



Terms and Conditions

SNB Capital North America Index Fund

An open-ended public index investment fund

Fund Manager
SNB Capital Company

“The Fund’s Terms and Conditions has been reviewed and approved by the Fund’s Board of Directors. The Fund Manager and the members of the Fund’s Board of Directors collectively and individually bear full responsibility for the accuracy of the information presented herein. Having made all reasonable inquiries, the fund board directors and the fund manager confirm the validity and completeness of the information in the Terms and Conditions, and further confirm that the information and data maintained in the Terms and Conditions are not misleading”.

“The Capital Market Authority has approved the offering of units in the investment fund. The Capital Market Authority does not, however, take any responsibility for the contents of the Fund’s Terms and Conditions, nor does it make any representation as to its accuracy or completeness. The Capital Market Authority does not make any recommendation as to the soundness or otherwise of investing in the investment fund, and the approval of offering the fund does not mean that the Authority recommends to invest in the fund, and the Authority emphasizes that the decision to invest in the fund is up to the investor or his representative.”

“SNB Capital North America Index Fund has been certified as being Shariah compliant by the Shariah Committee appointed for the investment fund.”

The Fund's Terms and Conditions and all other documentation comply with the Investment Funds Regulations and contain are complete, clear, accurate, and not misleading information on the investment fund and shall be updated and amended.

Investors should read the Fund's Terms and Conditions in conjunction with the other documentation.

The performance of the fund can be viewed within the fund’s reports.

“Investors are advised to read and understand the Fund’s Terms and Conditions. If in doubt, please consult a professional adviser.”



Disclaimer

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If you do not understand the contents of this document, you should consult a licensed financial adviser."



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Fund Directory:

Regulator
Capital Market Authority
P.O. Box 87171 - Riyadh 11642
Kingdom of Saudi Arabia
Tel.: +966112053000
Website: www.cma.org.sa



**Fund Manager/
Fund Operator**
SNB Capital Company (SNB Capital)
P.O Box 22216 - Riyadh 11495
Kingdom of Saudi Arabia
Tel.: +966920000232
Website : www.alahlicapital.com



Custodian
The Northern Trust Company of Saudi Arabia P.O.
Box 9597 - Riyadh 12214
Kingdom of Saudi Arabia
Tel.: +966114167922
Website: www.northerntrust.com



Auditor
KPMG Al Fozan and Partners
P.O Box 92876 – Riyadh 11663
Kingdom of Saudi Arabia
Tel.: +966118748500
Website: www.kpmg.com/sa





Definitions:

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| The Fund or Investment Fund | SNB Capital North America Index Fund. |
| Fund Manager or Company or SNB Capital | SNB Capital, is a closed joint stock company established and carries out its activities according to the Laws of the Kingdom of Saudi Arabia under Commercial Registration No. (1010231474) issued in Riyadh dated 29/03/1428H (corresponding to 17/04/2007G). It is authorized by the Capital Market Authority of the Kingdom of Saudi Arabia under license number (06046-37) dated 10/06/1428H (corresponding to 25/06/2008G). SNB Capital Company's Head Office is at King Saud Road, SNB Regional Building P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia. |
| Board | The Board of Directors of the Fund. |
| Authority/ CMA | The Capital Market Authority of Saudi Arabia. |
| Shariah Committee | Shariah Committee of the Saudi National Bank (“SNB”). |
| Shariah Guidelines | The Shariah guidelines set by the Shariah Committee for investing in securities. |
| CML | Capital Market Law of Saudi Arabia, which was issued by Royal Decree No. (M/30) dated 16th June, 2003. |
| Regulations– Investment Funds Regulations (“IFR”) | The Investment Funds Regulations issued by the Capital Market Authority Council pursuant to Resolution No. 1-219-2006 dated 03/23/1427H (Corresponding to 24/12/2006G) according to the Capital Market Law issued pursuant to Royal Decree no.M/30 dated 02/06/1424H and amended under the Capital Market Authority Council’s Resolution no. 2-22-2021 dated 12/07/1442H (Corresponding to 24/02/2021G). |
| Capital Market Institutions Regulations (“CMI”) | The Capital Market Institutions Regulations issued by the Board of the Capital Market Authority. |
| Anti-Money Laundering Regulation | The Saudi Anti Money Laundering Regulations. |
| Fund’s Terms and Conditions | The contracts containing those disclosures and provisions required under the Investment Funds Regulations, signed between the fund manager and the unitholder. Also, means these Terms and Conditions specific to the Fund. |
| Benchmark | MSCI North America Islamic M-Series (Net Total Return USD). |
| US Dollar/USD | United States Dollar. |
| Saudi Business Day | Means a day on which banks and CMIs are normally open for business in Saudi Arabia; this does not include any official holiday in Saudi Arabia. |
| US Business Day | Means a day on which banks are normally open for business in the United States, this does not include any official holiday in the United States. |
| Business Day for Sub-Manager | Means a day on which the sub-manager are normally open for business, this does not include any official holiday for the sub-manager. |



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| Day | A business day in the Kingdom in accordance with the official working days of the Authority. |
| Dealing Day | Any day on which the Units of the Investment Fund can be subscribed or redeemed. |
| Valuation Day | Any day on which the Units in the Fund are valued. |
| Redemption Form | Form used to redeem Units. |
| Subscription Fee | Fees charged for subscribing in the Fund. |
| Subscription Form | Form used for subscription in the Fund. |
| Subscription Monies | The gross amount paid by the Investor to the Fund Manager to invest in the Fund. |
| Switch Form | Form used for switching between certain open-ended mutual funds managed by SNB Capital. |
| Units | The share of any owner in any fund consisting of units or a part of it. Each unit shall be treated as a common share in the net assets of the Fund. |
| Custodian | Means a CMI who is authorized under the Capital Market Institutions Regulations to conduct the securities custody activity. |
| Financial Year | Means the financial year of the Fund. |
| Investor/ Unitholder | An investor in the Fund or person applying to invest in the Fund. |
| Investments | Means the cash, shares, and Units in other mutual fund, in addition to the related assets held by the Fund. |
| Investment Account | The Investment Fund account held by Investors with SNB Capital. |
| Fund's Net Asset Value | The Fund's Total Assets Value minus its liabilities. |
| Register | Means the register of Unitholders held by the Fund Manager or any party appointed by the Fund Manager to hold such register. |
| Murabaha | Selling a commodity as per the purchasing price with a defined and agreed profit mark-up. This mark-up may be a percentage of the selling price or a lump sum. This transaction may be concluded either without a prior promise to buy, in which case it is called an ordinary Murabaha, or with a prior promise to buy, in which case it is called "banking Murabaha" i.e. Murabaha to the purchase order. |
| Money Market Funds | Funds aiming to preserve capital through investing in relatively low risk short-term deposits such as Murabaha. |
| Tadawul | Saudi Stock Exchange. |
| Value Added Tax Law (VAT Law) | Means the VAT Laws and Regulations in the Kingdom. |



Value Added Tax (“VAT”)

Indirect taxes imposed on commodities and services purchases and sold by the entities.



Fund Summery:

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| Name of the Investment Fund | SNB Capital North America Index Fund. |
| Class/type of the Fund | An open-ended public index investment fund. |
| Name of the Fund Manager | SNB Capital Company. |
| Purpose of the Fund | The fund aims to achieve capital growth over the long term. The Fund seeks to replicate as closely as possible, the performance of the MSCI North America Islamic M-Series Index (Net Total Return USD). |
| Risks level | High Risk. |
| Minimum amount for subscription | USD 2,000. |
| Minimum additional amount for subscription | USD 1,000. |
| Minimum amount for redemption | USD 1,000. |
| Valuation days | Any day from Monday to Friday that is a business day for the sub-manager and a business day in the market/s in which the Fund substantially invests. |
| Dealing days | Any day from Monday to Thursday that is a Saudi business day, Business Day in the United States, a Business Day for Sub-Manager and a business day in the market/s in which the Fund substantially invests. |
| Announcement days | Unit prices will be announced on the next Business Day in the Kingdom following the Valuation Day except Fridays, where the unit price for Friday will be announced on Monday provided it is a working day in Saudi Arabia. |
| Paying redemption amount days | Made available to Investor within four Business Days after the relevant Dealing Day. |
| Unit price at initial offer (nominal value) | 1 USD. |
| Currency of the Fund | US Dollar / USD |
| Period of the investment fund and its maturity date | The Fund is an open-ended index fund, with no maturity date. |



