



VOTING POLICY & PROCEDURES

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The purpose of this document is to state the voting policy and procedures of Saudi Fransi Capital Asset Management Division (“SFC-AMD”), in connection with investments of SFC-AMD managed public investment funds (the “Funds”) authorized under the Capital Market Authority’s (the “CMA”) Investment Fund Regulations (“IFR”).

The covered funds with these policies at time of approval are:

- US Dollar Money Market Fund
- Saudi Riyal Money Market Fund
- Saudi Istithmar Equity Fund
- Al-Badr Murabaha Fund – US Dollar
- Al-Badr Murabaha Fund – SAR
- Al-Saffa Saudi Equity Trading Fund
- Al-Danah GCC Equity Trading Fund
- Al-Qasr GCC Real Estate Equity Trading Fund
- Saudi Fransi Capital Saudi Equity Income Fund
- Saudi Fransi GCC IPO Fund
- Saudi Fransi Capital Fixed Income Fund

Proxy Voting Policies

a) Corporate governance matters including changes in the state of incorporation, merger and other corporate restructuring and anti-takeover provisions

For all such material proposals, a careful review is undertaken by SFC-AMD wherein the Fund Manager may be of the opinion that the proposal is not likely to enhance the economic value or cause indeterminate and unnecessary expense to shareholders. Based on the review, SFC-AMD exercises a vote either in favor or against the management’s recommendation.

b) Changes to the capital structure, including preferred stock issuances

Such proposals relate to the approval of change in the capital structure of the company i.e. approval of increase or decrease in the authorized share capital of the company. Shareholders are the principal providers of the capital which companies need to grow and flourish. Companies should focus on the interests of existing shareholders as they contemplate changes to their capital structure. Existing shareholders should have a preemptive right to participate in significant capital increases. SFC-AMD will generally support the proposals where it believes that such proposal will enhance the rights of the

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common shareholders or will oppose such proposals where it believes that such proposal will adversely affect the rights of the common shareholders.

c) Stock option plans and other management compensation plans

Proposals relating to the stock option plans, performance share plans or other compensation plans are evaluated on case by case basis but SFC-AMD will generally vote in line with management recommendation unless the plan provides for unreasonable or excessive compensation or the management of the management of the company can materially alter the plan without shareholder's approval.

d) Social and corporate responsibility issues

In case of proposals addressing social and corporate responsibility issues or other similar issues, SFC-AMD will generally vote in line with management recommendation as long as it protects and promotes the economic value of the underlying securities held under the public investment funds.

e) Board of Directors

SFC-AMD generally supports the management's recommendation with respect to appointment of directors of the company that strengthens the independence of the board of directors. SFC-AMD believes the Board should provide clear leadership and oversight to companies. Discharge of directors is considered as a routine matter unless there are significant concerns about the conduct of an individual director or the protection of shareholder interests.

f) Other matters

i) Conflicts of interest

In the event, a proposal giving rise to a material conflict of interest, SFC-AMD will consult the SFC Compliance Officer and approval will be obtained with respect to voting from the Fund Board.

ii) Shareholders Rights

Shareholders need sufficient information to exercise their votes. This should be provided in a timely manner. SFC-AMD may vote against resolutions where insufficient information has been provided to allow an informed vote. Resolutions for shareholder approval should not 'bundle' together separate matters.

iv) Audit and financial statements

SFC-AMD will generally support the appointment of external auditors as per management recommendations unless there are concerns about their independence or commitment to protecting

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shareholder interests. Approval of the annual financial statements is normally a routine matter, unless concerns have been raised about the statements presented.

v) Voting in affiliated companies

SFC-AMD will not exercise voting rights in the stocks of affiliated companies.

vi) Non-contentious matters

SFC-AMD generally supports the management's recommendation for general non-contentious matters such as resolutions relating to the administrative arrangements of a company unless these would be detrimental to the rights of minority shareholders.

Voting Process

SFC-AMD will generally use the online voting platform, Tadawulaty, to vote on company matters. Occasionally, SFC-AMD will delegate one of its authorized team members to attend physical meetings.

SFC-AMD is not required to vote on every eligible occasion. However, SFC-AMD will, on a best efforts basis, endeavor to vote on all occasions where companies are proposing important corporate governance changes and capital structure changes as highlighted in clauses a) and b) in the Proxy Voting Policies above.

SFC-AMD will generally not vote on routine matters as described in points c) to f) above unless it believes that there are concerns in regards to a material impact on shareholders' best interests.

SFC-AMD will document the casting and non-casting of all votes as a matter of record in a reasonable manner. Where votes have not been cast, SFC-AMD will document rationale for not doing so. Where votes have been cast contrary to company management recommendations, SFC-AMD will also document the rationale of why such a vote was cast.

Special Note – Voting on Sukuks / Bonds

Proxy voting in the case of sukuk / bond holdings is generally only required in the case of restructuring or technical defaults. As a result, all such voting by its nature are on material decisions which have to be assessed and analyzed thoroughly by SFC-AMD to ensure the best possible outcomes for underlying unitholders' interests.

SFC-AMD will be required to vote on all such instances in the case of sukuk / bond holdings and will document the rationale of each such vote.

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Saudi Fransi Capital



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Special Note – Voting on Feeder Funds

In the case of feeder funds, voting rights of SFC-AMD will apply only to the units held in the underlying fund's units. SFC-AMD will generally not vote at the annual general meetings or any other general/special meetings of the underlying funds except in cases where the fund is undergoing a material change in strategy, liquidation, merger or change in fund manager, provided that SFC-AMD receives the notice of such a meeting in a timely manner and is able to cast such votes by proxy rather than in person. SFC-AMD will document any votes that are cast and reasons and rationale for voting or not voting in a certain way.

Special Note – Voting on Funds managed by Sub-Fund Manager

In the case of funds managed by a sub-fund manager, the voting policy of SFC-AMD as explained above will apply in its entirety to the sub-fund manager who will be delegated the responsibility to act on SFC-AMD's behalf in this regard.

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