Board of Directors and may be requested - reasonably - by the current or potential owners of the units or expected to be included in the Terms and Conditions on which the investment decision will be decided upon**

e. **Any exemption from the restrictions of the investment regulation approved by the Capital Market Authority, except for those mentioned in the investment policies and practices.**

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

### 32 Money Market Fund

- a- The subscription in a unit in Al-Badr Murabaha Fund - SAR is not the same as placing cash on deposit with a local bank.
- b- The Fund Manager has no obligation to redeem units at the subscription price, and the value of units and the income from them can go down as well as up
- c- The methodology that will be adopted by the Fund Manager for the classification of the Fund's investments and counterparties, which will deal with the Fund.

The Fund Manager will study and evaluate the financial institutions that he deals with periodically.

- d- The Fund Manager acknowledges that all sources of money market transactions that he deals with outside the Kingdom are subject to a similar regulatory Authority to the Saudi Arabian Monetary Authority.
- e- When the Fund invests in derivative contracts for the purpose of hedging, The Fund Manager acknowledges that the issuer is subject to the Prudential Rules issued by the Authority or by an equivalent regulator.

### 33 Acknowledgment from the Unitholder

I/we have read the Terms and Conditions of Al-Badr Murabaha Fund - SAR, and understand what was stated in them and agree to them, and acknowledge to review the properties of units that were subscribed to in the Fund, and a copy of this agreement was received and signed.

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

For use by Saudi Fransi Capital employees only	
Employee Name	
Date	

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

Audited figures for 2020 (including VAT, where applicable).

Fee type	Amount ( SAR )
Auditor Fees	36,800.00
Regulatory Fees	7,500.00
Custodian Fees	242,718
Transaction Fees	-
Remuneration of the Board of Directors	24,499
Management Fees	6,870,122
Tadawul Fees	5,250.00
Trading Fees	-
Index calculation fees	-
Others	7,354

Salam Zaki AlKhunaizi

Chief Executive Officer and Board Member

Haifa Fahad AlGoufi

Chief Compliance, Governance and Legal