

# Albilad MSCI US Equity ETF

Terms & Conditions

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**Albilad Capital**  
**Albilad MSCI US Equity ETF**

- a) Albilad MSCI US Equity ETF (“Fund”) is an open-ended Exchange Traded Fund that complies with the Shariah Supervisory Committee Standards and is regulated under the rules and regulations of the Capital Market Authority (“CMA”) in the Kingdom of Saudi Arabia.
- b) The Fund Manager: Albilad Investment Company “Albilad Capital”.
- c) Declarations and Explanatory Statement:
  - 1) 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 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.
  - 2) The Capital Market Authority has approved the offering of units in the investment fund. The Capital Market Authority does not, however, take any responsibility for the contents of the Fund’s Terms and Conditions, nor does it make any representation as to its accuracy or completeness. The Capital Market Authority does not make any recommendation as to the soundness or otherwise of investing in the investment fund, and the approval of offering the fund does not mean that the Authority recommends to invest in the fund, and the Authority emphasizes that the decision to invest in the Fund is up to the investor or his representative.
  - 3) Albilad MSCI US Equity ETF has been certified as being Shariah compliant by the Shariah Committee appointed for the Investment Fund.
  - 4) The Terms and Conditions of the Investment Fund and all other documents are governed by the Investment Funds Regulations, and include complete, clear, true and non-misleading information about the Investment Fund.
  - 5) The Investor or his representative must carefully read the Terms and Conditions and other documents and review the information contained therein before making any decision to invest in the Fund.
  - 6) The Unitholder is deemed to have signed and accepted the Terms and Conditions of the Fund upon purchasing any Unit of the Exchange Traded Fund.
  - 7) Investors can also view the Fund's performance in its reports.
  - 8) Investors are advised to read and understand the Fund’s Terms and Conditions. If in doubt, please consult a professional advisor.

d) Fund Summary:

1. Name of the Investment Fund: Albilad MSCI US Equity ETF.
2. Class/type of the fund: An open-ended Exchange Traded Fund.
3. Name of the fund manager: Albilad Investment Company "Albilad Capital".
4. Purpose of the fund: The Fund aims at following and simulating the performance of the Shariah-compliant MSCI Islamic Index A Series before calculating any dividends, charges, or expenses.
5. Risks level: High.
6. Minimum amount for subscription and redemption: One package of the Units, number of Units per package is 100,000 Units of the Fund. The package is defined as the minimum number of the Fund's Units in addition to the cash element necessary to create or redeem the Fund's Units, with the exception of the Fund's Initial Offering Period, to the extent that the minimum Subscription is 5,000 Units of the Fund.
7. Days of dealing/valuation: Any day on which Subscription to and Redemption of Investment Fund Units can be made, i.e. from Sunday to Thursday.
8. Days of announcement: A Working Day in the Kingdom according to the official Working Days in the Saudi Stock Exchange "Tadawul", i.e. from Sunday to Thursday.
9. Date for paying redemption amount: For investors, the units are sold through sale and purchase offers during trading periods like any security through any of the brokers in the Market. These Units are created and redeemed by appointing one or more licensed Capital Market Institution(s) to engage in the activity of dealing in order to act as a Market Maker for the Fund.
10. Unit price at initial offer (nominal value): SAR 10.
11. Currency of the fund: Saudi Riyal.
12. Period of the investment fund and its maturity date (where applicable): There will be no fixed period for the Fund's work. The Fund has no maturity date.
13. Date of commencing the fund: 25/08/1443AH corresponding to 28/03/2022AD.
14. Date of issuing the Terms and Conditions, and latest update of it (if any): 04/05/1443 AH corresponding to 08/12/2021 AD, and its latest update: 9/4/1445 AH Corresponding 24/10/2023 AD .
15. Early redemption Fees (if any): Not applicable.
16. Benchmark: MSCI Islamic Index A Series.
17. Name of the fund operator: Albilad Investment Company (Albilad Capital).
18. Name of the custodian: Riyadh Capital Company.
19. Name of the auditor: PricewaterhouseCoopers.
20. Fund management fees: The Fund's annual Management Fees are 0.75% of the Fund's Net Asset Value, which includes the following expenses:

- Custodian Fees: The Custodian will receive annual Custodian Fees at a rate of 0.050% of the Fund's Net Asset Value of the listed and unlisted financial securities and Investment Fund Units. The Custodian will receive 0.03% of the Fund's Net Asset Value of the Money Markets, to be calculated on each calendar day and deducted on a monthly basis.
  - Auditor's Fees: The Auditor will receive annual fees amounting to SAR 30,000.
  - Depository Center Fees: The Depository Center will receive fees at a rate of 0.08%, if the Fund's Net Asset Value is SAR 100 million maximum, 0.07% if the Fund's Net Asset Value is more than SAR 100 million up to SAR 200 million, and 0.06%, if the Fund's Net Asset Value is more than SAR 200 million.
  - CMA Regulatory Fees: SAR 7,500 per annum.
  - Fees for Posts Published on Tadawul Website: SAR 5,000 per annum.
  - Board of Directors' Remuneration: Independent Members of the Board of Directors will receive a remuneration amounting to SAR 4,000 per annum.
  - Benchmark Index Provider Fees: 0.06% of the Fund's Net Asset Value per annum. The minimum fee that must be paid is SAR 56,250 per annum.
21. Subscription and redemption fees: None.
22. Custodian fees: The Custodian Fees are mentioned under the Fund Management Fees.
23. Dealing expenses: The Fund will assume all expenses related to purchase or sale transactions, if they are part of the Fund's Investments, and their total value will be disclosed every quarter in the Fund's quarterly report.
24. Other fees and expenses: The Fund will assume the charges of printing, publishing periodic reports, Unitholders' meeting, transfer among bank accounts or investments of the Fund, in addition to taxes or fees, if any, and any other lawfully-permissible expenses, to the extent that such fees or expenses shall not exceed 0.5% of the Fund's Net Asset Value per annum.
25. Performance fees (if any): None.

### Glossary

<b>Fund</b>	Albilad MSCI US Equity ETF.
<b>Fund Manager or Company</b>	Albilad Investment Company (Albilad Capital), a company licensed by Saudi Capital Market Authority under License No. 08100-37.
<b>Law</b>	Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 AH.
<b>Regulations</b>	Investment Funds Regulations issued by the CMA Board on 24/12/2006 AD and amended by the Resolution No. (2-22-2021) dated 24/2/2021 AD.
<b>CMA</b>	The Capital Market Authority in the Kingdom of Saudi Arabia.
<b>Terms and Conditions</b>	The Terms and Conditions under which the Fund's activities and the relationship between the Fund Manager and investors are regulated.
<b>Tadawul</b>	Saudi Stock Exchange "Tadawul" is the only entity authorized to operate as a Stock Market ("Market") in the Kingdom of Saudi Arabia.
<b>Securities Depository Center or Depository Center</b>	It is a company wholly owned by Tadawul, and it is the only KSA entity authorized to deposit securities traded in the Saudi Stock Exchange and to register and transfer such securities.
<b>Stock Basket</b>	A number of stocks, in addition to any cash items, the value of which is equivalent to the value of one package of the traded Fund Units. The Fund Manager is authorized to publish information about the Stock Basket on the Working Day.
<b>Board of Directors</b>	Board of Directors of the Fund.
<b>Unit</b>	The owner's stock in the Investment Fund that consists of Units. Each Unit is treated as a common stock of the Unit Investment Fund's Assets.
<b>Exchange Traded Funds</b>	Investment Funds that follow a specific Index or a Basket of Assets and are divided into equal Units that are traded in the Capital Market during the trading periods. These Funds have the privileges of Mutual Investment Funds and the Stocks.
<b>Register</b>	Register of Unitholders, which is kept at the Depository Center.
<b>Custodian</b>	A Capital Market Institution licensed under the Capital Market Institutions Regulations to engage in securities Custody activities.
<b>Requests Acceptance Days</b>	Each Working Day in the Kingdom, as per the official Working Days in the Kingdom of Saudi Arabia. If it is not a Working Day for the Fund Manager (Holiday), the Fund Manager will not accept any requests.
<b>Working Day</b>	Working Days at the CMA.
<b>Calendar Day</b>	Any day, whether or not it is a Working Day.
<b>Evaluation Day</b>	The day on which the net Unit price is valued.

<b>Evaluation Points</b>	<p>Point 1: The indicative net asset value of the Unit and its publication every 15 seconds.</p> <p>Point 2: The net asset value of the Unit is calculated and published at the beginning and end of each Trading Day.</p>
<b>Subscription Request</b>	The form used to subscribe to the Fund during the Offering Period.
<b>Initial Offering Period</b>	The period during which the Fund's Units are offered for Subscription.
<b>Total Value of Fund's Assets</b>	The value of the Fund's Assets that are being evaluated, according to the manner of valuating the Assets described in the evaluation and pricing.
<b>Fund's Net Asset Value</b>	Total value of the Fund's Assets less the liabilities.
<b>Charges and Expenses</b>	All payments due and payable by the Fund, including, but not limited to, Management Fees, Custodian Fees, Administrative Fees, Auditor's Fees, Remunerations of Independent Members of the Board of Directors, Financing Expenses, and any other fees to be incurred by the Fund.
<b>Total Assets</b>	The market value of the Fund's Assets.
<b>Operation Date</b>	The date on which the Fund starts trading its Units.
<b>Subscriber/Investor or Unitholders</b>	Synonymous terms, each of which is used to refer to a person who holds Units in the Investment Fund.
<b>Shariah Supervisory Committee Standards</b>	Standards approved by the Shariah Supervisory Committee appointed for the Fund. Standards are stated in Paragraph No. (25).
<b>Cash Item</b>	Total Fund's Monetary Assets minus the total liabilities divided by the number of existing Units.
<b>Fund's Cash</b>	Total Monetary Fund's Assets less the total liabilities.
<b>One Basket</b>	It refers to one Basket of the Fund's Assets, and its value is equivalent to one Package of Units. It consists of 100,000 Traded Units of the Fund.
<b>One Package</b>	It is one package of Units. It consists of 100,000 Traded Units of the Fund. It is equivalent to One Basket of the Fund's Assets.
<b>Indicative Net Asset Value (iNAV)</b>	The value of one Unit of the Traded Fund at a certain time during the official trading times in the Market. It is calculated through dividing the Total Value of Fund's Assets - according to the last trading price in addition to the available cash deducted from any accrued Fees calculated on the basis of the Net Asset Value of the Fund for the last Working Day – by the number of existing trading Units. The indicative value of the Unit is announced every 15 seconds during the trading hours through the websites of the Fund Manager and the Saudi Stock Exchange "Tadawul".
<b>Benchmark Index</b>	MSCI USA Islamic Index (USD) "MSCI Islamic Index A Series".
<b>Benchmark Index Provider</b>	MSCI.
<b>Market Maker</b>	Albilad Capital or any licensed Capital Market Institution that continuously enters sale and purchase orders during trading hours to provide liquidity for the traded Units of the Exchange Traded Fund.

<b>Minimum In-Kind Subscription</b>	One Basket of the Fund's Assets, the value of which is equal to one Package of Units and it consists of 100,000 Traded Units of the Fund, except for the Fund's Initial Offering Period, where the minimum Subscription will be 5,000 Traded Units of the Fund. The Subscriber through fund manager shall bear all trading and dealing expenses associated with the issuance and deposition of Units into the Subscriber's account. Such expenses represent 1%, maximum, of the total Subscription amount.
<b>Minimum Cash Subscription</b>	One Basket or SAR 1 million, whichever is higher, except for the Initial Offering Period of the Fund, where the minimum Subscription is SAR 50,000. The Cash Subscriber through the Fund Manager assumes all trading and dealing expenses associated with the purchase of the Basket and the issuance of Units and depositing them in the Subscriber's account. Such expenses represent 1%, maximum, of the total Subscription amount.
<b>Cash Subscription</b>	The Fund Manager, at its own discretion, has the right to directly create Units for the Fund, without obtain the approval of the Market Maker on the Investors who desire to subscribe in cash.
<b>Portfolio Constituents List</b>	The list that is published on the Fund Manager's website and determines specifications and quantities of the stocks, which the Fund Manager expects to receive upon subscribing to One Unit Package, or to be delivered by it upon redeeming One Unit Package, when the Subscription or Redemption Request is received.
<b>Primary Market Operations</b>	Issuance and cancellation of the Fund's Traded Units by the Fund Manager and through the Market Maker.
<b>Passive Management</b>	It is a management method in which the Fund Manager keeps track of the weights and quantities of a specific Index in order to simulate the performance of such Index.
<b>Money Market Transactions</b>	These are short-term debt instruments that are regulated by the Saudi Central Bank (SAMA) or a similar supervisory authority outside the Kingdom. The main function of these instruments is to create liquidity for companies, individuals and governments in order to meet their short-term cash needs, including the Shariah-compliant contracts, e.g. Murabaha, Mudarabah, Agency, Ijarah and Musharakah, and any other contract that complies with Shariah Regulations of the Fund.
<b>Money Markets Funds</b>	These are Investment Funds with a public offering and approved by the CMA or Gulf and/or foreign regulatory bodies in accordance with the regulation of another country subject to a regulation that is at least equal to the one that is applicable to Investment Funds in the Kingdom. They mainly invest in Money Market Transactions and comply with the Fund's Shariah controls.