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| Date of commencing the fund | 29 March 1999. |
| Date of issuing the Terms and Conditions, and latest update of it | The Fund's Terms and Conditions were issued on March 1999, and the Authority was notified of its update on 28 February 2022. |
| Benchmark | MSCI North America Islamic M-Series (Net Total Return USD). |
| Name of the Fund Operator | SNB Capital Company. |
| Name of the Custodian | The Northern Trust Company of Saudi Arabia. |
| Name of the Auditor | KPMG Al Fozan & Partners. |
| Fund Management fees | 0.30% of the Net Asset Value of the Fund. |
| Subscription fees | Up to 2% of the amount paid by the Investor. |
| Redemption fees | None. |
| Custodian and Accounting fees | The annual custody fee ranges from (0.15 to 60) bps from the total Fund assets under custody. In addition, a transaction fee will be charged for each transaction ranging from (5 to 190) USD, depending on the market in which the Fund invests in. The Fund is charged with accounting fees of (1.5) bps if the Fund size is USD 100 million or less. If the Fund size exceeds one USD 100 million, the Fund will be charged (1.25) basis points. The custody fees and accounting fees calculated on each valuation day and deducted monthly from the Fund. |
| Dealing (Brokerage) fees and charges | Brokerage fees or any other trading fees will be paid by the Fund directly at levels determined by local regulations or the dealing broker in the markets in which the Fund purchases or sells. These amounts will vary depending on the turnover of the Fund's assets and the volume of transactions. |
| Other fees and expenses | The Fund Manager reserves the right to charge the Fund any other actual fees and expenses, allowed to be charged by regulations, such as custody fees, auditor fees, remuneration of independent directors of the Fund Board, Shariah Committee services fees, CMA fees, Tadawul fees, as well as administrative, data processing and operational expenses. The other fees and expenses will be reviewed by the Fund Manager on quarterly basis (every three months) and will not exceed 0.5% of the average value of the Fund's assets during the financial year. |



Terms and Conditions:

1) Investment Fund

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

SNB Capital North America Index Fund is an open-ended public index investment fund compliant with Shariah guidelines.

b. Date of issuing the Terms and Conditions and the last update

The Fund's terms and conditions were issued on March 1999, and the Authority was notified of its update on 28 February 2022.

c. Date of the Authority's approval on the offering of the fund's units

The Fund was originally approved by the Saudi Central Bank (SAMA) in March 1999 and the CMA approval was obtained for the continued offering of the Fund's Units on December 16, 2008.

d. The duration of the investment fund and maturity date

SNB Capital North America Index Fund is an open-ended index fund, with no maturity date.

2) Governing Laws

The Fund and the Fund Manager are subject to the Capital Market Law (CML), and its Implementing Regulations as well as other relevant laws and regulations applicable in the Kingdom of Saudi Arabia.

3) Investment Policies and Practices

a. The fund's investment objectives

SNB Capital North America Index Fund is a Shariah compliant open-ended index investment fund, which aims to achieve long-term capital growth by seeking to replicate as closely as possible, the performance of the MSCI North America Islamic M-Series (Net Total Return USD).

b. Types of securities in which the fund will invest in primarily

The Fund primarily invests in the stocks of large-medium cap segment listed in North American companies. The Fund's investments will be concentrated in the stocks of companies listed on US and Canadian markets.

c. Investment concentration policy

The Fund invests in Shariah compliant financial instruments. The limits of the Fund's Investments will be as a percentage of the Net Asset Value as shown in the table below in sub-paragraph (d) of paragraph (3) "Investment Policies and Practices".

d. A table shows the percentage of investment in each investment field

| Asset Class | Minimum Limit | Maximum Limit |
|--|---------------|---------------|
| Listed Equity | 90% | 100% |
| Cash, Murabaha transactions and Money Market Funds | 0% | 10% |
| Investment funds track similar Index | 0% | 10% |



e. The markets in which the investment fund intends to invest in

The Fund invests in North American Equity Markets.

f. Investment of the Fund Manager in Fund's units

The Fund Manager or any of its affiliates may, at their sole discretion, invest in the Fund, and reserve the right to reduce their participation partially or fully, as they deem fit. Total investments will be disclosed, if any, quarterly and the Fund Manager will be treated as a Unitholder without bias in accordance with Article (15) "Fund's Subscriptions" of the Investment Funds Regulations.

g. Transactions and methods used for investment decisions purposes

The Fund is managed pursuant to an index-linked passive strategy that is designed to track the performance of MSCI North America M-Series (Net Total Return USD). The Fund aims to achieve a performance similar to that of the index through investing all or most of its assets in the stocks included in the index, with the investment weight in each share that is approximately equal to its weight in the index or by using a representative sample, provided that the Fund's Investments in the securities of a single issuer shall not exceed 20 % of Fund's net assets value, and that the Fund shall not hold more than 20% of its net asset value in any class of securities issued by one single issuer. In addition, the Fund Manager will rebalance based on the changes that may occur in the index components.

Excess cash balance may be held in cash or in Shariah complaint money market funds that invest in money market and Murabaha and/or invested in Murabaha transactions without charging Unitholders an extra fee.

h. Securities that will not be included in the fund's investments

The Fund will not invest in asset classes other than those mentioned in paragraph (3) "Investment Policies and Practices" of these Terms and Conditions and will comply with Shariah guidelines set by Shariah Committee.

i. Investment limitations

The Fund will comply with the applicable restrictions set out in Article (41) "Investment Limitations" of the Investment Funds Regulations and will comply with Shariah guidelines set by Shariah Committee.

j. Investment of the fund's assets in investment fund units managed by the Fund Manager or other fund managers

The Fund may invest in investment funds having the same strategy and tracking the same index and / or in money market funds approved to be publicly offered by CMA or licensed by other authorities provided that such funds are subject to jurisdiction that employs regulatory standards and requirements at least equivalent to those applied to investment funds domiciled in Saudi Arabia.

k. Lending and financing powers

The Fund may obtain Shariah compliant finance for investment purposes provided that such financing shall not exceed 10% of its asset value and the term shall not exceed one year, except for Shariah compliant financing to meet redemption requests. The Fund will not pledge any of its assets.

l. Maximum limit for dealing with any counterparty

Not applicable.



m. Risk Management Policy

The investment decisions taken by the Fund Manager shall be consistent with prudent investment practices that meet the Fund's investment objectives set out in the Fund's Terms and Conditions, including the following:

- Maintain liquidity to meet any expected redemption request from the Investment Fund.
- The Fund's Investments are based on cautious risk allocation without breaching the investment objectives, policies and Terms and Conditions of the Fund.
- Provide the Fund Board with periodic reports on the Fund's operational risk, and risk of violating investment restrictions.

n. The benchmark

MSCI North America M-Series Index (Net Total Return USD), which is an index based on the weighted average free float adjusted market capitalization index to measure the performance of Shariah compliant large and medium cap segment companies that are listed in the US and Canadian markets.

The Unitholders may monitor the benchmark performance through the fund's manager website: www.alahlicapital.com. The benchmark service and its data are provided by (MSCI Inc.).

o. Derivatives

The Fund will not invest in derivatives of securities.

p. Waivers approved by Capital Market Authority for any investment limits and restrictions

None.

4) The Main Risks of Investing in the Fund

- a. The Fund is considered to be of high risk, and SNB Capital gives no assurance that any appreciation in the value of the Fund's Investments will occur, or that the value of the Fund's underlying investments and the income derived from them may go down. SNB Capital gives no assurance that the Fund's investment objectives will be achieved.
- b. The past performance of the Fund or the Benchmark is not an indication of the Fund's performance.
- c. The Fund does not guarantee that its absolute performance or its performance relative to the Benchmark will be repeated or similar to any past performance.
- d. Investment in the Fund is not a deposit with any local bank that promotes or sells securities or affiliated with the Investment Fund or the Fund Manager. Therefore, Unitholders might lose some or all of their investments.
- e. The value of the Units and their returns are subject to fluctuations. Investors may not be able to recover some or all of their investments; people are advised to invest in the Fund only if they are able to afford the loss, which can sometimes be substantial.
- f. The following is a list of the main potential risks associated with investing in the Fund, the risks exposed to the Fund and any circumstances likely to affect the Net Asset Value and returns of the Fund, noting that the mentioned risks below might not represent all risk factors related to investing in the Fund units:
 - 1. **Equity Market Risk:** Investing in equity market is usually associated with high market volatility, as well as the possibility of a significant and sudden decline in the value of investments, and may lead to the possibility of significant loss of part of the invested capital and the negative impact on the Unit price. The risk of equity investments is therefore higher than the risk of investing in money markets, Murabaha and other short-term investment instruments.