<b>Investment Class</b>	It means a credit rating that indicates a high level of credit worthiness and minimal credit risk according to the different credit rating agencies, i.e. at least (BAA3) according to Moody's, and (-BBB) according to Standard & Poor's and Fitch Ratings.
<b>Reconciliations</b>	These are Fund's operations made on a daily basis, in order to ensure that the Fund's Assets are equivalent to the number of the issued Units.
<b>Rebalancing Operations</b>	These are operations that are quarterly carried out by the Fund Manager to ensure that the Fund conforms to the Index Constituents and the availability of sufficient cash in the Fund to meet expenses and any other commitments.
<b>Dealing Costs</b>	The Fund assumes commissions and trading fees which result from transactions, purchases and sales of securities, according to the commissions prevailing in the markets, and are paid to brokers, Capital Markets and regulatory entities.
<b>Deviation Ratio</b>	It is the ratio of the Fund's performance deviation from the performance of the Benchmark Index during the annual comparison period.
<b>Primary Market</b>	It is also known as the new issues market, which is the market in which Units are issued or redeemed by the Market Maker.
<b>Secondary Market</b>	It is where issued securities and Units are bought and sold in the Primary Market, where stocks can be bought and sold directly in the market.
<b>Fund's Units Trading in the Secondary Market</b>	The willing investors have the right to buy and sell the Fund's Units that are traded in the Secondary Market (Tadawul), based on the trading price, which is determined by the Market and uses Indicative Value of Units in the Market "iNAV" as an indicative price.

### 1) Investment Fund:

- a) Investment Fund's Name, Class and Type: Albilad MSCI US Equity ETF is an open-ended Exchange Traded Fund that complies with the Shariah Supervisory Committee Standards and is regulated under the rules and regulations of the Capital Market Authority in the Kingdom of Saudi Arabia.
- b) Investment Terms and Conditions of the Fund Issue Date and the Latest Update: 04/05/1443 AH corresponding to 08/12/2021 AD and its latest update: 9/4/1445 AH Corresponding 24/10/2023 AD.
- c) Date of the CMA's Approval on Offering the Investment Fund's Units: 04/05/1443 AH corresponding to 08/12/2021 AD.
- d) Investment Fund Duration and Maturity Date: There will be no fixed period for the Fund's work. The Fund has no maturity date.

### 2) Governing Laws:

Albilad MSCI US Equity ETF and the Fund Manager are governed by the Investment Funds Regulations, Executive Regulations, and other relevant laws and regulations in force in the Kingdom of Saudi Arabia.

### 3) Investment Policies and Practices:

- a) The Investment objectives of the investment fund: The Fund seeks to achieve long-term growth and capital gains through the Passive Management of a Basket of US stocks that comply with the Shariah Supervisory Committee Standards and are listed in the US Market, seeking to achieve a high performance level that simulates the performance of the Benchmark Index before calculating any dividends, fees or expenses.
- b) Type or types of securities in which the investment fund will invest in primarily: The Fund will invest in stocks that comply with the Shariah Supervisory Committee Standards of the Fund Manager and are listed and traded in the US Markets within the stocks of companies in the Benchmark Index Portfolio.

For managing liquidity and fulfilling the Fund's periodic obligations, the Fund Manager may discretionally invest the available cash in Money Market Transactions and Money Market Funds that comply with the standards of the Shariah Supervisory Committee, within the framework of the Fund's Investment Objectives.

- c) Any concentrated policy of investment in specific securities, or in an industry or group of sectors, or in a specific country or geographic region, provided that it includes the minimum and maximum for such securities: The Fund will invest 95% of the Fund's Net Asset Value in the stocks of companies that comply with the Shariah Supervisory Committee Standards of the Fund Manager and are listed and traded in the US Capital Markets. For liquidity purposes, the Fund will invest a maximum of 5% of the Fund's Net Asset Value in investment-related Money Market Transactions concluded with a party regulated by the Saudi Central Bank or a similar supervisory authority outside the Kingdom, and Money Market Funds licensed by the CMA or a similar supervisory body and are offered in a public offering that complies with the Shariah Supervisory Committee Standards, including those funds managed by the Fund Manager, in order to pay any expenses or debts due and payable by the Fund. The Fund will seek to achieve a low Deviation Ratio (a maximum of 2% per annum) between the performance of the Fund and the performance of the Index. There are no guarantees that the Fund Manager will be able to reconcile the performance of the Index.
- d) A table showing the percentage of investment in each investment field, with its minimum and highest limits:

Investment Type	Minimum	Maximum
US Stocks that are Compliant with the Shariah Supervisory Committee Standards	95%	100%
Cash, Money Market Transactions and Money Market Funds that are compliant with the Shariah Supervisory Committee Standards	0%	5%

- e) The Markets in which the investment fund intends to invest in: The Fund will invest in both the US Capital Markets and the Saudi Capital Markets.
- f) Disclosure if the fund manager intends to invest in the investment fund: For liquidity purposes, the Fund's Units may be invested.
- g) Specific techniques and instruments that the fund manager can use to make investment decisions for the investment fund: The Fund Manager will invest in the Index Constituents as distributed in the Index, bearing in mind that the Fund is managed on an Passive Management basis in order for the Fund's performance to be in line with the performance of the Benchmark Index. If a market decline occurs, the Fund Manager will not change its method or management.
- h) Types of securities that cannot be included in the fund's investments: The Fund Manager will not invest in any securities other than the ones mentioned in the Terms and Conditions of the Fund.
- i) Any other restriction on the type(s) of securities or other assets the fund can invest in: The Fund Manager will not invest in any securities that do not comply with the Shariah Supervisory Committee's Standards. The Fund Manager is committed to the investment restrictions mentioned in the Investment Funds Regulations, as applied to the type of the Fund.
- j) The limit that investment of the Fund's assets can be in a unit of an investment fund or units of investment funds managed by that manager or by managers of other funds: The Fund's percentage of investment in any other Investment Fund, whether managed by the Fund Manager or other managers, shall not exceed 5% of the Fund's Net Asset Value. A Management Fee will be applied upon investing in an investment fund managed by the Fund Manager or other managers.
- k) The investment fund lending and borrowing powers, and fund manager policy on the exercise of the lending and borrowing powers, and a statement of fund manager policy with respect to pledging assets of the fund: The Fund is not entitled to borrow, and the Fund Manager may not mortgage the Fund's assets.
- l) Disclosure of the maximum limit to deal with any counterparty: The Fund Manager will be bound by the restrictions imposed by the Investment Funds Regulations, as applied to the type of the Fund.
- m) Statement on the fund manager policy for the management of investment fund risks: The Fund Manager will apply the internal risk policies that are in line with the nature of the Fund, through the Passive Management that achieves the Fund's Objectives referred to in the Terms and Conditions of the Fund. This includes the fact that the Fund Manager shall exert necessary effort to ensure that: The Fund does not bear any investment risk that is disproportionate to the nature of the Fund, without prejudice to the aforementioned Investment Objectives and Policies. Also, the Risk Management Department shall, if any accidents or incidents occur, provide the Fund's

Board of Directors with a report discussing the risks related to the Fund. Accordingly, such risks shall be assessed and necessary measures shall be taken to protect the interests of the unitholders, in line with the applicable laws and regulations and the Fund's Investment Objectives and nature.

- n) The benchmark, as well as information about the provider of the benchmark and the bases and the methodology used to calculate the benchmark:
- Benchmark Index: MSCI USA Islamic Index "MSCI Islamic Index A Series". It is an Index that adopts the investment principles that comply with Shariah standards in the various sectors in the US Market. It reflects the performance of the large and medium sectors listed in the US Market, which are compliant with Shariah standards. The Index, which includes approximately 100 companies - as at the date of the Terms and Conditions - applies policies to exclude securities that do not comply with Shariah standards based on two types of standards: The basic activities of companies and financial ratios derived from total assets.
  - Index Provider: MSCI. Investors can follow-up the Index performance on the website of the Fund Manager: [www.albilad-capital.com](http://www.albilad-capital.com). Index service and details are provided through [www.msci.com](http://www.msci.com).
  - Index Calculation Bases and Methodology: MSCI Global Islamic Indexes Methodology adopts Shariah-compliant investment principles and does not permit investing in companies that directly conduct prohibited business or gain more than 5% of their revenues from prohibited business, e.g. alcohol, tobacco, pork-related products, and conventional finance, or defense and weapons or gambling and other prohibited activities. In addition, MSCI Global Islamic Indexes do not allow investment in companies deriving significant income from interest or companies that have excessive leverage.
  - MSCI uses three financial ratios to screen for such companies: 1) total debt over total assets; 2) the sum of a company's cash and interest-bearing securities over total assets; and 3) the sum of a company's accounts receivables and cash over total assets. None of these financial ratios may exceed 33.33%.
  - If a company derives part of its total income from interest income and/or from prohibited activities, Shariah investment principles state that this proportion must be deducted from the dividends. The Fund Manager will get rid of the forbidden return periodically and the same will be declared in the periodic reports of the Fund.
  - Securities are included in the MSCI Islamic Indexes at their free float-adjusted market capitalization weight; however, an issuer level cap of 5% is applied independently on each MSCI Islamic M-Series Index. First, constituents of MSCI Islamic A Series Indexes are first weighted based on their free float market capitalization, and are then capped at the issuer level in order to mitigate concentration risk. The excess weight of such issuers is distributed

among the remaining constituents in proportion to their free float market capitalization. The issuer level capping is applied at each Index Review, as shown herein below:

- 1. Issuers in “MSCI Islamic Index A Series” based on Broad Parent MSCI Indexes will be capped at 5%.
- 2. Issuers in “MSCI Islamic Index A Series” based on Narrow Parent MSCI Indexes will be capped at the maximum weight in the Parent Index.
- MSCI defines Parent Indexes as the non-Islamic version of these Indexes (e.g., MSCI ACWI Index for the MSCI ACWI Islamic M-Series Index). Broad Parent Indexes are those Parent Indexes where the largest capitalization weight in the Index is less than or equal to 10%; while Narrow Parent Indexes are those Parent Indexes where the largest capitalization weight in the Index is more than 10%.
- Note that the capping of the issuer weight is done for the pro format Index as of the effective date, based on the closing prices as of the Index Review announcement date.
- In cases where an issuer weight breaches the cap as a result of market price movements or corporate events between the announcement date and the effective date, the capping is not applied again. Similarly, even if any issuer weight breaches the cap as a result of market price movements or corporate events between two Index Reviews, no capping is applied.
- Method for Measuring Index Performance: MSCI Price Indexes measure the market price performance of a selected group of securities. They are measured daily. Some of them are measured on a real-time basis. This is done by measuring the weighted return of market value for all constituents included in the Index.

Price Index Level: As a general principle, today’s Index level is obtained by applying the change in the market performance to the previous period Index level:

“A Price Index Level (T) = Price Index Level (T-1) \* Index Adjusted Market Cap / Index Initial Market Cap (T)”

- o) The purpose of using Derivatives Contracts, if any: Not applicable.
- p) Any waivers approved by the Capital Market Authority for any investment limits and restrictions: None.

#### 4) The Main Risks of Investing in the Fund:

- a. It is likely that the Investment Fund will be exposed to high fluctuations because of the formation of its investments.
- b. The performance history of the investment fund or the benchmark is considered irrelevant in terms of future performance of the fund.
- c. The Fund does not guarantee for the unitholders that its absolute performance will be repeated or identical to the previous performance.

- d. Investing in the Investment Fund does not constitute a deposit with any local bank that markets or sells securities or is affiliated to the Investment Fund
- e. Investors are exposed to money loss risk upon investing in the Fund.
- f. A List of the potential main risks associated with investing in the Investment Fund, the risks to which the Investment Fund is exposed too, and any circumstances that may affect the Fund's net asset value and revenues:
  - 1. Reinvestment Risks: They are the risks that may occur when the Fund Manager reinvests dividends and capital profits resulting from the Fund's Investments. Accordingly, the amounts of profits may not be invested at the prices at which the Assets were initially purchased, to the extent that the asset purchase cost becomes a high one, which negatively affects the Fund's performance and the Unit price.
  - 2. Units against Cash Creation Risks: The Fund Manager may accept issuing Units for cash. Accordingly, the purchaser may be exposed to additional fees, including, but not limited to, trading, issuance and transfer fees. Value of the Fund's assets may decrease or increase, which negatively affects the number or value of Units issued against Cash Subscription.
  - 3. Risks of Trading in International Capital Markets: The investment in international capital markets may have additional risks related to those markets or countries in terms of economic, political, or legal aspects or the market conditions. Therefore, the economic fluctuations may negatively affect the performance of the Fund and the Unit price.
  - 4. Fund's Assets Trading Times Difference Risks (US Market): Saudi Market operates from 10:00 am to 3:00 pm, while US Market operates from 4:30 pm to 11:00 pm. Accordingly, the Units listed in the Market may be traded at a value greater than or less than the Fund's Net Asset Value to the Indicative Unit. Due to circumstances beyond the control of the Fund Manager, or because the US Market operates at times that are different from the time at which the Saudi Market operates, which negatively affects the Fund's Net Asset Value, the closure price, and/or the Fund's performance and the value of the Fund's assets per Unit.
  - 5. Weekly Trading Days Difference Risks: The Saudi Market operates from Sunday to Thursday, while the US Market operates from Monday to Friday. Accordingly, the securities and/or other assets held by the Fund are traded in the US Markets, which may be closed, while the Saudi Market, in which the Fund's Units are traded, is opened, and vice versa. There may be deviation between the official Unit price and the trading price of Units compared to Net Asset Value of one Unit. These deviations may result in a difference between the trading price and the Fund's Net Asset Value for the Unit, which may not necessarily reflect the effects of the net value of Units. Accordingly, the Fund's Units may be traded at a value that is higher or lower than the Fund's Net Asset Value per Unit (NAV).

6. Official Holidays and Leaves Risks: The securities and/or other Assets held by the Fund are traded in the US Markets, which may be closed, while the Saudi Market in which the Fund's Units are traded is open or vice versa, as in the cases of national holidays. There may be deviation between the official Unit price and the trading price of Units compared to Net Asset Value of one Unit. These deviations may result in a difference between the trading price and the Fund's Net Asset Value for the Unit, which may not necessarily reflect the effects of the net value of Units. Accordingly, the Fund's Units may be traded at a value that is higher or lower than the Fund's Net Asset Value per Unit (NAV).
7. Intermarket Price Fluctuation Ratio Risks: The price fluctuation of the securities and/or the assets held by the Fund is not defined by a fluctuating price range, as is the case in the Saudi Market, i.e. (+/- 10%). Accordingly, the Unit price may be higher or lesser than the daily fluctuation percentage permitted in the Saudi Market for the Fund's trading price. Hence, the trading price may not reflect the actual Net Asset Value of the Unit in the Market. Consequently, the Fund's Units may be traded at a value that is higher or lower than the Fund's Net Asset Value per Unit (NAV).
8. Fund's Assets Evaluation Risks: The Fund's Portfolio Constituents are evaluated according to the latest closing of the US Market. Accordingly, the indicative Unit price announced in the Market will reflect the closing price of the Market on the preceding day, which may be different from the Unit trading price.
9. Exchange Rate Risks: The Fund trades in Saudi Riyal, while most of the Fund's Investments will be denominated in US Dollar. Accordingly, the Fund will be exposed to exchange rate risk. The decline of US Dollar leads to a decrease in the value of the Fund's Investments against Saudi Riyal, which will negatively affect the price of the Fund's Units, the Fund performance and the Unit price.
10. Investments Concentration Risks: The nature of the Fund's strategy is to simulate weights of the Index, which results in the Fund's Investments being concentrated on a specific territory and within one economy, i.e. US economy, and one currency, i.e. US Dollar, and the resulting fluctuations in these factors that will affect the Fund's Investments; and therefore, will affect the Fund's Net Asset Value and the Unit price.
11. Reliance on the Fund Manager's Employees Risks: The success of the Fund's Assets investment substantially relies on the skills and experiences of the professional employees working for the Fund Manager, and consequently, the Fund's returns are negatively affected as a result of the change of the persons assigned to manage the Fund.
12. Custodian's Settlements Risks: The Custodian and the Sub-Custodian are exposed to making mistakes or delaying the Fund's settlements due to the difference in working times between

- the local Custodian and the Sub-Custodian, which may negatively affect the liquidity of the Fund, which, in turn, reduces the Fund's returns.
13. Political and Legal Risks: These risks are represented in political instability, issuance of new legislations or laws, or change of applicable legislations or laws, which will negatively affect the Fund's Investments and the Unit price.
  14. Capital Market Risks: The Fund primarily invests in US stocks listed and traded in the US Market (and other instruments – Money, Money Markets Transactions, and Money Markets Funds, as stated in Paragraph No. 3 "Investment Policies and Practices, Paragraph "b). The Market risks are represented in the decrease experienced by the Market in which the Fund will invest, including the potential sharp and unpredictable decline in the Market. The selection risks are the ones in which the performance of the securities selected by the Fund Manager is lower than the performance of the Market or lower than the performance of the relevant Indexes or lower than the performance of the securities selected by other funds having similar investment objectives and strategies, which may negatively affect the performance of the Fund, the Fund's Net Asset Value, and the Unit price.
  15. Economic Risks: The Capital Markets in which the Fund invests are linked to the general economic situation, which affects the profitability of companies, the level of inflation, interest rates and unemployment. Therefore, the economic fluctuations may negatively affect the performance of the Fund.
  16. Natural Disaster Risks: Volcanoes, earthquakes, hurricanes and other natural phenomena that may cause massive uncontrollable destruction of property, and negatively affect the performance of all economic and investment sectors and thus affect the performance of the Fund, which will have a negative impact on the Fund's Investments and the Unit price.
  17. Market Maker Risks: These are the potential risks resulting from the tasks performed by the Market Maker, i.e. providing the necessary liquidity for the daily trades and pricing the Fund's Units in a way that goes beyond the Unit's indicative value. If the Fund Manager fails to perform one or more of its duties in a correct manner, or the stock of the Units allocated to the Market Maker runs out, this may affect the availability of liquidity required for trading, and may also increase or reduce the Unit trading price.
  18. Market Maker's Pricing Risks: They are the risks related to differences between the indicative price of the Unit and the prices that the Market Maker can provide, as it may differ from the indicative price of the Unit and there is no guarantee for maintaining a narrow margin between the two prices, which in turn may affect the Units purchase or sale costs in the market.
  19. Risks of Concentrating the Creation and Redemption Packages with a Single Market Maker: Only the licensed parties, e.g. the Market Maker, are allowed to create and redeem packages.



If the Fund has a single Market Maker, the Fund may experience risks represented in that, the Market Maker may cease its business or be unable to create or redeem the packages and there is no other substitute Market Maker. Accordingly, the Fund's Units may be traded at a value that is higher or lower than the Fund's Net Asset Value per Unit (NAV).

20. **Passive Management Risks:** The Fund follows the Passive Management method, which means following up the performance of a specific index. Accordingly, the Fund may keep one or more of the Index's constituents, regardless of the change of Market conditions or the feasibility of investing in all constituents, which will negatively affect the Fund's performance and Unit price.
21. **Correlation Coefficient Decrease Risks:** The Fund's returns may not match the returns of the Index because of exposure to a number of operating expenses that are inapplicable in the case of the Index, and the Fund may bear some supplementary expenses in the case of purchase and sale upon carrying out Rebalancing Operations in order to reflect the changes that occur to the Index Portfolio. The Fund's Investments may not be entirely in US stocks because of cash flows or the cash reserves that the Fund maintains in order to meet any expenses or liabilities.
22. **Shariah Standards Risks:** These risks are represented in concentrating the Fund's Investments in specific assets that are compatible with the Fund's Shariah standards. Moreover, these risks may limit the investment opportunities available to the Fund Manager to invest therein. The risks may also include the fact that some of these assets may not comply with the Fund's Shariah standards, to the extent that such assets should be disposed of at unsuitable prices, which may negatively affect the Fund's Net Asset Value.
23. **Technology-Related Risks:** These are risks arising from businesses that are linked to use, operation, participation, impact, and adoption of information technology with any entity related to the Fund. For example, the Fund Manager, Custodian, and Market Maker rely on the use of technology in managing the Fund's operations and maintaining its assets. However, the different technological and information systems may be exposed to viruses, hacking, or partial or total sudden disruption despite the available high security precautions, which limits the ability to manage the Fund's affairs or its assets in an effective and safe manner. This may negatively affect the performance of the Fund or reduce the prices of the Fund's Units.
24. **Conflict of Interest Risks:** The Fund Manager is responsible for managing all matters related to the Fund to ensure that the interests of the unitholders are taken into consideration, to act in good faith and integrity and to exercise the due diligence in managing the Fund. However, the work of directors, officers or employees of the Fund Manager may be linked to related activities and/or transactions, on behalf of other funds and/or clients, whose interests may

interfere with the Fund's Objectives and Investment. This may negatively affect the performance of the Fund or reduce the prices of the Fund's Units.

25. Trading Suspension Risks: Suspension of trading in the Market as a whole or a group of securities may lead to risks of unavailability and loss of a number of investment opportunities resulting from inability to sell or purchase, which negatively affects the Fund's Investments and the Unit price.
26. Credit and Counterparty Risks: These risks occur upon the change of the financial positions of the contracting parties as a result of changes in management, demand, products and services, which may lead to their nonperformance of the agreed upon obligations or contracts, and consequently to a decrease in Units prices.
27. Investing in Other Funds Risks of: Other funds that the Fund may target to invest therein may be exposed to risks that are similar to or severer than those mentioned in this paragraph based on their nature, which negatively affects the performance of the Fund and the Unit price.
28. Tax, VAT and Zakat Risks: Tax Authorities may assess additional taxes on investing in the Fund. Such taxes include, but not limited to, VAT or capital profits tax on dividends of US companies' stocks, some of which may apply to the Fund and its investments, and others may apply to the Investor. If zakat is deducted or tax is imposed on the Fund, the Fund's Assets will decrease, which will negatively affect the Fund's performance and the Fund's Unit price.
29. Liquidity Risks: In some periods, the investment liquidity may be low, which may make it more difficult to rebalance the constituents of the Basket upon selling or purchasing the Fund Basket. In addition, the market's low liquidity may negatively affect the market prices of the Fund's Investments and the value of the Fund's Units.
30. Purification of Prohibited Revenues Risks: If there are prohibited revenues in the activities in which the investment was made, the Fund Manager will dispose of the prohibited revenue, as to be decided by Shariah Supervisory Committee of the Fund. This may negatively affect the Fund's assets size, performance and Unit price.

#### 5) Mechanism for Assessing Risks:

The Fund Manager acknowledges that there is an internal mechanism to assess the risks related to the Fund's assets. The Fund Manager periodically reviews the investment flow compared to the Fund Index, bearing in mind that this does not reduce the degree of the Fund's risks, but it constitutes as a means to assess the Fund's Investments-related risks.

#### 6) Targeted Class for Investing in the Fund:

The Fund targets individual and corporate investors, as well as government agencies that are desirous to inactively invest in US stocks and meet the Fund's investment conditions, taking into account the Fund's Investment Objectives and Risks, which the potential investor must carefully consider and understand before taking any decision with regard to investing in the Fund. It is recommended to obtain an advice from a licensed professional advisor if the investor fails to understand and verify feasibility of the Fund's Investments.

**7) Investment Restrictions/Limitations:**

Upon managing the Fund, the Fund Manager will abide by the restrictions and limitations imposed by the Investment Funds Regulations, the laws and instructions issued by the CMA, and the Terms and Conditions of the Fund as applicable to the Fund's type.

**8) Currency:**

The Fund's currency is Saudi Riyal, with which the Fund's Investments and Units are denominated, which will often be denominated in US Dollar. The Unitholder assumes the risk of exchange rate fluctuation of those currencies upon investing and purchasing the Units.

**9) Fees, Charges and Expenses:**

a) Statement of details on all payments from the assets of the investment fund, and the method for calculating them: The Fund shall bear all fees and payments mentioned herein below:

- Fund Management Fees: The Fund's annual Management Fees are 0.75% of the Fund's Net Asset Value, which includes the following expenses:
  1. Custodian Fees: The Custodian will receive annual Custodian Fees at a rate of 0.050% of the Fund's Net Asset Value of the listed and unlisted financial securities and Investment Fund Units. The Custodian will receive 0.03% of the Fund's Net Asset Value of the Money Markets, to be calculated on each Calendar day and deducted on a monthly basis.
  2. Auditor's Fees: The Auditor will receive annual fees amounting to SAR 30,000.
  3. Depository Center Fees: The Depository Center will receive fees at a rate of 0.08%, if the Fund's Net Asset Value is SAR 100 million, maximum, 0.07%, if the Fund's Net Asset Value is more than SAR 100 million to SAR 200 million, and 0.06%, if the Fund's Net Asset Value is more than SAR 200 million.
  4. CMA Regulatory Fees: SAR 7,500 per annum.
  5. Fees for Posts Published on Tadawul Website: SAR 5,000 per annum.
  6. Board of Directors' Remuneration: Independent Members of the Board of Directors will receive a remuneration amounting to SAR 4,000 per annum.

7. Benchmark Index Provider Fees: 0.06% of the Fund's Net Asset Value per annum. The minimum Fee that must be paid is SAR 56,250 per annum.

- Expenses and Fees of Dealing (Brokerage): Dealing expenses or any trading or other fees related to the Fund's securities which the Fund directly trades at levels determined by the laws, the dealing broker or the Custodians in the Markets in which the Fund purchases or sells. These amounts vary based on the turnover rate of the Fund's assets and the volume of operations.

The increase of change size in the Portfolio Constituents will increase the dealing fees and expenses.

In addition, the Fund assumes the dealing fees that may be imposed by the brokers and/or Tadawul upon trading the Fund's Units.

- Other Expenses: The Fund will assume the charges of printing, publishing periodic reports, unitholders' meeting, transfer among bank accounts or investments of the Fund, in addition to taxes or fees, if any, and any other lawfully-permissible expenses, to the extent that such fees or expenses shall not exceed 0.5% of the Fund's Net Asset Value per annum, knowing that only the actual fees will be deducted.
- b) A table showing all fees and expenses, how the fees, charges and expenses are calculated and when it is paid by the investment fund.:

Fee		Imposed Percentage/Amount	Calculation Method	Payment Frequency
Fund Management Fees (Total: 0.75%)	Remuneration for Members of the Board of Directors	SAR 4,000	To be calculated on each Calendar Day in an accumulative manner	To be deducted and paid once a year
	Custodian Fees	0.05%	To be calculated on each Calendar Day	To be deducted monthly
	Auditor's Fees	SAR 30,000	To be calculated on each Calendar Day	To be deducted monthly
	Depository Center Fees	0.08%	To be calculated on each Calendar Day	To be deducted and paid once a year

	CMA Regulatory Fees	SAR 7,500	To be calculated on each Calendar Day	To be deducted and paid once a year
	Fees for Posts Published on Tadawul Website	SAR 5,000	To be calculated on each Calendar Day	To be deducted and paid once a year
	Benchmark Index Provider Fees	0.06%	To be calculated on each Calendar Day	To be deducted and paid quarterly
Dealing Expenses	The Fund shall bear all expenses related to purchase or sale operations, if they are part of the Fund's Investments, or any legal fees imposed by the CMA or the dealing broker.			
Other Expenses	The Fund will assume the charges of printing, publishing periodic reports, unitholders meeting, transfer among bank accounts or investments of the Fund, in addition to taxes or fees, if any, and any other lawfully-permissible expenses, to the extent that such fees or expenses shall not exceed 0.5% of the Fund's Net Asset Value per annum, knowing that only the actual fees will be deducted.			