2. **Concentration Risk:** The risk of the Fund investments being concentrated in some companies and market sectors which will render the Fund's performance vulnerable to high volatility due to changes in the conditions of the investee companies and sectors, which may adversely impact the Fund's performance.
3. **Issuer Specific Risk:** This includes changes in the performance of the issuer due to changes in management or financial conditions of, or demand on the products or services offered by the issuer, which may cause its share price to decline, and consequently adversely affect the Fund performance and unit price.
4. **Geopolitical Risk:** This is the risk of changes in political conditions and applicable laws in the countries in which markets the Fund is investing or in neighbouring countries, which may have adverse impact on the Fund's performance.
5. **Economic Risk:** This is the risk of changes in the economic conditions such as recession, inflation, and decrease in oil prices, which may have adverse effect on the Fund's performance.
6. **Currency Risk:** The Fund's Investments may be denominated in currencies other than its base currency. The value of financial instruments will fluctuate due to a change in foreign exchange rates between subscription and redemption. Accordingly, the value of the Fund's assets may be affected unfavourably by fluctuations in currency exchange rates.
7. **Interest Rate Risk:** The risk that the value of Investments may fluctuate due to changes in interest rates, as a result of which the value of securities and the prices of shares may be adversely affected.
8. **Liquidity Risk:** The risk of investment in illiquid shares of companies which may difficult at certain times to monetize at favourable prices to meet the Fund liquidity requirements, which may have adverse impact on the Fund's performance in case of sale. Liquidity of investments may be low in some periods due to which valuation of Fund's investments may become more difficult. Reduced market liquidity may adversely affect the market price of the Fund's investments and the Fund's ability to dispose of particular investments to meet its liquidity requirements.
9. **Financing Risks:** In case the Fund Manager borrow for the purpose of investment, the Fund may not be able to repay the amounts borrowed on time for reasons beyond the control of the Fund Manager, which may result in late payment fees or cause the Fund Manager to sell some of the Fund investments, which could affect the Fund's assets, which will negatively impact the unit prices.
10. **Risks of Investment in Other Funds:** The other investment funds in which the Fund invests may be exposed to risks similar to those set out in this paragraph, which may adversely affect the Fund's performance and the Unit price.
11. **Risk of Suspension of Trading:** Non-compliance by companies listed with the relevant Law and its implementing regulations may lead to suspension of trading of the shares of such companies, which may adversely affect the value of the Fund's assets and consequently on unit price.
12. **Risk of Heavy Redemptions:** This is the risk of large redemptions by Unitholders which may cause the Fund Manager to liquidate assets of the Fund at less favourable prices, which leads to reducing the value of the fund's assets and lower unit price.
13. **Shariah Compliant Investment Risk:** The Shariah Committee of the Fund will determine whether the Fund and its investments are in line with Islamic Shariah principles. However, the Shariah Committee may decide that some Investments are prohibited, which may entail liquidation of such Investments or loss of returns which may cause the Unit price to decline.
14. **Risks of dependence on the Fund Manager's Personnel:** The Fund's performance depends largely on the capabilities and skills of the Fund Manager's employees, which may significantly affect the Fund's performance in the event of resignation or absence of any one of them and failure to secure a suitable alternative.



- 15. Conflict of Interest Risk:** This risk arises in situations that affect the objectivity and independence of the Fund Manager's investment decisions due to a personal interest. This may adversely impact the Fund's performance and Unit price.
- 16. Natural Disaster Risk:** These include volcanoes, earthquakes, hurricanes, floods and natural phenomena which are beyond the control of the Fund Manager, and cause considerable damage to property and assets. Natural disasters may adversely affect the various economic and investment sectors, which may lead to decline in the Fund's performance and the Unit price.
- 17. Benchmark Tracking Risk:** The Fund may not achieve a return in conformity with the index given the commitment of the Fund Manager to regulatory requirements which may limit its ownership in some companies. The return on the securities and other investments selected by the investment adviser may not correlate precisely with the return on the Index. The Fund incurs operating expenses are not taken to account in the performance of the index bearing the sale and purchase of securities costs. The Fund may keep excess cash as cash or cash equivalent to meet redemption requests. In addition, increase subscription and / or redemption of the Fund's ability to accurately track the index.

5) Mechanism for Assessing Risks

The fund manager acknowledges the existence of an internal risk assessment mechanism for the Fund's assets.

6) Targeted Class for Investing in the Fund

The Fund targets investors, who seek an index-linked passive strategy that is designed to track the performance MSCI North America M-Series (Net Total Return USD).

7) Investment Restrictions / Limitations

The Fund will comply with the restrictions set out in Article (41) "Investments Limitations" of the Investment Funds Regulations applicable to the Fund, and guidelines set out by the Shariah Committee.

8) Currency

The Fund currency is the US Dollar. In case of subscription in currencies other than the US Dollar, the exchange rate used will be subject to the prevailing exchange rates and the Unitholders will bear any exchange rate fluctuation.

9) Fees, Charges and Expenses

a. Details on all payments from the assets of the investment fund, and the method for calculating them

- **Management Fees:** The Fund Manager will charge an annual management fee of 0.30% of the Net Asset Value of the Fund calculated proportionally on each Valuation Day and deducted monthly. If the Fund invests in other funds managed by SNB Capital, the management fees will be rebated or waived to avoid double charges. The investment management fee is subject to VAT, the Fund will separately pay it to the Fund Manager at rates prescribed by the VAT Law and its implementing regulations.
- **Shariah-Compliant Financing Charges:** If applicable, will be charged to the Fund at the prevailing market rates, and calculated on each Valuation Day and paid according to the requirements of the financier.



- **Dealing (Brokerage) Fees and Charges:** Brokerage fees or any other trading fees will be paid by the Fund directly at levels determined by local regulations or the dealing broker in the markets in which the Fund purchases or sells. These amounts will vary depending on the turnover of the Fund's assets and the volume of transactions.
- **Other Fees and Expenses:** The Fund Manager reserves the right to charge the Fund any other actual fees and expenses, allowed to be charged by regulations, such as custody fees, auditor fees, remuneration of independent directors of the Fund Board, Shariah Committee services fee, CMA fees, Tadawul fees, as well as administrative, data processing and operational expenses. The other fees and expenses will be reviewed by the Fund Manager on quarterly basis (every three months) and will not exceed 0.5% of the average value of the Fund's assets during the financial year, and they are as follows:
 1. **Custody and Accounting Fees:** The annual custody fee ranges from (0.15 to 60) bps from the total Fund assets under custody. In addition, a transaction fee will be charged for each transaction ranging from (5 to 190) USD, depending on the market in which the Fund invests in. The Fund is charged with accounting fees of (1.5) bps if the Fund size is USD 100 million or less. If the Fund size exceeds one USD 100 million, the Fund will be charged 1.25 basis points. The custody fees and accounting fees calculated on each valuation day and deducted monthly from the Fund.
 2. **Remuneration of the Independent Fund's Board Members:** Each independent member of the Fund Board receives USD 37,333.33 annually, divided by the number of open-ended funds managed by the Fund Manager and supervised by the Board.
 3. **Auditor's Fees:** USD 8,684.80 annually, calculated on each Valuation Day and deducted monthly.
 4. **Shariah Committee Services Fees:** USD 7,200 annually, calculated on each Valuation Day and deducted monthly.
 5. **Capital Market Authority Fees:** USD 2,000 annually, calculated on each Valuation Day and deducted monthly.
 6. **Publishing Fund's Information on Tadawul Website Fees:** USD 1,333.33 annually, calculated on each Valuation Day and deducted monthly.
 7. **Administrative, Data Processing and Operational Expenses:** Charged to the Fund based on the percentage of the Fund's assets over all public funds assets under management

All fees, charges, commissions and expenses payable to SNB Capital and other service providers will be exclusive of VAT, which the Fund shall separately pay to the Fund Manager according to rates set by the VAT law and its implementing regulations.

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

| Type of Fee/ Expense | Percentage/Assigned Amount in USD | Calculation Method | Frequency of the Payment |
|--------------------------------------|---|----------------------------------|--------------------------|
| Management Fees | 0.30% annually | Calculated on each Valuation Day | Deducted Monthly |
| Shariah-Compliant Financing Charges | Based on the prevailing market rates and the requirements of the financier. | | |
| Dealing (Brokerage) Fees and Charges | Based on the turnover of the Fund's assets and the volume of operations. | | |



| Type of Fee/ Expense | Percentage/Assigned Amount in USD | Calculation Method | Frequency of the Payment |
|---|--|---|--------------------------|
| Other Fees and Expenses* | | | |
| Custody Fees | 0.0015% to 0.60% annually | Calculated on each Valuation Day from the Fund's assets. | Deducted Monthly |
| Accounting Fees | 0.015% to 0.0125% annually | Calculated on each Valuation Day from the Fund's assets. | Deducted Monthly |
| Auditor's Fees | USD 8,684.80 annually | Calculated on each Valuation Day from the Fund's assets. | Deducted Monthly |
| Remuneration of the Independent Fund's Board Members | USD 37,333.33 annually (for each independent member) | Calculated on each Valuation Day from the Fund's assets and divided by the number of open-ended public investment funds | Deducted Monthly |
| Shariah Committee Services Fees | USD 7,200 annually | Calculated on each Valuation Day from the Fund's assets. | Deducted Monthly |
| Capital Market Authority Fees | USD 2,000 annually | Calculated on each Valuation Day from The Fund's assets and deducted on a monthly basis | Deducted Monthly |
| Publishing Fund's Information on Tadawul Website Fees | USD 1,333.33 annually | Calculated on each Valuation Day from the Fund's assets. | Deducted Monthly |
| Administrative, Data Processing and Operational Expenses | Estimated and revised on a quarterly basis | Calculated on each Valuation Day from the value of all the public funds' assets under management. | Deducted Monthly |
| *Other Expenses will not exceed 0.50 % of the annual average value of the Fund's assets, and the Fund Manager will carry out a quarterly review (every three months) of all the expenses charged to the Fund. | | | |
| The Fund Manager acknowledges that there are no fees or charges other than those mentioned above, and that the Fund Manager will be liable for any other fee not disclosed to the unitholders. | | | |



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

The following table shows a hypothetical investment of an investor who would make an investment of USD (27) Million which has not changed throughout the year, and that the size of the fund at this period amounts is USD (27) Million; with a 5% return on investment:

| Description | Fees Percentage of the Total Assets | Fees Amounts as of a Percentage the Total Assets (Annually) in USD *(Estimated Amount)* |
|--|--|--|
| Hypothetical Investor Investment | | 27,280,000.00 |
| Subscription Fees + VAT | 2%+15% | (613,333.33) |
| Net Investor Investment | | 26,666,666.67 |
| Return + Units' Value of the Investor | %5.00 | 28,000,000.00 |
| Management Fees | %0.30 | (80,000.00) |
| Dealing (Brokerage) Fees and Charges | %0.00 | (0.00) |
| Custody and Accounting Fees | %0.02 | (5,333.33) |
| Remuneration of the Independent Fund's Board Members | %0.02 | (6,222.22) |
| Auditor's Fees | %0.03 | (8,684.80) |
| Shariah Committee Services Fees | %0.03 | (7,200.00) |
| Capital Market Authority Fees | %0.01 | (2,000.00) |
| Publishing Fund's Information on Tadawul Website Fees | %0.00 | (1,333.33) |
| Administrative, Data Processing and Operational Expenses | %0.01 | (2,666.67) |
| Total Fees and Expenses | %0.43 | (113,440.35) |
| VAT on Total Fees and Expenses | %15.00 | (17,016.05) |
| Net Unit's Value of the Investor | | 27,869,543.60 |

d. Details on charges imposed for subscription, redemption and ownership transfer

- **Subscription Fees:** The Fund Manager will deduct up to 2% of the subscription amount upon each subscription transaction in the Fund, after which the balance will be invested in the Fund. The Fund Manager reserves the right to waive all or part of the Subscription Fee at its sole discretion. The net amount will be invested in the Fund after deducting the Subscription Fees. The Subscription Fee is subject to VAT. The Subscription Fee is exclusive of VAT, which the Investor shall separately pay to SNB Capital, at rates prescribed by the VAT Law and its implementing regulations.

e. Fund Manager policy on rebates and special commissions

The Fund Manager may enter into special commission arrangements that are limited to goods and services, which the Fund Manager may obtain, provided that they are related to the execution of



transactions on behalf of the Fund, or to the provision of research in favor of the Fund, in accordance with the Capital Market Institutions Regulations.

f. Information regarding Tax and/or Zakat

The VAT is applied to the Fund in accordance with the VAT Law and its implementing regulations. The Fund Manager shall not pay Zakat on behalf of the unitholders.

g. Special commission concluded by the Fund Manager

The Fund Manager may enter into special commission arrangements that are limited to goods and services, which the Fund Manager may obtain provided that they are related to the execution of transactions or research services on behalf of the Fund in accordance with the Capital Market Institutions Regulations.

h. Hypothetical example illustrating all fees, charges paid from The Fund's Assets or unitholders based on the currency of the fund

Please refer to sub-paragraph (c) from paragraph (9) of these terms and conditions.

10) Valuation and Pricing

a. Valuation of Fund Assets

- The total value of the Fund's assets is calculated based on the last closing prices of the underlying securities owned by the Fund on the Valuation Day in addition to any accrued profits.
- Investments in unlisted securities will be valued based on the investment cost in addition to any accrued profits for the period up to the valuation date.
- Investments in other investment funds will be valued based on the latest unit price declared by the investee Fund.

b. Frequency of valuation and number of valuation points

The value of the Fund's assets shall be valued at the end of each day (from Monday to Friday) provided that they are Business Day for the Sub-Manager, on the basis of the latest closing stock prices available on that day, unless the markets are closed on that day, in which case the valuation shall be held on the next Valuation Day, and the Unit price shall be announced on next Business Day in the kingdom following the Valuation Day except Fridays, where the unit price for Friday will be announced on Monday provided it is a working day in Saudi Arabia.

c. Actions to be taken in case of mis-valuation or mis-pricing

In the event of incorrect valuation or mispricing of any asset of the Fund or in case of calculations errors to the unit price, the Fund Manager and Operator shall:

- The fund operator must record each instance where an asset of the public fund is valued incorrectly or the price of a unit is calculated incorrectly.
- The fund operator must compensate all harmed unitholders (including former unitholders) as soon as reasonably practicable for all valuation or pricing errors.
- The fund manager must immediately report to the Authority any valuation or pricing error of (0.5%) or more of the price of a unit and disclose it immediately on its website and any other website available to the public according to the controls set out by the Authority and in the public fund's reports prepared in accordance to articles (76) of Investment Funds Regulations.
- The fund manager, in its reports to the Authority pursuant to Article (77) of Investment Funds Regulations., must provide a summary of all valuation and pricing errors.



d. Method for calculating the unit price

The Unit price will be calculated using the total value of the Fund's assets mentioned above in subparagraph (a) of paragraph (10) "Valuation and Pricing", including the profits due, profits to be collected and the reinvested dividends of the Fund, and deducting management fees after deduction of all expenses and fixed obligations and any expenses due; then, divide the result by the total number of Units that exist at that time.

In exceptional or contingency cases in which the Fund Manager reasonably determines that a significant portion of the Fund's assets cannot be assessed reliably, the valuation of the Fund's assets may be delayed until such interim action is subsequently reviewed by the Fund Manager.

The Net Asset Value of the Fund is calculated as follows:

1. All expenses, fixed charges and operating expenses are calculated on a daily basis of the total assets and are deducted on the valuation date.
2. Management fees are calculated and deducted from the output of the previous step and the result is the Net Asset Value of the Fund.

The two previous steps can be summarized in the following equation:

Net Asset Value of the Fund = (Total Asset Value - Fixed Fees and Actual Operating Expenses) - (Management Fees).

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

The Unit prices will be announced on next Business Day following the Valuation Day on the Fund Manager's website: www.alahlicapital.com and on Tadawul website: www.Tadawul.com.sa and any other website available to the public according to the controls set out by the Authority.

11) Dealings

a. Details of the initial offer and unit price

The Fund's Units were launched in March 1999 and the unit price at the beginning of the offering was one US Dollar.

b. Date and deadline for submission of requests for subscription, redemption and the responsibilities of the fund manager and operator in relation to these requests

- **Fund manager and operator responsibilities in relation to subscriptions and redemption requests:**
 - Subscription and Redemption requests can be submitted on every Dealing Day. The request will be processed based on the Unit price of the nearest dealing day if the request was submitted prior to the deadline for subscription and redemption requests, as demonstrated in the Terms and Conditions.
 - The operator shall execute the subscription and redemption requests and pay the redemption proceeds in accordance with the terms and conditions of the Fund, in a manner not inconsistent with the Investment Funds Regulations.
- **Subscriptions requests:**

All subscriptions made in US Dollars must be paid before or at 12:30 pm of the Dealing Day in order to start participating in the Fund on the Dealing Day. Applications submitted after 12:30 on a Business Day prior to the Dealing Day will be processed on the next Dealing Day. Subscriptions, redemptions or transfers requests can be made through alternative distribution points (the Fund Manager's phone or website). Subscriptions made through other forms of payment, such as checks and transfers, may



require additional time to settle and collect them, and they will be invested in the Fund as of the Dealing Day following the collection date.