- c) Hypothetical table that shows the percentage of the fund expenses against the total fund asset value for the fund and the unitholder throughout the lifespan of the fund. Such fund shall include percentage of recurring non-recurring expenses:

Expenses that are charged to the Fund, assuming that the Subscription amount is SAR 100,000 and the Fund size is SAR 10 million, divided into one hundred thousand Units, and the potential return before fees and expenses is 7%:

Type of Fees		Percentage	Fund's Fees and Expenses	Investor Fees and Expenses
Invested Amount			10,000,000	100,000
Fund Management Fees	Remuneration for Members of the Board of Directors	0.04%	4,000	40
	Custodian Fees	0.05%	5,000	50
	Auditor's Fees	0.30%	30,000	300

	Depository Center Fees	0.08%	8,000	80
	CMA Regulatory Fees	0.08%	7,500	80
	Tadawul Fees	0.05%	5,000	50
	Benchmark Index Provider Fees	0.06%	6,000	60
	Fund Manager's Net Fees	0.09%	9,000	90
Expenses and Fees of Dealing		0.05%	5,000	50
Other Expenses		0.50%	50,000	500
Total Recurring Costs	-	1.30%	129,500	1,300
Total Nonrecurring Costs	-	-	-	-
Total Investment Return (Potential)		7%	700,000	7,000
Net Value of Investment before VAT			10,570,500	105,700
VAT		15%	19,425	195
Net Potential Investment		5.51%	10,551,075	105,505

- d) Statements of details on charges imposed for subscription, redemption and ownership transfer, paid by unit holders, and the method for calculating it: Not Applicable.
- e) Information on rebates and special commissions and explanation of the fund manager's policy on rebates and special commissions: None. Any special commission, if any, concluded by the Fund Manager will be subject to the Capital Market Institutions Regulations, and it will be disclosed at the end of the Fund's fiscal year.
- f) Information relating tax and/or zakat: The unitholder shall pay zakat due and payable by the unitholder from his Units value. As to VAT, any fees that include VAT shall, according to the Executive Regulations of VAT Law, be solely borne by the Fund, as the unitholder does not pay additional periodic amounts after subscribing to the Fund.

The fund manager is not responsible for paying Zakat on the units on behalf of the investors. It is the responsibility of each unitholder to pay Zakat on the units they own in the fund. The fund manager also undertakes to provide the Zakat, Tax and Customs Authority with all reports and

requirements regarding Zakat declarations. Additionally, the fund manager will provide unitholders with Zakat declarations upon their request in accordance with the rules. It is incumbent upon the accountable investors who are subject to the regulations outlined in these rules and own investment units in the fund to calculate and pay Zakat on these investments.

For further details and to access to the rules and regulations of the Zakat, Tax and Customs Authority, you can visit their official website at:

<https://zatca.gov.sa/ar/Pages/default.aspx>.

- g) Statement of any special commission concluded by the fund manager: There is no special commission concluded by the Fund Manager.
- h) Hypothetical example that illustrates all fees, charges and expenses, paid from the fund's assets or unitholders on the currency of the fund.

Type of Fees		Fund's Fees and Expenses	Investor Fees and Expenses
Invested Amount		10,000,000	100,000
Fund Management Fees	Remuneration for Members of the Board of Directors	4,000	40
	Custodian Fees	5,000	50
	Auditor's Fees	30,000	300
	Depository Center Fees	8,000	80
	CMA Regulatory Fees	7,500	80
	Tadawul Fees	5,000	50
	Benchmark Index Provider Fees	6,000	60
	Fund Manager's Net Fees: 0.09%	9,000	90
Expenses and Fees of Dealing		5,000	50
Other Expenses		50,000	500
Total Recurring Costs	-	129,500	1,300
Total Nonrecurring Costs	-	-	-
Total Investment Return		700,000	7,000

Net Value of Investment before VAT		10,570,500	105,700
VAT		19,425	195
Net Potential Investment		10,551,075	105,505

## 10) Valuation and Pricing:

- a) A statement of the valuation method of each asset held by the Fund:
- Most of the assets in which the Fund invests are denominated in the US Dollar. However, for calculating the Total Value of the Fund's Assets and the Fund's Net Asset Value and the total and net value of the Unit, all Fund's assets will be denominated in Saudi Riyal. Denomination will be based on all the assets included in the Portfolio less the Fund's entitlements at the time of denomination.
  - The Fund trades in Saudi Riyal, while most of the Fund's Investments will be denominated in US Dollar. Accordingly, the Fund will be exposed to currency risks. Exchange rate fluctuations will increase or decrease the Unit price, which may negatively affect the Fund's Units price, the Fund's performance and the Unit price.
  - The denomination method depends on the type of the asset. The Fund Operator may depend on reliable systems, with regard to determination of values, prices and exchange rates.
  - The following principles will be adopted to denominate the Fund's assets:
    1. If the assets are securities listed or traded in any regulated Stock Market or on an automated pricing system, the closure price in that market or system will be used.
    2. If the securities are suspended, they should be evaluated at the last price of the suspension, unless there is conclusive evidence that the value of these securities has become less than the suspended price.
    3. For Investment Funds, the last published NAV per Unit.
    4. For deposits, the nominal value in addition to the accrued interests/profits.
    5. Any other investment, the fair value to be determined by the Fund Manager based on the methods and rules disclosed in the Terms and Conditions of the Fund, and after being verified by the Fund's Auditor.
- b) A statement Frequency of valuation and number of valuation points: The Fund has two valuation points:
1. The Fund's Net Asset Value and the Fund's Net Asset Value per Unit at the end of the day (NAV): by calculating the Total Value of the Fund's Assets on the basis of the daily closing prices in the US Market and the available Cash Item less the due fees, and the result is divided



by the number of existing Units. The Fund's assets are valued on the official Working Days of the Saudi Market. Announcement shall be made before the beginning of the Fund trading and the end of every day of trading in the Saudi Market. If such day is not a Working Day for the Saudi Market, the valuation will be made on the next Working Day for the Saudi Market. For example, the valuation of Unit prices on Thursday of each week will depend on the closing prices of Wednesday of the same week for the US Stock Market. Likewise, the valuation of Unit prices on Sunday of each week will depend on the closing prices of Friday of the same week (or the latest available prices) for the US Stock Market.

2. The Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit (iNAV): It will be announced during trading times for the Saudi Market. The Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit are calculated based on the Total Value of the Fund's Assets according to the last price and the available Cash Item. Afterwards, the accrued expenses are deducted as at the end of the last Working Day in the Saudi Market, and the result is divided by the number of existing traded Units. The Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit will not change during trading in the Saudi Market due to the non-overlapping of working hours between the two Markets. If there is an overlapping between both Markets, the Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit will be updated. For example, the Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit for Thursday of every week will depend on the companies' closing prices on Wednesday of the same week for the US Stock Market, and the Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit for Sunday of every week is based on the closing prices of Friday of the same week for the US Stock Market.

Unit Price Announcement	Valuation Day in the Saudi Market	Last Available Prices in the US Market
Thursday	Thursday	Wednesday
Sunday	Sunday	Friday

The Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit will be announced on the Fund Manager's website and the following website: [www.albilad-capital.com](http://www.albilad-capital.com). The accurate and update information of Saudi Stock Exchange "Tadawul" [www.tadawul.com.sa](http://www.tadawul.com.sa) and unitholders will be kept with Securities Depository Center (Edaa).

- c) A statement of actions to be taken in case of mis-valuation or mis-pricing:
- If one of the Fund's Assets is misvaluated or the Unit is mispriced, the Fund Operator will record the same.
  - The Fund Operator will compensate all the aggrieved unitholders, including the previous ones, for misvaluation or mispricing without delay.
  - The Fund Manager will immediately notify the CMA of any misvaluation or mispricing that constitutes 0.5% or more of the Unit price, and immediately disclose the same on its website and the Market's website and in the Fund's reports to be prepared by the Fund Manager in accordance with Article 73 of the Investment Funds Regulations.
  - In its reports to be submitted to the unitholders and the CMA, as required in accordance with Article 76 of the Investment Funds Regulations, the Fund Manager will provide a summary of all misvaluations or mispricing.
- d) A statement of the method for calculating the unit price for the purposes of executing subscription and redemption requests: The Fund's Indicative Net Asset Value and the Fund's Indicative Net Asset Value per Unit will be calculated by the following equation:  $(\text{Total Assets} - \text{Receivables} - \text{Accrued Expenses}) / \text{number of existing Units at the time of evaluation}$ . The Fund's Indicative Net Asset Value per Unit will be calculated as follows:  $((\text{Total Assets} - \text{Receivables} - \text{Accrued Expenses}) / \text{number of existing Units at the time of evaluation})$  at the valuation point during the trading hours.
- e) The publications time and place of the unit price, and its frequency: The Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit will be announced during the trading times for the Saudi Market. The Fund's Indicative Net Asset Value per Unit will not change during the trading because of overlapping working hours between both Markets, and if there is an overlapping between both Markets, the Fund's Indicative Net Asset Value per Unit will be updated. The Fund Manager must regularly calculate the Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit during the trading day in the Saudi Market, and disclose the same to the Market immediately or at any other time acceptable to the CMA. For example, the Fund's Indicative Net Asset Value per Unit (iNAV) on Thursday of every week will depend on the companies' closing prices of Wednesday of the same week for the US Stock Market. The net Unit price depends on the price of the next Working Day following the relevant Evaluation Day, through the Fund Manager's website: [www.albilad-capital.com](http://www.albilad-capital.com) and the Saudi Stock Exchange "Tadawul" website: [www.tadawul.com.sa](http://www.tadawul.com.sa). If there is a technical failure in any of the two websites, the Fund Manager will announce it as soon as possible.

### 11) Dealings:

- a) A statement on details of the initial offer (e.g. start date, period, initial price):

- The Initial Offering Period will start on this day, Wednesday, 06/08/1443AH corresponding to 09/03/2022AD and will last for (15) Calendar Days.
  - Upon establishment, the Unit price will be SAR (10).
  - The minimum amount that the Fund Manager intends to collect is SAR 10 million.
  - The minimum limit for Subscription in the Primary Market is One Basket or SAR 1 million, whichever is higher, except for the Initial Offering Period of the Fund, where the minimum limit for Subscription will be SAR 50,000 or 5,000 Units of the Fund. The Subscriber through the Fund Manager will assume the trading and Subscription expenses related to the purchase of Basket, issuance and deposition of Units into the Subscriber's account, i.e. a maximum of 1% of the total amount of Subscription.
  - If the required minimum amount is collected before that date, the Fund Manager may close the Initial Offering Period and launch the Fund at the time.
  - Please note that in-kind Subscriptions will not be accepted during the Initial Offering Period.
  - The party, whether an Investor or a Market Maker, that desires to make an in-kind or cash Subscription or Redemption in the Fund will assume all fees and costs that may arise as a result of dealing with the Custodian of the Fund or/and any other fees that may arise from the issuance or termination of Units.
- b) A statement clarifies date set and the deadlines for submission of requests for subscriptions and redemptions, in any dealing day, and the responsibilities of the fund manager in relation to subscription and redemption requests: This article does not apply except during the Initial Offering Period specified hereinabove.
- c) A statement of the procedures for subscriptions and redemptions, including where to submit applications and the period between request for redemption and payment of redemption proceeds, or transfer the ownership: For Cash Subscriptions in the Secondary Market, Investors can buy and sell the Fund's Units, in the same method adopted upon trading the stocks in the Saudi Stock Market, because the Fund is an Exchange Traded Fund, and therefore, this paragraph does not apply thereto.

Procedures for in-kind exchange of Units Packages in order to create Units in the Fund between the Fund Manager and the Market Maker:

- The Fund Manager will present the constituents of the Stock Basket and the Cash Items on a daily basis before the start of trading operations.
- The Market Maker submits a request to the Fund Manager to establish, issue of new Units.
- The Market Maker at the same time deposits a Stock Basket with the Custodian, and the cash in his account held with the Custodian shall match the number of Units required to be issued.
- The Fund Manager, in coordination with the Custodian, reviews the request, the constituents of Stock Basket and cash; and approves on the Units issuance request.

- The Custodian shall ensure that the Stock Basket and cash match the number of Units to be created.
- The Custodian shall transfer a Stock Basket and cash from the account of the Market Maker to the account of the Fund.
- The Custodian coordinates with the Stock Market (Tadawul) for issuing or listing the Units.
- New Units are deposited into the Market Maker's account.
- Afterwards, the Market Maker may carry out sale transactions in the Market or keep the new Units in its stock.
- At the end of the day, the Custodian will make sure that the number of issued Units corresponds to the received Stock Basket.
- If there is any discrepancies between the number of issued Units and the received Stock Basket, the Custodian will settle the same.
- The Fund Manager calculates the Cash Item at the end of the dealing day for the Units Package. Any cash decrease or increase will be settled by Custodian and the Market Maker at the end of the day.
- The Fund Manager has the right to discretionally and directly create or redeem Units for the Fund without referring to the Market Maker, in order to provide liquidity for the Fund in the Secondary Market for Investors wishing to make Cash Subscription or In-Kind Redemption. The Subscriber will assume the Basket purchase costs and transfer fees or any additional costs for creating or redeeming Units. The Fund Manager has the right to discretionally reject or accept Cash Subscription Requests.

Procedures for In-Kind Redemption of the Units Packages traded in the Fund between the Fund Manager and the Market Maker:

- The Market Maker submits a request to the Fund Manager to redeem the Units Packages traded in the Fund.
- At the same time, the Market Maker deposits the redeemed Units Packages into the Market Maker's account held with the Custodian.
- After the initial review, the Fund Manager approves the Units Packages Redemption Request.
- The Custodian ensures that the deposited Units match the Redemption Request.
- The Custodian coordinates with Tadawul to execute the Redemption of the traded Units.
- Tadawul redeems and deregister the Units from the Trading Register.
- The Custodian takes the Stock Basket from the Fund's account and deposits the same into the Market Maker's account.
- At the end of the day, Tadawul ensures that the number of redeemed Units matches the number of received stocks.

- If there is any discrepancies between the number of issued Units and the received Stock Basket, the Custodian will settle the same.
  - If there is any discrepancies, the Custodian will settle the same, as required.
  - The Fund Manager calculates the required cash at the end of the day, according to the Fund's policies.
  - Any deficit or increase in the Fund's Units Redemption will be settled by the Custodian and the Market Maker at the end of the dealing day.
- d) A statement showing any restrictions on dealing in units of the fund: The Fund's Units will be traded in the Exchange Traded Funds Market. Accordingly, any restrictions imposed by the CMA or the Saudi Stock Exchange (Tadawul) will apply to dealing in the Units of the Exchange Traded Funds.
- e) A statement showing the circumstances in which dealing in units may be deferred or suspended, and the procedures followed in those cases: The Fund Manager may suspend dealing in the Fund's Units, if:
1. the same is requested by the CMA;
  2. the Fund Manager reasonably considers that the suspension inures to the benefit of the Fund Unitholders; or
  3. the dealing is suspended in the main market that deals in securities or other assets that the Fund owns, either in general or in relation to the Fund's assets that the Fund Manager reasonably considers to be important in relation to the Fund's Net Asset Value.
- The Fund Manager reserves the right to reject the Subscription Request, if such Subscription breaches the Terms and Conditions of the Fund, Laws or Executive Regulations that may be imposed from time to time by the CMA or other regulatory authorities in the Kingdom of Saudi Arabia.
- f) A statement of the procedures by which those redemption requests which are to be deferred are selected: Not Applicable.
- g) A statement of the provisions governing the transfer the ownership of units to other investors: Units are transferred among unitholders through its trading in the Saudi Stock Market "Tadawul".
- h) A description of any minimum number or value of units that a unitholder must subscribe or transfer or redeem: One Package of Units, number of Units per Package is 100,000 Units of the Fund. Except for the Fund's Initial Offering Period, the minimum Subscription is 5,000 Units of the Fund.
- i) A statement on details of any minimum of the amount which the fund manager intends to raise, and the actions to be taken in case of not reaching that minimum: The minimum limit for starting the Fund's operations is SAR 10,000,000. If the minimum amount is not collected during the Initial Offering Period, the Fund Manager will return to the unitholders the subscription amounts and any returns resulting from their investment without any deduction.

**12) Distribution Policy:**

- a) A statement relating to the policy of distribution of income and gains, including details of the unclaimed distributions: The Fund Manager will reinvest the dividends resulting from investing in the Fund's Assets. Accordingly, the Fund will not distribute any periodic dividends to the unitholders.
- b) Approximate maturity and distribution date: Not Applicable.
- c) A statement on how distribution will be paid: Not Applicable.

**13) Reporting to Unitholders:**

- a) Relevant information regarding annual reports, including the quarterly statement and the interim, annual and financial statements:
  - The Fund's financial statements shall be prepared in Arabic on a semi-annual basis at least. They shall be audited in compliance with International Accounting Standards and accounting standards issued by Saudi Organization for Chartered and Professional Accountants. Additional versions may be prepared in other languages. If there is any conflict between these versions, the one prepared in Arabic shall prevail.
  - The Fund Manager will prepare the annual reports (including the audited annual financial statements) and the quarterly statement in compliance with the requirements of Annex 3 and Annex 4 of the Investment Funds Regulations. The Fund Manager will, on demand, provide the unitholders with such reports and statements free of charge.
- b) Information on the locations and means of making available fund reports prepared by the fund manager: The Fund Manager will avail the Fund's reports for review by unitholders, free of charge. In addition, the Fund Manager will avail all the previous Fund's Net Asset Value figures on the Fund Manager's website and the Saudi Sock Market (Tadawul)'s website.
- c) Information on the means of providing the annual financial statement to unitholders: Unitholders' reports will be sent to the postal address, e-mail, telephone and/or fax as indicated in the account opening form, unless the Fund Manager is notified of the address change. The Fund Manager must be notified of any errors within 15 calendar days from the reports' issuance date. Afterwards, the reports issued by the Fund Manager become final and conclusive. Annual and initial reports will be provided on the Fund Manager's website: [www.albilad-capital.com](http://www.albilad-capital.com) and the Market's website: [www.tadawul.com.sa](http://www.tadawul.com.sa).

The Fund Manager will disclose the Fund's information on its website and the Market's website or in the manner determined by the CMA at the end of each quarter according to Annex No. (4) of the Investment Funds Regulations.

- d) The Fund Manager acknowledges to provide the first audited financial statement at the end of the fiscal year 2022 AD, no later than 3 months from the expiry date of the report period.
- e) The Fund Manager will, on demand, provide the annual audited financial statements of the Fund to the unitholders, free of charge.

#### 14) Unitholders Register:

- a) Statement regarding the maintenance of an up-to-date register of unitholders in the Kingdom: (Whereas, the Fund is traded one, therefore, this clause is not applied thereto. Securities Depository Center (Edaa) will prepare and maintain the Register in the Kingdom).
- b) Statement of details on the unitholders register: (Whereas, the Fund is traded one, therefore, this clause is not applied thereto).

#### 15) Unitholders Meeting:

- a) A statement of the circumstances in which a meeting of unitholders is called:
  - The Fund Manager has the right to initiatively call for a unitholders meeting.
  - The Fund Manager calls for a unitholders meeting within 10 days from the date on which the Fund Manager receives a written request from the Custodian.
  - The Fund Manager calls for a unitholders meeting within 10 days from the date on which the Fund Manager receives a written request from one or more investors who collectively or individually hold at least 25% of the Fund's Units.
- b) A statement of the procedures for calling a meeting unitholders:
  - calling for a unitholders meeting shall be announced on the Fund Manager's website and the Saudi Stock Market (Tadawul)'s website, within 10 days, minimum, and 21 days, maximum, prior to the date of meeting. The meeting's date, place and time and the proposed resolutions shall be clarified in the announcement. If a meeting is announced, the Fund Manager shall notify the CMA of the same.
  - The Fund Manager has the right to amend the agenda of the unitholders meeting during the announcement period (as mentioned in the previous paragraph) within 10 days, minimum, and 21 days, maximum, prior to the date of meeting. Such amendment will be made on the Fund Manager's website and the Saudi Stock Market's (Tadawul) website, provided that the same shall be announced on the Fund Manager's website and any other website available to the public according to the controls set by the CMA.

- The unitholders meeting shall only be valid if attended by a number of unitholders who collectively hold at least 25% of the Fund's Units.
  - If the quorum mentioned in the previous paragraph is not fulfilled, the Fund Manager shall call for a second meeting through an announcement to be made on the Fund Manager's website and the Saudi Stock Market's (Tadawul) website at least five days prior to the date of the second meeting. The second meeting will be valid regardless of the percentage of Units represented therein.
- c) A statement showing the manner in which unitholders' cast their votes and voting rights at meetings:
- Each unitholder may appoint a proxy to represent him in the unitholders meeting.
  - At the unitholders meeting, each unitholder has one vote for each Unit he owns at the time of meeting.
  - The controls to be issued by the CMA shall regulate the convening of unitholders meetings, deliberations and discussions to be made therein, and voting on the resolutions to be passed therein through modern means of technology.
  - The resolution will be valid and enforceable if approved by unitholders holding 50% of the total Units represented at the unitholders meeting, whether they attend in person, through their proxies, or via modern means of technology.
  - The unitholder has the right to exercise all rights associated with the Units, including the obtainment of the unitholders' approval on any matters that require their approval in accordance with the Investment Funds Regulations.
  - The unitholders of an open-ended Exchange Traded Fund are entitled to redeem their Units before any basic change comes into force, without imposing any redemption fees (if any).
  - The Fund Operator must pay the unitholder the redemption proceeds before the closing date of the business on the fifth day following the valuation point at which the redemption price was set at a maximum limit.
  - The announcement to be published on the Fund Manager's website and the Saudi Stock Exchange's (Tadawul) website will determine the unitholders' right to vote.

#### 16) Unitholders' Rights:

- a) List of unitholders' rights:
- Obtain an updated copy of the Terms and Conditions of the Fund in Arabic, free of charge.
  - Obtain all annual reports that contain the financial statements.
  - Obtain, on demand, the audited annual and semi-annual financial statements of the Fund, free of charge.



- Receive a notice of any change made to the Terms and Conditions of the Fund before such change comes into force, as per the type of change and the term set in the Investment Funds Regulations.
  - Receive a notice of any change made to the Fund's Board of Directors.
  - Receive a notice of the Fund Manager's desire to terminate the Investment Fund at least 21 calendar days before termination, save the events set forth in the Terms and Conditions.
  - Obtain, on demand, the procedures for handling complaints from the Fund Manager.
  - The Fund Manager shall dismiss any member of the Fund's Board of Directors, if the Fund's unitholders take a special decision requesting the Fund Manager to dismiss such member.
  - If the minimum limit referred to in Clause (d) of Article (64) of the Investment Funds Regulations is not available during the Initial Offering Period, the Fund Manager shall return to the unitholders the subscription amounts and any proceeds resulting from the investment of such amounts in accordance with paragraphs (c) and (d) of Article 64 of the Investment Funds Regulations, without any deduction.
  - The CMA and unitholders shall be immediately notified of any suspension, clarifying the reasons for the suspension. The CMA and unitholders shall be immediately notified of the end of the suspension in the same manner used in the notice of suspension. The same shall be disclosed on the Fund Manager's website and any other website available to the public according to the controls to be set by the CMA.
  - The unitholders of an open-ended Exchange Traded Fund are entitled to redeem their Units before any basic change comes into force, without imposing any Redemption fees (if any).
  - The Fund Operator must pay the unitholder the redemption proceeds before the closing date of the business on the fifth day following the valuation point at which the Redemption price was set at a maximum limit.
  - Any other unitholders' rights mentioned in the Investment Funds Regulations issued by the CMA and these Terms and Conditions.
  - Any other unitholders' rights set forth in the Laws and Executive Regulations issued by the CMA Board and the relevant instructions in force in the Kingdom of Saudi Arabia.
- b) The fund manager's policy regarding the voting rights associated with any assets of the public fund which it manages: The Fund Manager discloses the policies related to voting rights adopted in the General Assemblies of Invested Funds on the Fund Manager's website and the Market's website.

### 17) Unitholders' Liability:

- Except for the unitholder's loss of his investment in the Fund, in whole or in part, the unitholder shall not be liable for the Fund's debts and liabilities.

- If the unitholders fail to provide the Fund Manager with the correct postal and/or email address and other contact information, including notices and account statements related to their investments, the unitholders hereby agree to hold the Fund Manager harmless for and against any liability and waive all their rights and claims vis-à-vis the Fund Manager, which may arise directly or indirectly from the unitholders' failure to provide the Fund Manager with the account statement, notices or any other information related to the investments, or arise from the unitholders' inability to respond, verify the correctness of the information, or correct any alleged errors in the account statement, notices, or any other information.

#### 18) Units Characteristics:

- The Fund includes common investment Units of one class of the same type and such Units have the same value, features and rights.
- The Fund Manager, in coordination with the Market Maker, can issue an unlimited number of such Units.

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

- a) A statement of the provisions governing changes to the Fund's Term and Conditions including any approvals and/or notifications required by the Investment Funds Regulations:
- The Fund Manager shall obtain the unitholders' approval on the proposed fundamental change through a Fund's ordinary resolution.
  - After obtaining the approval of the unitholders, the Fund Manager shall obtain the CMA's approval on the fundamental change proposed for the Fund.
  - The Fund Manager shall obtain the approval of the Fund's Board of Directors before making any fundamental change.
  - The Fund's unitholders have the right to sell their investments (Units) before enforcing any fundamental change, without any Redemption fees (if any/where applicable). The sale of Units is made in the Secondary Market, as the Fund is a traded one, and no one may deal in the Primary Market except for those identified in these Terms and Conditions.
  - The Fund Manager must obtain the approval of the Fund's Board of Directors before making any non-fundamental change.