- **Redemption requests:**

Redemptions may be made on any Dealing Day provided that a written notice of the redemption is received before or at 12:30 pm on the Business Day preceding the targeted Dealing Day. And in case of redemption requests after 12:30 pm, redemption will be carried out by the Fund on the next Dealing Day. If the Dealing Day happened to fall on an official holiday in Saudi Arabia, redemption requests will be accepted on the next Dealing Day.

c. Subscription, redemption and ownership transfer procedures and the period between request for redemption and payment of redemption proceeds

- **Subscription procedures:**

When subscribing to a Fund, the client signs the Subscription Form, and the Fund's Terms and Conditions through one of the branches. Subscriptions can also be made through alternative channels via website or phone provided by the Fund Manager, the subscription amount is then deducted from the client's account. Individual Investors must present a valid personal identification such as the national identity card (for Saudis) or iqama (for non-Saudis). Legal entities (companies and institutions) must provide a signed company letter as well as a copy of the company's commercial registration, in addition to other documents required by the Fund Manager depending on the type of company or institution.

- **Redemption procedures:**

The Unitholder may submit a partial or full redemption request at any time by providing a written notice, or by filling out and delivering the Redemption Form which can be obtained from certain branches or through alternative channels (the Fund Manager's phone or website). The Unitholder must present a valid national identification card or valid iqama card if he wishes to redeem through branches. The Unitholder must also determine whether he wishes to recover the value of his Units in full or in part. If the Unitholder submits a partial redemption request and the total value of its Units falls below the required partial redemption amount, the Fund Manager has the right to refuse the redemption on the targeted day without any liability to the Fund Manager. The Investor then must file a new redemption request to be executed on the next Dealing Day.

- **Redemption by Fund Manager:**

The Fund Manager reserves the right to redeem units sold to any investor in full or in part, with notice to the investor later if he believes that such subscription may result in a violation of CMA regulations and / or other applicable regulations and / or Terms and Conditions of the Fund without holding the Fund Manager liable.

- **The period between the redemption request and the payment of redemption proceeds:**

Redemption proceeds shall be available to the unitholder by no later than the close of business on the fourth day following the valuation point at which the redemption price is determined.

- **Transfers between two funds:**

Transfers between two public open-ended SNB Capital funds is a single transaction consisting of two parts: redemption and subscription. Based on this, the redemption process is carried out in accordance with the above "Redemption Requests" section, and then the subscription process is done



according to the "Subscription Requests" form of the other Fund. Upon request of the transfer, the Investor must fill in the transfer form and submit it to the customer service representative in the branch accompanied by his/her personal identification, or transfer through alternative channels.

d. Restrictions on dealing in units of the fund

The Fund Manager shall comply with the provisions of the Investment Funds Regulations and with these Terms and Conditions when executing subscription and redemption requests.

e. Circumstances in which dealing in units may be deferred or suspended, and the procedures followed in those cases

• **Deferring redemption request:**

The Fund Manager may postpone the execution of any redemption request until the next dealing day if the total unitholder redemption requests on any trading day equals or exceeds 10% of the Fund's Net Asset Value. Deferred redemption requests will be processed on pro-rata basis on the nearest dealing day. The Fund Manager, acting in good faith, will pay the redemption proceeds to the unitholders at the earliest practicable opportunity.

• **The Fund Manager suspends dealing in the fund's units in the following cases:**

- The fund manager must suspend the subscription and redemption of units if the Authority orders any such suspension.
- If the fund manager reasonably believes that any such suspension is in the best interests of the unitholders in the fund.
- If there has been a suspension of dealing on the principal market in which the securities or other assets held by the fund are dealt, either in general or in relation to assets of the fund which the fund manager reasonably believes to be material to the net asset value of the public fund.

• **Procedures to be taken by the Fund Manager in case of suspension of dealing in the fund's units:**

- ensure that any suspension continues only for as long as it is necessary and justified having regard to the best interests of the unitholders.
- Review the suspension on a regular basis and shall consult with the fund's board of directors, the custodian and the fund operator on a regular basis regarding that.
- Notify both the Authority and the unitholders immediately of any suspension, and give the reasons for the suspension, and shall similarly notify both the Authority and the unitholders as soon as the suspension ends and disclose it on its website and any other website available to the public according to the controls set out by the Authority.
- the Authority shall have the power to lift such suspension if the Authority believes that to do so is in the best interests of unitholders.

• **Rejection of Subscription Requests:**

The Fund Manager may reject any request to subscribe in the Fund if such subscription would violate CMA regulations or the Anti-Money Laundering Regulations. The Fund Manager may also cease to accept subscription applications if the increase in subscriptions into the Fund would adversely affect current unitholders.

f. Procedures of selecting redemption requests to be deferred

If redemptions are deferred, the Fund Manager will follow fair and unbiased procedures in selecting the redemption requests to be deferred in accordance with the requirements of Article (66) "Deferring Redemption" of the Investment Funds Regulations.



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

The transfer of Units to other investors is governed by the CML, its implementing regulation and related regulation in the Kingdom of Saudi Arabia.

h. Minimum ownership

- Minimum Subscription: USD 2,000.
- Minimum Additional Subscription: USD 1,000.
- Minimum Redemption: USD 1,000.
- Minimum Ownership of Fund Units: USD 1,000.

i. The minimum amount that the Fund Manager intends to raise, and the actions to be taken in case of not reaching that minimum

There is no minimum amount that the Fund Manager intends to collect.

12) Distribution Policy

The Fund does not distribute any periodic profits to unitholders.

13) Reporting to Unitholders

a. Information related to the financial reports

- The fund manager must publish the quarter statement in accordance with the requirements of Annex (4) within a period not exceeding (10) days from the end of such quarter, in such locations and by such means as specified in the Fund's Terms and Conditions as well as on the fund manager's website and the Exchange's website or any other website available to the public according to the controls set out by the Authority. Also, it must be provided to unitholders on request and without charge.
- The interim financial statements must be prepared and made available to the public within a period not exceeding (30) days from the end of the period to which the statements relate in such locations and by such means as specified in the Terms and Conditions, as well as in the fund manager website and the Exchange's website or any other website available to the public according to the controls set out by the Authority.
- The fund manager must prepare the annual reports that include (audited annual financial statement) in accordance with the requirements of Annex (3) of the Investment Funds Regulations. Also, it must be provided by the fund manager to unitholders on request and without charge. The annual reports must be made available to the public no later than (3) months from the end of the period to which the report relates in such locations and by such means as specified in the Terms and Conditions as well as on the fund manager's website and the Exchange's website or any other website available to the public according to the controls set out by the Authority.
- The fund manager must make available for inspection by unitholders the current net asset value of the public funds to which it is fund manager free of charge, and all historical net asset value figures at the registered offices of the fund manager.

b. Locations and means of making fund's reports available

Annual reports of the Fund, including the financial statements, will be available on the Fund Manager's website: www.alahlicapital.com and Tadawul's website: www.Tadawul.com.sa or on any other website available to the public according to the controls set out by the Authority. Other notices, if any, are sent to the postal address and/or e-mail and/or as a SMS and/or by fax as indicated in the records of the Fund Manager.



c. Means of making the fund's financial statement available

The fund's audited annual financial statements shall be available to the unitholders and the potential unitholders free of charge on the Fund Manager's website: www.alahlicapital.com and Tadawul's website: www.Tadawul.com.sa or on any other website available to the public according to the controls set out by the Authority.

d. The fund manager acknowledges providing the audited financial statements at the end of each financial year.

e. The fund's audited annual financial statement are available to the unitholders free of charge and upon request.

14) Unitholders Register

a. Statement regarding the maintenance of an up-to-date register of unitholders in the kingdom

The Fund Manager and Operator are responsible for preparing an updated unitholders Register in accordance with the requirements of the Investment Funds Regulations, and to be kept in the Kingdom of Saudi Arabia and treated with the utmost confidentiality. The unitholders Register of represents a conclusive evidence to proof the ownership of the units.

b. Statement of details on the unitholders register

The unitholder can obtain a summary of the register (which will include all the information only related to the unitholder) and in the means determined in Fund's Terms and Conditions.