The term "Fundamental Change" means any of the following cases:

1. The significant change in the objectives, nature or class of the Fund.
2. The change that has an impact on the degree of risk of the Fund.
3. The Fund Manager's voluntary withdrawal from its position.

4. Any other cases that the CMA specifies from time to time and informs the Fund Manager therewith.

The term “Non-fundamental Change” means any change that is not made subject to the provisions of Article 62 of the Investment Funds Regulations.

- b) A description of the procedures to be employed on notifying changes to the Fund’s Terms and Conditions:

- The Fund Manager shall inform the unitholders with the details of Fundamental Changes on the Fund Manager’s website: [www.albilad-capital.com](http://www.albilad-capital.com) and any other website available to the public, according to the controls to be set by the CMA, no later than 10 days prior to the enforcement of change.
- The details of Fundamental Changes shall be stated in the Fund’s reports to be prepared by the Fund Manager, in accordance with Article 76 of the Investment Funds Regulations.
- The Fund is exempted from the requirement of serving a written notice to all unitholders. The relevant announcement will be made on the Fund Manager’s website: [www.albilad-capital.com](http://www.albilad-capital.com) and the Market’s website.
- The Fund Manager shall notify the CMA and inform the unitholders with any Non-fundamental Change in the Fund, it manages, on the Fund Manager’s website: [www.albilad-capital.com](http://www.albilad-capital.com) and any other website available to the public, according to the -rules to be set by the CMA, no later than 10 days prior to the enforcement of change. The unitholders of the open-ended Exchange Traded Fund are entitled to redeem their Units before enforcement of Non-fundamental Change, without any Redemption Fees, if any.
- Details of Non- fundamental Changes shall be clarified in the Fund’s reports prepared by the Fund Manager in accordance with Article 76 of the Investment Funds Regulations.
- The traded funds are exempted from the requirement of serving a written notice to all unitholders. The relevant announcement will be made on the Fund Manager’s website and the Market’s website.

## 20) Termination and Liquidation of the Investment Fund:

- a) A statement of any events of which will result in the termination of the investment fund and procedures for termination of the investment fund under the Investment Funds Regulations:

- The Fund Manager desires to terminate the Fund.
- The Fund’s Net Asset Value is less than the minimum specified in the regulations, instructions and circulars issued by the CMA.
- The Fund Manager shall specify provisions of the Fund termination in the Terms and Conditions of the Fund.

- The Fund Manager shall completely sell the Fund's assets and distribute the unitholders' dues before expiration of the Fund's duration.
  - For the Fund termination purpose, the Fund Manager shall prepare a plan and procedures for terminating the Fund in a manner inuring to the benefit of the unitholders; and obtain the approval of the Fund's Board of Directors (where applicable) on this plan before taking any procedure in this regard.
  - The Fund Manager shall in writing notify the CMA and the unitholders of the plan and procedures to be adopted upon terminating the Fund at least (21) days prior to the date of termination, without prejudice to the Terms and Conditions of the Fund.
  - The Fund Manager shall comply with the approved plan and procedures for the Fund termination, in accordance with the Fund termination purpose paragraph.
  - The Fund Manager shall in writing notify the CMA and the unitholders of the expiry of the Fund within (10) days from the expiry date of the Fund, in accordance with the requirements set forth in Paragraph (d) of Annex (10) of the Investment Funds Regulations.
  - If the Terms and Conditions of the Fund stipulate that the Fund shall be terminated at a specific event, the Fund Manager shall terminate the Fund immediately upon the occurrence of that event; and, in writing, notify the CMA and the unitholders of the same within (5) days from the date of the event that requires termination of the Fund.
  - The Fund Manager shall treat all unitholders equally during the Fund termination or liquidation.
  - The Fund Manager shall distribute the unitholders' dues immediately upon the expiration of the Fund's duration, in a manner that does not conflict with the interest of the unitholders and the Terms and Conditions of the Fund.
  - The Fund Manager shall announce the expiration of the Fund's duration on the Fund Manager's website, the Market's website or any other website available to the public, according to the rules set by the CMA (where applicable).
  - The Fund Manager shall provide the unitholders with the Fund termination report, in accordance with the requirements of Annex 14 of the Investment Funds Regulations, no later than 70 days from the date on which the Fund termination is completed. Such report shall include the final audited financial statements of the Fund for the period following the last annual audited financial statements.
- b) Must include a statement of the followed procedures for the liquidation of the Fund:
- The Fund Manager will comply with all requirements of Article 22 of the Investment Funds Regulations.

- c) If the Fund's duration expires, the Fund Manager shall not receive any fees deducted from the Fund's assets.

## 21) Fund Manager

- a) The Fund Manager's name, duties and responsibilities:

Albilad Investment Company "Albilad Capital"

The Fund Manager's tasks, duties and responsibilities:

1. In relation to the Fund, act in a manner inuring to the benefit of unitholders in accordance with the provisions of the Investment Funds Regulations, Capital Market Institutions Regulations, and the Terms and Conditions of the Fund.
  2. Disclose, in the Market, the securities of which the Fund is composed, specifying the weights of each one thereof.
  3. The Fund Manager will comply with all principles and duties set forth in the Capital Market Institutions Regulations, including the duty of trust towards unitholders; act in a manner inuring to the benefit of unitholders; and do the due diligence.
  4. The Fund Manager is responsible for complying with the provisions of the Investment Funds Regulations, whether or not it fulfills its responsibilities and duties directly or assigns them to a third party in accordance with the provisions of the Investment Funds Regulations and the Capital Market Institutions Regulations. The Fund Manager is responsible towards the unitholders for the loss sustained by the Fund due to fraud, negligence, misconduct, or deliberate default.
  5. The Fund Manager is responsible for setting the policies and procedures to monitor the risks that affect the Fund's Investments, and to ensure that they are dealt with quickly. Such policies and procedures shall stipulate that the risk assessment shall be made at least once a year.
  6. The Fund Manager applies the Investment Fund's Conformance and Compliance Control Program, and, on demand, provides the CMA with the results of such application.
- b) Authority authorization number and date:  
(License No. 08100-37) dated 01/08/1428 AH corresponding to 14/08/2007 AD
  - c) Registered address and business head office address of the fund manager:  
8162 King Fahd Branch Road – Al Olaya  
Unit No. 22  
Riyadh 3701-12313  
Kingdom of Saudi Arabia  
Tel: 920003636 Fax: + 966 11 290 6299
  - d) The fund manager's website and any website, related to the fund manager, contain information on the investment fund (if any): [www.albilad-capital.com](http://www.albilad-capital.com)

- e) The Fund Manager's Paid-Up Capital: SAR 200,000,000.
- f) A summary of the financial information of the fund manager, highlighting, substantial shareholders, revenues and profits in the preceding financial year:

Description	Fiscal Year Ending on 31/12/2020 AD
Revenues	SAR 180.76 million
Expenses	SAR 96.80 million
Net profits	SAR 75.18

- g) A statement of the primary roles, responsibilities and duties of the fund manager in relation to the investment fund: The Fund Manager is responsible for the following:

- Establish, register and offer the Fund's Units.
- Appoint the Market Maker; arrange for the collection of initial operating capital; and coordinate with the Market Maker.
- Complete the Units issuance and Redemption.
- Appoint Benchmark Index Provider; and define a mechanism for calculating, valuating, and publishing the Index's information.
- Appoint the Custodian; and continuously coordinate issuance and Redemption of Units.
- Appoint the Fund's Auditor.
- Appoint Tax and Zakat Consultant.
- Define the Fund's policies and procedures and the mechanism for issuing and redeeming Units.
- Prepare for listing the Fund's Units.
- Ensure conformance of performance, and settlement and correction of deviations.
- Monitor the performance and achieve the Fund's objectives within the framework of the announced strategies and policies of the Fund.
- Determine the constituents of the Stock Basket and the Cash Items, if any.
- Periodically check the Rebalancing Operations with the Rebalancing level of the Index Portfolio.
- Ensure that the Market Maker provides the liquidity.
- Ensure that Index-related information is published.
- Manage the Fund's assets and operations, including the administrative services provided to the Fund.
- Ensure accuracy and completeness of the Terms and Conditions of the Fund, and that they are complete, clear, correct and not misleading.

- Abide by Shariah Standards of the Fund, and periodically verify that the collection of investments complies with Shariah Standards approved by Shariah Supervisory Committee of the Fund.
  - Notify the Fund's Board of Directors of any violations stipulated in the Investment Funds Regulations.
- h) Any other business activities or interests of the fund manager that are of significance or could potentially conflict with those of the investment fund: There are no business activities or other interests of the Fund Manager that are of material importance, or could conflict with the activities of the Investment Fund.
- i) Right of the fund manager to appoint a fund-manager: The Fund Manager may appoint one or more third parties or any of its staff to work as a Sub-Fund Manager, but he must be authorized to engage in management activity. The Fund Manager will assume all the fees and expenses of any Sub-Fund Manager from its own money.
- j) Provisions governing the removal/replacement of fund manager: According to the provisions of Article 20 of the Investment Funds Regulations, the CMA has the right to dismiss the Fund Manager in relation to the Investment Fund and take any action it deems appropriate to appoint a substitute Fund Manager or take any other measure it deems appropriate, if:
- The Fund Manager ceases the management activity without notifying the CMA according to the Capital Market Institutions Regulations;
  - The Fund Manager's license to practice management activity is cancelled, withdrawn or suspended by the CMA;
  - The Fund Manager submits a request to the CMA to cancel the management activity license;
  - The CMA discretionally considers that the Fund Manager materially breached the Law or the Executive Regulations;
  - The Investment Portfolio Manager, who manages the assets of the Investment Fund, dies, is disable or resigns, while the Fund Manager has no other registered person who is capable of managing the Investment Fund's assets or the assets of the Fund managed by the Portfolio Manager.
  - Any other event, which the CMA reasonably deems to be of material importance, occurs.

If the CMA exercises any of its powers and dismisses the Fund Manager, the Fund Manager shall fully cooperate and facilitate smooth handover of responsibilities to the substitute Fund Manager within the first (60) days from the date on which the substitute Fund Manager is appointed. The dismissed Fund Manager shall, where necessary and appropriate and pursuant to the CMA's absolute discretion, transfer all contracts, which are related to the Investment Fund, to the substitute Fund Manager.

The Fund Manager must cooperate and provide the Custodian or the designated authority, which is authorized to search and negotiate, with any documents required from the Fund Manager to appoint a

substitute Fund Manager, within 10 days from the date of the request. Both parties shall maintain confidentiality of information.

**22) Fund Operator:**

- a) Name of the Fund Operator: Albilad Investment Company (Albilad Capital).
- b) Authority authorization number and date: (License No. 08100-37) dated 01/08/1428 AH corresponding to 14/08/2007 AD.
- c) Registered address and business address of fund operator:  
8162 King Fahd Branch Road – Al Olaya  
Unit No. 22  
Riyadh 3701-12313  
Kingdom of Saudi Arabia  
Tel: 920003636 Fax: + 966 11 290 6299
- d) A statement of the primary roles for the fund operator, functions in relation to the investment fund: The Fund Operator is responsible for the following:
  - Ensure that the Unit issuance and Redemption are completed.
  - Offer and publish the constituents of the Stock Basket and the Cash Items, if any.
  - Ensure that the Index-related information is published.
  - Operate the Fund's operations, including the administrative services provided to the Fund.
  - Notify the Fund's Board of Directors of any violations stipulated in the Investment Funds Regulations.
- e) Statement that the operator may appoint a sub-operator: The Fund Operator may appoint one or more third parties or any of its staff to work as a Sub-Fund Operator. The Fund Operator assumes all the fees and expenses of any Sub-Fund Operator from its own money.
- f) There are no tasks assigned by the Fund Operator to any third parties in relation to the Investment Fund.