15) Meeting of Unitholders

a. Circumstances in which a meeting of unitholders is called

The Fund Manager may call for a unitholders meeting in the following cases:

- Initiative by the Fund Manager.
- The fund manager must call for a meeting of unitholders within (10) days of receiving a written request from the custodian.
- The fund manager must call for a meeting of unitholders within (10) days of receiving a written request from the unitholder or unitholders own collectively or individually at least (25%) in value of the units in the fund.

b. Procedures for calling a meeting of unitholders

The Fund Manager abides by Article (75) "Meetings of Unitholders" of the Investment Funds Regulations. The fund manager shall call for a meeting of unitholders by announcing it on its website and any other website available to the public according to the controls set out by the Authority, and by sending a notice in writing to all unitholders and the custodian giving not less than (10) days' prior notice of the meeting and not more than (21) days' notice before the meeting. The announcement and notice must specify the date, place, time and agenda of the meeting and the resolutions proposed. The fund manager must at the same time as sending a notice to unitholders convening any meeting of unitholders also send a copy of any such notice to the Authority. The quorum required to conduct a meeting of the unitholders shall be a such number of unitholders own collectively at least (25%) in value of the units in the fund. If the quorum requirements are not met, the fund manager must call for a second meeting by announcing it on its website and any other website available to the public according to the controls set out by the Authority and shall send a notice in writing to all unitholders and the custodian giving not less than (5) days' notice



of the second meeting. The second meeting is considered valid regardless of the percentage of units represented in the meeting.

c. The manner in which unitholders' cast their votes and their voting rights at meetings

- **Voting Method:** Every unitholder may be entitled to appoint a proxy to represent such unitholder at a meeting of the unitholders. Every unitholder may be entitled to exercise one vote at the meeting of the unitholders for each unit which the unitholder holds as at the time of the meeting. The Fund Manager may conduct the unitholders meetings and its deliberations and voting on decisions through modern technology.
- **Voting rights in the unitholders meeting:** Each unitholder is entitled to exercise all rights associated with their units, including obtaining their approval for any changes that require their approval in accordance with the Investment Funds Regulations.

16) Unitholders' Rights

a. A List of unitholders rights

- Receive an updated copy of the Terms and Conditions of the Fund in Arabic free of charge.
- Receive the Fund's reports and data in accordance with paragraph (13) "Reporting to Unitholders" of the Fund's Terms and Conditions and in accordance with Article (76) "Reporting to Unitholders" of the Investment Funds Regulations.
- Notify the Unitholders of any fundamental and non-fundamental changes in the Terms and Conditions of the Fund. Also, send a summary of these changes before they become effective, depending on the change's nature, and the period specified in the Investment Funds Regulations.
- Obtain the unitholders consent through an Ordinary Fund Resolution on any fundamental changes to the Fund's Terms and Conditions.
- Managing the Fund's assets by the Fund Manager to the best interest of the unitholder in accordance with the Terms and Conditions of the Fund and the Investment Funds Regulations.
- Managing the Fund's business and the Investments of its participants by the Fund Manager with the highest degree of confidentiality at all times. This does not limit the right of the Fund's regulatory authority (CMA) to access the Fund's records for regulatory purposes. The unitholder's information will not be shared except when necessary to open the investor's account, execute its operations, and comply with the applicable policies with the competent regulatory authorities or if the sharing of such information is in the interests of the unitholders.
- Receive an updated version of the Fund's Terms and Conditions on annual basis showing the actual fees and commissions of the Fund upon request.
- Notify the unitholders, in writing, of the Fund Manager desire to terminate the Fund at least (21) days prior to the intended date for terminating the fund, without prejudice to the Fund's Terms and Conditions.
- Payment of redemption proceeds within the period specified in the Terms and Conditions of the Fund and in the Investment Funds Regulations.
- Unitholders have the right to redeem their units before any fundamental or non-fundamental changes occur without imposing redemption fees.
- Any other relevant rights imposed by the CMA regulations and instructions applicable in the Kingdom of Saudi Arabia.

b. Fund Manager's policy regarding voting rights associated to any assets of the fund

The Fund Manager's policy regarding voting rights is available on the Fund Manager's website and the Tadawul website.



17) Unitholders' Liability

The Unitholders acknowledge and agree to the following:

- The Fund Manager does not make any guarantees relating to the performance or profitability of any Investment managed in the Fund, and the Fund Manager will have no legal or consequential liability for any decline in the value of the managed Investments or the Fund's assets except those resulting from negligence, infringement or omission.
- Other than losing his\ her investment in the fund or part of it, the unitholder shall not be liable for the debts and obligations of the fund.
- In the event that the unitholders does not provide the Fund Manager with the correct postal and/ or electronic mail and other contact information, the unitholders agree to withhold the Fund Manager and exempt him from any liability and waive all their rights and any claims from the Fund Manager arising directly or indirectly from the failure to provide the unitholder with the statement of account, notices or other information relating to the investments or those arising from the inability of the unitholders to respond or verify the information or correct any alleged errors in the statement of account or notice or any other information.
- If the unitholder is subject to the laws of an authority other than the Kingdom of Saudi Arabia, he/ she shall be subjected to such laws without any obligation on the Fund or the Fund Manager.

18) Units Characteristics

The Fund will have one class of units with equal rights and liabilities.

19) Changes to the Fund's Terms and Conditions

a. Provisions governing changes to the fund's terms and conditions, including any approvals and notification

The Fund Manager shall comply with the provisions of the Investment Funds Regulations related to changes to the terms and conditions of the public funds. Those changes are divided into two main changes, namely fundamental changes, and non-fundamental changes.

• Fundamental Changes:

- The fund manager must obtain the consent of the unitholders in the fund to the proposed fundamental change by way of an ordinary fund resolution.
- The fund manager, having obtained the approval of the must obtain the consent of the Authority and ensures the approval of shariah committee to the proposed fundamental change.
- The fund manager must obtain the fund board approval before carrying out any fundamental change.

"Fundamental Change" means:

1. A change which significantly changes the purposes, nature or class of the fund.
2. A change which alters the risk profile of the public fund.
3. The voluntary withdrawal of the fund manager from its position as the fund manager.
4. Any other instances determined by the Authority from time to time and reported to the fund manager.



- **Non-fundamental Changes:**

- The fund manager must notify the Authority and unitholders, and disclose on its website and any other website available to the public according to the controls set out by the Authority regarding any non-fundamental changes in the fund (10) days before the change becomes effective.
- The fund manager must obtain the fund board approval before carrying out any non-fundamental change.

“Non-fundamental Change” means:

1. Any change, excluding Article (62) provisions of the Investment Fund Regulations.

- b. Procedures to be employed on notifying changes to the fund's terms and conditions**

- The fund manager must send a notification to the unitholders and disclose the details of the Fundamental Changes on its website and on any other website available to the public according to the controls set out by the Authority (10) days before the change becomes effective.
- The fund manager must send a notification to the CMA and unitholders and disclose the details of the Non-Fundamental Changes on its website and on any other website available to the public according to the controls set out by the Authority (10) days before the change becomes effective.
- Details of all Fundamental Changes and Non-Fundamental Changes must be included in the next fund report prepared by the fund manager pursuant to Article (76) of Investment Fund Regulations.
- The unitholders have the right to redeem their units before any fundamental or non-fundamental change takes effect without imposing any redemption fees (if any).

20) Termination of the Fund

- a. Events of which will result in the termination of the investment fund**

- The fund manager desires to discontinue and terminate the Fund.

- b. Procedures to terminate the fund under the article (22) of the Investment Funds Regulations**

- For the purpose of terminating a fund, the fund manager must prepare a plan and procedures for the termination of the fund consistent with the unitholders interests and must obtain the fund board of directors' approval on such plan and procedures prior to carrying out any procedure in this regard.
- The fund manager must notify the Authority and the unitholders, in writing, of the details of the plan and procedures for the fund termination at least (21) days prior to the intended date for terminating the fund, without prejudice to the Fund's Terms and Conditions.
- The fund manager must notify the Authority and unitholders, in writing, regarding the fund's termination within (10) days from the end of the fund term in accordance with the requirements in Paragraph (d) of Annex (10) of the Investment Funds Regulations.
- The fund manager must treat all unitholders equally during the fund termination process.
- The gradual sale of the fund's assets.
- The fund manager must immediately upon the end of fund term distribute the dues of the unitholders among them, without delay and in a manner that does not conflict with the interest of unitholders and the Fund's Terms and Conditions.
- Notify the parties contractually related to the fund of the termination of the fund.
- Remove the fund's information from the fund manager's website and the market's website (Tadawul).
- The fund manager must disclose, on its website and the Exchange's website or any other website available to the public according to the controls set out by the Authority, regarding end of term of the fund.



- The fund manager must provide the unitholders with the fund termination report, in accordance with the requirements of Annex (14) of the Investment Funds Regulations within a period not exceeding (70) days from the date of completion of its termination, including the final audited financial statements of the fund for the period subsequent to the last annual audited financial statements.

c. If the fund is terminated, the fund manager may not take any fees deducted from the fund's assets.

21) Fund Manager

a. Fund Manager's name, responsibilities and duties

- **Fund Manager name:**
SNB Capital Company (SNB Capital).
- **Responsibilities and duties of the Fund Manager:**
 - The fund manager shall comply with all principles, regulations and duties issued by CMA and required under the Capital Market Institutions Regulations including the fiduciary duty towards unitholders, which includes the duty to act in the best interests of the unitholders and duty to exercise all reasonable care and skill.
 - The fund manager shall have the primary responsibility for compliance with the Investment Funds Regulations, whether it directly performs its responsibilities and duties or delegated them to an external party under the Investment Funds Regulations and the Capital Market Institutions Regulations.
 - The fund manager shall be responsible toward unitholders for losses incurred by the investment fund, which are caused by, fraud, negligence, misconduct or willful default of the fund manager.
 - The fund manager must develop policies and procedures that detect risks effecting the fund's investments and ensure treatment of these risks as soon as possible. These policies and procedures must include conducting risks assessment, at least, once a year.
 - The fund manager must implement a compliance monitoring program for every fund under its management. The fund manager must provide the Authority with the results of the implementation of the program upon its request.

b. Authority authorization number and date

License no. (06046-37) dated 10 Jumada al-Akhirah 1428 H corresponding to June 25, 2007 G.

c. Fund Manager's address

King Saudi Road, P.O Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.
Tel: +966920000232
Fax: +966114060049

d. The Fund Manager's website and any website, related to the Fund Manager, contain information on the fund

- Fund Manager's Website: www.alahlicapital.com.
- Tadawul Website: www.tadawul.com.sa.

e. Paid up capital to the Fund Manager:

SNB Capital Company is a Saudi Joint Stock Closed Company with a paid up capital of SAR 1billion.



f. Summary of the Fund Manager's financial information in the preceding fiscal year (in thousands of Saudi Riyals)

| Item | fiscal year ended on December 2020 |
|----------------------------|---|
| Total Operating Income | 1,142,232 |
| Total Operating Expenses | (321,861) |
| Total Non-Operating Income | (5,582) |
| Zakat | (62,400) |
| Net Profit | 752,389 |

g. Primary roles, responsibilities and duties of the fund manager

- The fund manager must act for the benefit of unitholders in accordance with the Investment Funds Regulations, the Capital Market Institutions Regulations and the Fund's Terms and Conditions.
- With respect to the investment funds, fund manager's responsibilities shall include:
 1. Fund management for the benefit of unitholders in accordance with the Fund's Terms and Conditions.
 2. Offering of fund units.
 3. Ensuring the accuracy of the Fund's Terms and Conditions, and verify that the terms and conditions are complete, clear, accurate, and not misleading.
- The fund manager must prepare an annual report that includes an assessment of the performance and quality of services provided by the parties involved in providing material services to the fund - including the custodian- and the fund manager must submit this report to the fund's board of directors.
- The fund manager must prepare an annual report that includes all complaints and actions taken towards them. The fund manager must submit this report to the fund's board of directors.

h. Other business activities or interests of the Fund Manager that are of significance or could potentially conflict with those of the fund

The Fund Manager and other SNB Capital affiliates may from time to time act as fund managers, fund advisors or other sub-funds seeking similar investment objectives for the Fund. Therefore, in the exercise of its business, the Fund Manager may find himself in a position of potential conflict of interest or duties with one or more funds. In such cases, the Fund Manager will take into account its obligations to act in the best interests of the Unitholders to the fullest extent practicable and not to overlook its obligations to its other clients when considering any investment that may involve potential conflicts of interest. Note that as of the date of issuing the Fund's Terms and Conditions, no other business activity or interest important to the Fund Manager is likely to conflict with the interests of the Fund.

i. Right of the Fund Manager to appoint a Fund Sub-Manager

The fund manager may delegate one or more third parties or affiliates as a fund sub-manager. The remuneration of any fund sub-manager must be paid by the fund manager out of its own resources. The Fund Manager has authorized AMUNDI GROUP as a sub-fund manager to manage the assets of the Fund in accordance with the Fund's investment policies and Shariah guidelines, its address 90 Boulevard Pasteur, 75015 Paris, France.



j. Provisions governing the removal/replacement of the Fund Manager

- a. The Authority shall have the power to remove a fund manager in relation to a particular investment fund and to take any action it deems appropriate to appoint a replacement fund manager for that investment fund or to take any other measures it deems necessary in the event of:
 1. The fund manager ceasing to carry out managing investments and operating funds activity or managing investments activity without notification to the Authority under the Capital Market Institutions Regulations;
 2. The cancellation, withdrawal or suspension by the Authority of the fund manager's authorization(s) to carry out managing investments and operating funds activity or managing investments activity under the Capital Market Institutions Regulations;
 3. A request by the fund manager to the Authority to cancel its relevant authorization to carry out managing investments and operating funds activity or managing investments activity;
 4. The Authority believing that the fund manager has failed, in a manner which the Authority considers material, to comply with the Capital Market Law or its Implementing Regulations;
 5. The death, incapacity or resignation of a portfolio manager who manages the assets of the investment fund, if no other registered person employed by the fund manager can manage the assets of the relevant investment fund or the assets of the funds managed by the portfolio manager;
 6. Any other event determined by the Authority on reasonable grounds to be of sufficient material.
- b. Notice of any event described in sub-paragraph (5) of paragraph (a) above must be provided by the fund manager to the Authority within (2) days from the date of its occurrence.
- c. Upon removal of the fund manager in accordance with the cases stipulated in sub-paragraphs (1-6) of paragraph (a) above, the Authority shall direct the removed fund manager to call for a unitholders meeting within (15) days from the date of the Authority's removal decision, in order to appoint the custodian or other party, through an ordinary fund resolution, to find and negotiate with a replacement fund manager and specify the time limit for finding and negotiation.
- d. The fund manager must notify the Authority of the results of the unitholders meeting within (2) days of its convening date.
- e. The fund manager must cooperate and provide the custodian or the party assigned to find and negotiate any documents required by it for the purpose of appointing a replacement fund manager within (10) days from the date of the request, and both parties must maintain the confidentiality of the information.
- f. The fund manager must, upon approval of the replacement fund manager to manage the fund and transfer of the fund management to it, send a written consent of the replacement fund manager to the Authority as soon as it is received.
- g. If the Authority exercises any of its powers pursuant to paragraph (a) above, the relevant fund manager shall co-operate fully in order to help facilitate a smooth transfer of responsibilities to the replacement fund manager during the initial (60) days period after the appointment of the replacement fund manager. The fund manager shall where necessary and applicable and at the discretion of the Authority, novate all of the contracts relating to the relevant investment fund to which it is a party to the replacement fund manager.
- h. In case a replacement fund manager has not been appointed within the time limit for finding and negotiation with the replacement fund manager referred to in paragraphs (c) and (d) above, the unitholders are entitled to request the liquidation of the fund through a special fund resolution.



22) Fund Operator

a. Fund Operator's name

SNB Capital Company.

b. Authority authorization number and date

License no. (06046-37) dated 10 Jumada Al Akhirah 1428 H Corresponding to June 25, 2007 G.

c. Fund Operator's address

King Saudi Road, P.O Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

Tel: +966920000232

Fax:+966114060049

d. Primary roles of the Fund Operator

- The fund operator shall be responsible for operating the fund.
- The fund operator must maintain the books and records related to the operation of the fund.
- The fund operator must establish and update a register of unitholders and must maintain it in the Kingdom in accordance with Investment Funds Regulations.
- The fund operator must process requests for subscriptions, redemption and transfer as stipulated in Fund's Terms and Conditions.
- The fund operator shall be responsible for valuing the assets of the fund. In so doing, the fund operator shall conduct a full and fair valuation as per paragraph (10) of these Terms and Conditions.

e. The Fund Operator's right to appoint a Sub-Fund Operator

The fund operator may delegate one or more third parties or affiliates as a fund sub-operator. The Fund Operator has authorized The Northern Trust Company of Saudi Arabia as a sub-fund operator.

f. Functions to which the Operator has delegated to a third party

The sub-fund operator performs the valuation of the fund's assets.