**23) Custodian**

- a) Name of the Custodian: Riyadh Capital Company.
- b) Authority authorization number and date: (License No. 37-07070) dated 19/06/2007 AD.
- c) Registered address and business address of custodian:  
Granada Oasis  
2414 Al Shuhada District, Unit No. 69  
Riyadh 13241 - 7279  
Kingdom Saudi Arabia



Tel: + 966 11 4865898 / 4865866 Fax: + 966 11 4865859

E-mail: [rcss@riyadcapital.com](mailto:rcss@riyadcapital.com)

d) A statement of the primary roles, functions in relation to the investment fund:

- The Custodian is responsible for its obligations in accordance with the provisions of the Investment Funds Regulations, whether it fulfills its responsibilities directly or assigns them to a third party in accordance with the provisions of the Investment Funds Regulations and the Capital Market Institutions Regulations. The Custodian is responsible towards the Fund Manager and unitholders for the Fund's losses resulting from its fraud, negligence, misconduct or deliberate default.
- The Custodian is responsible for preserving and protecting the Fund's assets in favor of the unitholders. It is also responsible for taking all necessary administrative measures in relation to preserving the Fund's assets. The Fund's assets are jointly held by the unitholders. The Fund Manager, Sub-Fund Manager, Custodian, Sub-Custodian, advisor or distributor may not have any interest in the Fund's assets or any claim therein, unless the Fund Manager, Sub-Fund Manager, Custodian, Sub-Custodian, advisor, or distributor holds the Fund's Units, within the limits of its ownership, or such claim is permitted under the provisions of the Investment Funds Regulations, and the same is disclosed in the Terms and Conditions.
- Except for the Fund Units held by the Fund Manager, Sub-Fund Manager, Custodian, Sub-Custodian, advisor, or distributor, and within the limits of what the debtor owns, the creditors of the Fund Manager, Sub-Fund Manager, Custodian or Sub-Custodian, advisor, or distributor have no right to any claim or dues from the Fund's money or assets.
- The Custodian will also:
  1. create accounts for Fund Manager and Market Makers;
  2. execute the issuance and Redemption Requests approved by the Fund Manager after coordinating with the Saudi Stock Exchange "Tadawul" for issuing and redeeming the units;
  3. review the constituents of the Portfolio in light of the information announced by the Fund Manager;
  4. when the Unit issuance request is executed, arrange the transfer of the Stock Basket and other Cash Items from the account of the Market Maker or the investors to the account of the Fund;
  5. when the Unit Redemption request is executed, ensure that the units are in the account of the Market Maker or the investors;
  6. arrange issuance and cancellation of the Fund's units; and ensure that the listing or the listing suspension has taken place correctly;

7. upon issuance, ensure that the Stock Basket and the Cash Item are proportional to the number of Unit Packages required; and
  8. upon Redemption, ensure that the Fund's units and their values are proportional to the Stock Basket and their values transferred to the account of the Market Maker or investors.
- Separation of Assets:
    1. The Custodian must open a separate account in its name with a local bank for each Investment Fund for which it acts as a Custodian. The account shall be opened in favor of the relevant Investment Fund.
    2. The Custodian must separate the assets of each Investment Fund from its assets and from the assets of its other clients. These assets must be identified independently through registration of securities and other assets of each Investment Fund in the name of the Custodian for the benefit of that Fund. The Fund's assets are registered in the name of a Custodian's subsidiary company. The Custodian shall keep all necessary records and other documents supporting its contractual obligations.
    3. The Custodian shall deposit all cash belonging to the Investment Fund into the account referred to hereinabove; and shall deduct from such account the sums used to finance the investments and the expenses of the Investment Fund Management and Operations in accordance with the provisions of these Regulations and the specified version of the Terms and Conditions of the Fund that it receives from the Fund Manager, and the contract under which a Custodian was appointed by the Fund Manager.
    4. The Fund Manager shall immediately declare on its website that it has appointed a substitute Custodian. The Fund Manager shall disclose on the Market's website that it has appointed a substitute Custodian for the Fund.
  - e) Right of custodian to appoint a sub-custodian: The Custodian may assign one or more third parties or any of its employees to act as a Sub-Custodian for the Fund and to preserve its assets. The Custodian will pay the fees and expenses of any Sub-Custodian from its own money.
  - f) The Custodian may assign one or more third parties or any of its employees to act as a Sub-Custodian for the Fund and to preserve its assets. The Custodian will pay the fees and expenses of any Sub-Custodian from its own money, in accordance with the provisions of Article No. 27 of the Investment Funds Regulations. The Sub-Custodian will also:
    1. create an account for the Fund Manager in the US Market for assets custody purposes;
    2. create an account for the Market Maker in the US Market for selling or buying the Stock Basket; and

3. when the units issuance or Redemption Request is executed, arrange transferring the Stock Basket and other Cash Items from the account of the Market Maker or investors to the account of the Fund or vice versa.
- g) Provisions governing the removal/replacement of custodian:
1. The CMA may dismiss the Custodian appointed by the Fund Manager or take any measure it deems appropriate, if:
    - The Custodian ceases the Custody activity without notifying the CMA according to the Capital Market Institutions Regulations;
    - The Custodian's license to practice Custody activity is cancelled, withdrawn or suspended by the CMA;
    - The Custodian submits a request to the CMA to cancel the Custody activity license;
    - The CMA discretionally considers that the Custodian materially breached the Law or the Executive Regulations;
    - Any other event, which the CMA reasonably deems to be of material importance, occurs.

If the CMA exercises any of its powers and dismisses the Custodian, the concerned Fund Manager shall appoint a substitute Custodian, as instructed by the CMA. Moreover, the Fund Manager and the dismissed Custodian shall fully cooperate and facilitate smooth handover of responsibilities to the substitute Custodian within the first (60) days from the date on which the substitute Custodian is appointed. The dismissed Custodian shall, where necessary and appropriate and pursuant to the CMA's absolute discretion, transfer all contracts, which are related to the Fund, to the substitute Custodian.

2. Dismissal of the Custodian by the Fund Manager:

The Fund Manager may dismiss the Custodian appointed by the Fund Manager under a written notice, if it reasonably considers that the dismissal of the Custodian is in the interest of the unitholders, and the Fund Manager must in writing notify the CMA and the unitholders of the same immediately.

The Fund Manager shall, if it dismisses the Custodian, appoint a substitute within 30 days from the date on which the Custodian receives the written notice issued in accordance with the paragraph mentioned hereinabove. The dismissed Custodian must fully cooperate with the Fund Manager to facilitate smooth handover of responsibilities to the substitute Custodian. The dismissed Custodian must, wherever necessary and appropriate, transfer to the substitute Custodian all contracts related to the Investment Fund.

The Fund Manager must immediately announce on its website that it appointed a substitute Custodian. The Fund Manager must also announce on the Market's website that it appointed a substitute Custodian for the Fund.

**24) Fund Board:**

- a) Names of the Fund Board members, indicating the membership type:
- Zeid Mohammed Saad Al-Mufreh, Board Chairman – Non-Independent
- Haytham Bin Suleiman Al-Sihimi, Director - Non-Independent
- Omar Ali Bassal, Director – Independent
- Waleed Abdullah Bin Ateeq

- b) A brief about the fund board members' qualifications:

1. Mr. Zeid Bin Mohammed Al-Mufreh

He is the Chief Executive Officer of Albilad Capital. He holds a BA in Business Administration and Information Systems from Chubu University, Nagoya, 2003 in Japan, and MA in Financial Economics from State University of New York at Buffalo, 2007, USA. He worked as the Agent of Capital Market Authority for Listed Companies and Investment Products from April 1, 2017 up to March 2018. He held the position of Head of Corporate and Governance Department from November 2015 up to April 2017. He has previously served on several leadership positions in the banking and financial services sector in the Kingdom, through which he gained experience for professionally leading the investment organizations through the tasks and responsibilities vested in him.

2. Mr. Haytham Bin Suleiman Al-Sihimi

He holds MA in Investment Sciences and Finance Risks issued by University of Westminster, London, United Kingdom. He held several positions in the management business of Sapin United Arab Emirates Company (Sapin UAE). Since 2015, he has worked for Jadwa Investment, then Albilad Investment Company "Albilad Capital", as a financial analyst in investment banking, equity and business development. (Member of the Board of Directors of Albilad Bank and the Executive Manager of Business Development in Albilad Investment Company "Albilad Capital").

3. Mr. Omar Ali Bassal

He holds MA with Honors in Business Administration, Financial Administration and Statistics. He has more than ten years of experience in the financial field. Currently, he is the Director of Assets Department at Mohammed Ibrahim Alsubeaei & Sons Investment Co.

4. Mr. Waleed Abdullah Bin Ateeq

Master in Finance from Saint Mary's University in Canada, and Bachelors in Economics with a Minor in Business Administration from The Ohio State University in the United States of America. More than 16 years of experience in finance, investment, insurance and risk management. He held several positions as Insurance Supervisor at the Saudi Central Bank (SAMA), Senior Investment Performance Analyst at the Saudi Central Bank (SAMA), Chief

Financial Officer at Allianz Saudi Fransi Cooperative Insurance Company, and currently serves as Deputy Chief Financial Officer at Saudi Re Cooperative Reinsurance Company.

c) Description of the Fund's Board of Directors' Roles and Responsibilities:

The responsibilities of the Fund's Board of Directors, include, but not limited to:

- Approve all contracts, decisions and material reports to which the Fund is a party, including, but not limited to, and approve the contracts of providing management services to the Fund, and Custody services contracts, excluding contracts concluded in accordance with investment decisions regarding any investments made or will be made by the Fund.
- Adopt a written policy regarding voting rights related to the Fund's assets.
- Supervise, when appropriate, approve or ratify any conflict of interest disclosed by the Fund Manager.
- Convene a meeting at least twice a year with the Conformance and Compliance Committee of the Fund Manager or its Conformance and Compliance Officer to review the Fund's compliance with all related laws and regulations.
- Approve all the changes stipulated in Articles 62 and 63 of the Investment Funds Regulations, before the Fund Manager obtains the approval of the unitholders and the CMA or notifies them of the same (where applicable).
- Ensure completeness and accuracy of the Terms and Conditions of the Fund and any other document (whether a contract or otherwise) that includes disclosures related to the Fund, the Fund Manager and the Fund Management; and make sure that the foregoing is in accordance with the provisions of the Investment Funds Regulations.
- Ensure that the Fund Manager fulfills its responsibilities in favor of the unitholders in accordance with the provisions of the Investment Funds Regulations and the Terms and Conditions of the Fund.
- Review the report on evaluation of performance and quality of the services provided by the parties concerned with providing the material services to the Fund, including the Custodian, Developer and Property Manager (as applicable) to ensure that the Fund Manager fulfills its responsibilities in a manner inuring to the benefit of the unitholders in accordance with the Terms and Conditions of the Fund.
- Evaluate the mechanism adopted by the Fund Manager upon dealing with risks related to the Fund's assets in accordance with the Fund Manager's policies and procedures regarding monitoring the risks related to the Fund and how to address them.
- Ensure that the Fund Manager is committed to disclosing material information to unitholders and other stakeholders.

- Act honestly and in good faith, care, skill and diligence in favor of the Fund and the unitholders, and the duties of the trust include the duty of sincerity, concern and reasonable diligence.
  - Record minutes of meetings reflecting the meetings discussions and the decisions taken by the Board.
  - Review the annual report on all complaints and the procedures taken thereabout, in order to ensure that the Fund Manager fulfills its responsibilities in a manner inuring to the benefit of the unitholders in accordance with the Terms and Conditions of the Fund.
- d) Details on the remuneration of fund board members: The Independent Directors receive a remuneration amounting to SAR 40,000 per annum, maximum, (i.e. SAR 20,000 for each Independent Director) for all the meetings he attends during the year for all the Funds managed by Albilad Investment Company "Albilad Capital", to be equally divided to all Funds, except for real estate funds. The remuneration is accumulatively calculated on each Calendar Day and deducted and paid once a year.
- e) A statement of any conflict or potential conflict of interests of a fund board member and the interests of the fund: There are no practical activities or interests of the Fund Manager or the Directors that are likely to conflict with their responsibilities or performance towards the Fund. If such activities or interests exist, they will be disclosed.
- f) A statement showing all the funds boards that the relevant board member is participating in:

Fund name	Zeid Al-Mufreh	Haytham Al-Sihimi	Omar Bassal	Waleed Abdullah Bin Ateeq
Albilad Pure Saudi Equity Fund	Board Chairman	Non-Independent Director	Independent Director	Independent Director
Albilad SAR Murabaha Fund	Board Chairman	Non-Independent Director	Independent Director	Independent Director
Albilad Kuwait Equity Fund	Board Chairman	Non-Independent Director	Independent Director	Independent Director
Albilad Saudi Equity Income Fund	Board Chairman	Non-Independent Director	Independent Director	Independent Director

Albilad GCC Equity Income Fund	Board Chairman	Non- Independent Director	Independent Director	Independent Director
Albilad Fund of REIT Funds	Board Chairman	Non- Independent Director	Independent Director	Independent Director
Albilad Investment Fund 2	Board Chairman	Non- Independent Director	Independent Director	Independent Director
Albilad Saudi Sovereign Sukuk ETF	Board Chairman	Non- Independent Director	Independent Director	Independent Director
Albilad Gold ETF	Board Chairman	Non- Independent Director	Independent Director	Independent Director
Albilad Diversified SAR Fund	Board Chairman	Non- Independent Director	Independent Director	Independent Director
Albilad MSCI US Tech Equity ETF	Board Chairman	Non- Independent Director	Independent Director	Independent Director
Albilad Makkah Hospitality Fund	Board Chairman			
Aldhahiyah Investment Fund	Board Chairman			
Second Commercial Complex Real Estate Fund	Board Chairman			
Canary Al Khozama Residential Compound Real Estate Fund	Board Chairman			
Nusaned Fund		Non- Independent Director		
Medical Village Fund 1	Board Chairman			

Ensan Endowment Fund	Board Chairman			
Muzdalifah Real Estate Complex Fund	Board Chairman			
Safa Najd Fund		Chairman of Board of Directors		
Albilad Alawali Real Estate Fund I		Chairman of Board of Directors		
Albilad Real Estate Opportunity Fund		Chairman of Board of Directors		
Albilad Abhur Real Estate Fund		Chairman of Board of Directors		

## 25) Shariah Supervisory Committee:

a) Names and qualifications of the Shariah Supervisory Committee members:

1. Prof. Dr. Youssef bin Abdullah bin Saleh Al-Shubaili, (Chairman): Faculty Member at Department of Comparative Jurisprudence, Higher Judicial Institute. He obtained Bachelor's degree from Faculty of Shariah and Fundamentals of Islam, Department of Comparative Jurisprudence at Imam Mohammad Ibn Saud Islamic University in Al-Qussaim. Afterwards, he obtained Master's degree and PhD in Islamic Jurisprudence from Department of Comparative Jurisprudence, Higher Judicial Institute, Imam Mohammad Ibn Saud Islamic University.
2. Dr. Muhammad bin Saud bin Muhammad Al-Osaimi, (Member): Faculty Member of the College of Economics and Administrative Sciences, Imam Mohammad Ibn Saud Islamic University. In 1403 AH, he obtained Bachelor's degree from Faculty of Shariah Imam Mohammad Ibn Saud Islamic University. Afterwards, he obtained Master's degree and PhD in Economy from the University of Colorado - Boulder, USA.
3. Prof. Dr. Musaed bin Abdullah bin Hamad Al-Haqeel, (Member): An Associate Professor at Higher Judicial Institute. In 1424, he obtained a bachelor's degree from the Faculty of Shariah in Riyadh, with excellent grade and honors. In 1431 AH, he obtained Master's degree and PhD in Comparative Jurisprudence, Higher Judicial Institute, with excellent grade and honors.

b) A description of the roles and responsibilities of Shariah Supervisory Committee:



- Consider and review the Fund's Investment Objectives and Policies, Shariah Controls for MSCI Index and the Fund's documents to ensure their compliance with Shariah standards.
  - Carry out periodic Shariah supervision on the Fund.
  - Determine the necessary Shariah standards to select any other investments in the Capital Market in which the Fund is expected to invest.
- c) Details on the remunerations of Shariah Supervisory Committee members: The Fund Manager shall pay the remunerations of Shariah Supervisory Committee's members.
- d) Details of the standards used to determine the Shariah-compliant assets to be used for investment, and the periodic review of such assets, and the procedures in the event of non-compliance with the Shariah standards:

The Fund Manager shall abide by the provisions and controls issued by Shariah Supervisory Committee in all the Fund's transactions, the most prominent of which are the following:

- With regard to Murabaha transactions, the Fund is committed to applying the Shariah provisions and controls and implementing the transactions in accordance with the procedures approved by the Fund's Shariah Supervisory Committee.
- If there are prohibited revenues in the assets in which the investment was made, the Fund Manager shall get rid of the prohibited revenues as decided by Shariah Supervisory Committee of the Fund in pro rata to the amount to be got rid of and where such amount will be spent. The aforementioned controls are based on legitimate opinion and are subject to reconsideration, as required. If Shariah Supervisory Committee's legitimate opinion related to stocks investment controls, the Fund Manager will apply these controls to the new investments of the Fund.
- Shariah Supervisory Committee believes that there is no Shariah obstacle preventing the enforcement of Shariah controls referred to in the following Index work methodology:
  - a. The company's business is legally permitted. Accordingly, the Index excludes any companies that directly conduct prohibited business or gain more than 5% of their revenues, including usurious interests, from prohibited business.
  - b. Total debts shall not exceed 33.33% of total assets.
  - c. Total cash and interest-bearing securities shall not exceed 33.33% of total assets.
  - d. Total receivables and cash shall not exceed 33.33% of total assets.
  - e. The percentages mentioned in Clauses (b), (c) and (d) may be reduced to 30% upon adding a non-Index company.
  - f. If mergers, acquisitions, or any other cases related to companies occur, the Index will verify the impact of these cases, and that they did not violate Shariah controls of the Index in the nearest periodic audit of the financial statements. If, for example, it becomes clear

that the percentage of prohibited revenues exceeds 5%, it shall be deleted from the Index in the next audit.

- g. The prohibited revenues shall be got rid of. As to the profits that have not been distributed, the following equation will be applied to the reinvested profits:  $((\text{Total Revenues} - \text{Prohibited Revenues}) / \text{Total Revenues})$ .
- The Fund Manager shall get rid of the prohibited revenues as soon as they are received, according to the Index methodology.

Periodic Control on the Fund: Shariah Supervisory Committee is responsible for verifying the compliance of Index constituents with Shariah standards mentioned hereinabove. Shariah Supervisory Committee shall periodically issue a report or a certificate for the Fund Manager's Shariah Board to verify their compliance with Shariah standards.

Procedures to be adopted in case of noncompliance with Shariah standards: If any of the assets in which the Fund has an interest violates these Shariah standards, the Fund Manager will immediately stop buying any new assets therein and sell the owned ones, as soon as possible, to guarantee the interests of the Fund.

#### 26) Investment Advisor:

Not applicable.

#### 27) Distributor:

Not applicable.

#### 28) Auditors:

- a) Name of the Auditor of the investment fund: PricewaterhouseCoopers.
- b) The registered address and business address of the auditor:  
Kingdom of Saudi Arabia, P.O. Box: 8282 Riyadh 11482  
Tel: + 966 11 211 0400  
Fax: + 966 11 211 0401  
Website: [www.pwc.com](http://www.pwc.com)
- c) A description of the Primary role and responsibility of the auditor:
  - The Auditor shall be appointed by the Fund Manager in order to carry out the audit.
  - If the Fund is established for more than nine (9) months prior to the end of its fiscal year, the audit shall be carried out at the end of the fiscal year.
  - If the Fund is established for nine (9) months or less prior to the end of its fiscal year, the audit shall be carried out at the end of the next fiscal year.

- d) Provisions governing the replacement of the investment fund's auditor: The Board of Directors of the Fund must refuse appointing the Auditor or instruct the Fund Manager to change the appointed Auditor, if:
- there are existing and important allegations on professional misconduct on the part of the Auditor in relation to the performance of its duties;
  - the Fund's Auditor is no longer independent;
  - the Fund's Board of Directors decides that the Auditor does not have sufficient qualifications and experience to satisfactorily perform the audit tasks; or
  - The CMA, at its sole discretion, requests the change of the appointed Auditor.

### 29) Fund's Assets:

- a) All the Fund's assets are held by the Custodian in favor of the Fund.
- b) The Custodian shall separate the Fund's assets from its own and from the assets of its other clients.
- c) The assets of the Investment Fund are collectively commonly owned by the unitholders. The Fund Manager, Sub-Fund Manager, Fund Operator, Custodian, Sub-Custodian, advisor, or distributor may not have any interest in the Fund's assets or a claim in relation to those assets, unless the Fund Manager, Sub-Fund Manager, Fund Operator, Custodian, Sub-Custodian, advisor or distributor holds units in the Fund, within the limits of its ownership, or these claims are permitted under the provisions of the Investment Funds Regulations and disclosed in these Terms and Conditions.

### 30) Complaint's procedures:

The Fund Manager will, on demand, provide a copy of the Fund Manager's policies and procedures for handling customer complaints, free of charge. If the unitholder has any complaint or note about the Fund, s/he shall send the same to it at the following address:

8162 King Fahd Branch Road – Al Olaya

Unit No. 22

Riyadh 3701-12313

Kingdom of Saudi Arabia

Tel: 920003636 Fax: + 966 11 290 6299

If no settlement is reached or there is no response within 10 Working Days, the Subscriber may file his/her complaint with the CMA - Investor Protection Department. The Subscriber may also file the complaint with the Committee for Resolution of Securities Disputes after lapse of 90 Calendar Days from the date of filing the complaint with the CMA, unless the CMA notifies the complainant that s/he may file the complaint with the Committee for Resolution of Securities Disputes before lapse of such period.

**31) Other Information:**

- a) The policies and procedures that will be adopted to deal with a conflict of interest and any potential and/or actual conflict of interest will be presented, on demand, free of charge.
- b) The Committee for Resolution of Securities Disputes is the competent judicial authority having the jurisdiction to consider any dispute arising from or on investment in Investment Funds.
- c) The list that is available for unitholders include:
  - Terms and Conditions of the Fund.
  - Contracts mentioned in the Terms and Conditions.
  - The Fund Manager's Financial Statements.
- d) There is no additional information that may contribute to the investment decision-making by the potential unitholders, the Fund Manager, the Fund's Board of Directors or professional advisors.
- e) There are no exemptions approved by the CMA regarding any investment restrictions or limits.

**32) Additional Information Requirements for Exchange Traded Funds:**

In case of Exchange Traded Fund:

1. The unitholders of Albilad MSCI US Equity ETF agree to the Terms and Conditions of the Fund, upon subscription thereto.
2. The Fund has two evaluation points:
  - The Fund's Net Asset Value and the Fund's Net Asset Value per Unit at the end of the day (NAV): by calculating the Total Value of the Fund's assets on the basis of the daily closing prices in the US Market and the available Cash Item less then due fees, and the result is divided by the number of existing units. The Fund's assets are evaluated on the official Working Days of the Saudi Market. Announcement shall be made before the beginning of the Fund trading and the end of every day of trading in the Saudi Market. If such day is not a Working Day for the Saudi Market, the evaluation will be made on the next Working Day for the Saudi Market. For example, the evaluation of Unit prices on Thursday of each week will depend on the closing prices of Wednesday of the same week for the US Stock Market. Likewise, the evaluation of Unit prices on Sunday of each week will depend on the closing prices of Friday of the same week (or the latest available prices) for the US Stock Market.
  - The Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit (iNAV): It will be announced during trading times for the Saudi Market. The Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit are calculated based on the Total Value of the Fund's assets according to the last price and the available Cash Item. Afterwards, the accrued expenses are deducted as at the end of the last

Working Day in the Saudi Market, and the result is divided by the number of existing traded units. The Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit will not change during trading in the Saudi Market due to the non-overlapping of working hours between the two Markets. If there is an overlapping between both Markets, the Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit will be updated. For example, the Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit for Thursday of every week will depend on the companies' closing prices on Wednesday of the same week for the US Stock Market, and the Fund's Indicative Net Asset Value per Units and the Fund's Indicative Net Asset Value per Unit for Sunday of every week is based on the closing prices of Friday of the same week for the US Stock Market.

3. The Market Maker is Albilad Investment Company (Albilad Capital). The Exchange Traded Fund Manager has the right to appoint one or more Capital Market Institutions, which is/are licensed to engage in the activity of dealing, to act as a Market Maker for the Fund.

Market Maker Duties:

- Enter a purchase order and a sale order within a specified price range (2%) from the Fund's iNAV of the Unit published by the Fund Manager.
- Maintain orders in a continuous manner during trading up to 5 minutes prior to market closure, and the Market Maker may enter orders during trading hours.
- Facilitate issuance and cancellation of the Fund's Units in coordination with the Fund Manager, the Custodian and Tadawul.
- Contribute to stability of price and demand on the Fund's units in the Market by intervening to increase supply or demand on the units, when necessary.
- Provide the initial liquidity to the Primary Market to establish trading units, in order to create units for the Fund and offer them in the Market.
- Make the Market and attempt to keep the trading price close to the indicative price of the Unit in terms of trading.

The Market Maker is committed to making the Market and seeking to find a balance between the purchase or sale prices of the Fund units according to the fair value.

- In case of in-kind exchange of units Basket between the Fund Manager and the Market Maker, in order to create units for the Fund or cancel existing units from the Fund, the Basket will be valued using the evaluation of the Stocks themselves (as mentioned in Paragraph 10- above "Valuation and Pricing").
4. Nothing ensures accuracy or conformity of the performance of the Fund and the Index.
  5. While the Fund seeks to simulate the performance of its Benchmark Index, whether through a strategy of recurrence or improvement, there is no guarantee that it will achieve an ideal

simulation. The Fund Manager also relies on the Index license granted by the Third Party Index Provider to use and monitor the Benchmark Index of its Fund. If the Index Provider terminates the Index's license or changes it, this will affect the Fund's ability to continue using and simulating its Benchmark Index to achieve its Investment Objective. There are risks related to the difference between the Working Days of the Index and the Working Days of the Fund, as the Index works from Monday to Friday and the Fund works from Sunday to Thursday, and the difference in working times during the daily trading period, so that the Saudi Market and the US Market do not conflict with each other, which negatively affects the Fund's ability to simulate its Index.

The Fund Manager or any of its employees shall not be liable for any loss that may be sustained by the Fund, unless such loss is attributable to its infringement or negligence.

6. Brief Description of the Index Methodology/Rules:

Shariah-compliant MSCI Islamic Index, which was launched in 2007, reflects the principles of Shariah-compliant investment. It is designed to measure the performance of large and medium-sized companies that are listed in the US Market and comply with Shariah standards of the Fund's Shariah Board. The Index also applies certain policies, standards and financial ratios to exclude prohibited securities based on two types of standards:

- Basic business activities and financial ratios derived from the financial statements of companies.
- Index information is available on the websites of Index Provider's, MCSI, Fund Manager.

7. Any circumstance(s) that may affect the accuracy and completeness of the Index's calculation: Exceptional cases that may affect the accuracy and completeness of the Index's calculation may occur as a result of malfunctions in the technical systems as to transfer and update of prices directly and accurately.

8. Description of the Fund Manager's plan if the Index calculation is suspended by the service provider: In this case, the Fund Manager will rely on another service provider. If the Index given by the replacement service provider is different, the Fund Manager will take all necessary actions and obtain the approvals required by the unitholders and the concerned parties to use the new Index.

9. Deviation from Index coefficient margin: The Fund Manager will maintain the deviation margin compared to Index performance at a maximum of 2% per annum, after deducting fees and expenses, while minimizing the margin of deviation coefficient between the performance of the Fund and the performance of the Index. There are no guarantees that the Fund Manager can reconcile the performance of the Index.

### 33) Unitholder Declaration:

When the Unitholder subscribes to the Fund, s/he acknowledges that s/he reviewed the Terms and Conditions of Albilad MSCI US Equity ETF and agrees to the characteristics of the units to which s/he subscribed.

**Investor (Unitholder)**

Name: \_\_\_\_\_

ID: \_\_\_\_\_

Signature: \_\_\_\_\_

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