23) Custodian

a. Custodian's name

The Northern Trust Company of Saudi Arabia.

b. Authority authorization number and date

License no. (12163-26) dated 25 Shawwal 1433H corresponding to 12 September 2012G.

c. Custodian's address

Floor 20, Kingdom Tower, Olaya, 12214-9597 Riyadh, Saudi Arabia

Tel.: +96614167922

Website: www.northerntrust.com

d. Primary roles and function of the Custodian

- Notwithstanding the delegation by a custodian to one or more third parties under the provisions of the Investment Funds Regulations or the Capital Market Institutions Regulations, the custodian shall remain fully responsible for compliance with its responsibilities in accordance to the provisions of Investment Funds Regulations.



- The custodian shall be held responsible to the fund manager and unitholders for any losses caused to the investment fund due to the custodian fraud, negligence, misconduct or willful default.
- The custodian shall be responsible for taking custody and protecting the fund's assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the fund's assets.

e. The Custodian's right to appoint a Sub-Custodian

The custodian may delegate one or more third parties or affiliates as a fund sub-custodian. The remuneration of the fund sub-custodian shall be paid by the custodian out of its own resources.

f. Functions to which the Custodian has delegated to a third party

The custodian may delegate one or more third parties or affiliates as a fund sub-custodian.

g. Provisions governing the removal/replacement of the Custodian

- The Authority shall have the power to remove the custodian which was appointed by the fund manager of an investment fund and take any other measures it deems necessary, as appropriate, in the event of:
 1. The custodian ceasing to carry out custody activity without notification to the Authority under the Capital Market Institutions Regulations.
 2. The cancellation or suspension by the Authority of the custodian's relevant authorization to carry out custody activity.
 3. A request by the custodian to the Authority to cancel its authorization to carry out custody activity.
 4. The Authority believing that the custodian has failed, in a manner which the Authority considers material, to comply with the Capital Market Law or its Implementing Regulations.
 5. Any other event determined by the Authority – based on reasonable grounds– to be of sufficient significance.
- The custodian appointed by the fund manager may be subject to removal by written notice by the fund manager upon the fund manager forming the reasonable opinion that the removal is for the interest of the unitholders, the fund manager shall notify the Authority and the unitholders in writing immediately.

24) Fund Board

a. Names of Fund Board members

The board member's term will start following the approval by the Board of the CMA and the members will serve for a term of three (3) years (renewable). The Fund Board consists of the following members:

- Naif Abduljalil Al-Saif Chairman – Non-Independent Member
- Wisam Sami Fasihaldin Non-Independent Member
- Dr. Asem Khaled Al Homaidi Independent Member
- Mohammed Omar Al Aloyaidi Independent Member

b. A Brief about the Fund Board members' qualifications

- **Naif Abduljalil Al-Saif (Chairman – Non-Independent Member)**
Head of Principal Investments in SNB Capital. Naif joined Samba in February 2006. He has 15 years of experience. In Samba, Naif has managed the fixed income portfolio of more than SAR 60 billion and managed the public budget of SAR 225 billion. He is also the Chief Operating Officer in Samba London.



Moreover, he is a member in Samba's Asset and Liability Committee. He has taken part in several strategic projects in developing the Saudi banking sector. Prior to joining Samba, he worked for Saudi Hollandi Bank, Derivatives Department, Treasury Section. Naif holds a bachelor's degree with Honors in Finance and Economics from King Fahd University of Petroleum and Minerals and MBA from Prince Sultan University.

- **Wisam Sami Fasihaldin (Non-Independent Member)**

The Chief Financial Officer at Jeddah Central Development Company (A subsidiary of PIF). Also, he was the Chief Financial Officer at SNB Capital. He joined SNB Capital in 2014G. Prior to that he held multiple roles at Saudi National Bank. He has more than 20 years of experience in financial sector. He holds an MBA degree - specialized in Finance from the University of Business & Technology, and former CBA. In addition, he holds a Bachelor degree - specialized in Business Administration from King Abdulaziz University.

- **Dr. Asem Khaled Al Homaidi (Independent Member)**

Assistant professor of Finance and Investment. He received PhD in Finance from the University of New Orleans in United States of America, a Master in Financial Economics from University of New Orleans in United States of America, a Master of Finance from University of Tampa, FL and Bachelor's degree from King Saud University in Business Administration (major in Finance) Excellent grade with First Class Honor.

- **Mohammed Omar Al Oyaidi (Independent Member)**

The founder of OCPAs, has more than 15 years of experience in the area of capital markets, accounting, auditing and risk management. He has also worked in some international companies and agencies such as KPMG, Ernst & Young, the World Bank Group and the Saudi Capital Market Authority. He received a Master of Business Administration from Oklahoma City University and a Bachelor's degree in Accounting from King Saud University. He was awarded CPA Fellowship as well as SOCPA Fellowship. Aloyaidi is Business Valuer certified by Saudi Authority for Accredited Valuers (TAQEEM).

c. **Roles and responsibilities of the Fund Board members**

Fund board of directors' responsibilities include, but are not limited to, the following:

1. Approving material contracts, decisions and reports involving the fund.
2. Approving a written policy in regards to the voting rights related to the fund's assets.
3. Overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified in accordance with the Investment Funds Regulations.
4. Meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations.
5. Approving all changes stipulated in Articles (62) and (63) of the Investment Funds Regulations before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable).
6. Confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with the Investment Funds Regulations, of the Terms and Conditions and of any other document, contractual or otherwise, that includes disclosures relating to the fund and/or the fund manager and its conduct of the fund.
7. Ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with the Investment Funds Regulations and the Fund's Terms and Conditions.
8. Reviewing the report that includes assessment of the performance and quality of services provided by the parties involved in providing significant services to the fund referred to in Paragraph (I) of Article (9) of the Investment Funds Regulations, in order to ensure that the fund manager fulfils his



responsibilities in the interest of unitholders in accordance with the Fund’s Terms and Conditions and the provisions stipulated in the Investment Funds Regulations.

9. Assessing the mechanism of the fund manager’s handling of the risks related to the fund’s assets in accordance with the fund manager’s policies and procedures that detect the fund’s risks and how to treat such risks.
10. Having a fiduciary duty to unitholders, including a duty to act in good faith, a duty to act in the best interests of the unitholders and a duty to exercise all reasonable care and skill.
11. Approving the appointment of the external Auditor nominated by the Fund Manager.
12. Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund’s board of director.
13. Reviewing the report containing all complaints and the measures taken regarding them referred to in Paragraph (m) of Article (9) of the Investment Funds Regulations, in order to ensure that the fund manager carries out his responsibilities in a way that serves the interest of unitholders in accordance with the Fund’s Terms and Conditions and what contained in the Investment Funds Regulation.

d. Remuneration of Fund Board members

Each member of the Fund's independent Board of Directors receives USD (37,333.33) annually, divided by the number of open-ended public investment funds managed by the Fund Manager and supervised by the Fund Board.

e. Conflict of interest or potential conflict between the Fund Board members and the fund

Members of the Fund Board may be members of other funds that may seek investment objectives similar to those of the Fund. Therefore, in the exercise of its business, a member of the Fund Board may find himself in a situation of potential conflict of duties or interests with one or more funds. However, in such cases, the member shall take into account his obligations to act in the best interests of the unitholders to the maximum practicable extent and not to overlook his obligations to his other clients when he considers any investment that may involve a potential conflict of interest, and in situations requiring voting, that Member shall refrain from doing so. To the date of issuing the Terms and Conditions, there is no significant business or other interest to the members of the Fund Board, which is likely to conflict with the interests of the Fund.

f. Table showing all the funds boards that the relevant Board member is participating in

| Fund/Board Member | Naif Al-Saif | Wisam Fasihaldin | Dr. Asem Al Homaidi | Mohammed Al Oyaidi |
|---|---------------------|-------------------------|----------------------------|---------------------------|
| SNB Capital GCC Growth and Income Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Global REITs Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Fund of REITs Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Freestyle Saudi Equity Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Saudi Small and Mid-Cap Equity Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Global Health Care Fund | ✓ | ✓ | ✓ | ✓ |



| Fund/Board Member | Naif Al-Saif | Wisam Fasihaldin | Dr. Asem Al Homaidi | Mohammed Al Oyaidi |
|---|--------------|------------------|---------------------|--------------------|
| SNB Capital GCC Trading Equity Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Saudi Trading Equity Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Asia Pacific Index Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Emerging Markets Index Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital North America Index Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Europe Index Fund | ✓ | ✓ | ✓ | ✓ |
| SNB Capital Sovereign Sukuk Fund | ✓ | | | |
| SNB Capital Real Estate Fund | | | | ✓ |
| AlAhli SEDCO Residential Development Fund | | | ✓ | ✓ |
| AlAhli REIT Fund (1) | | | | ✓ |
| AlAhli Makkah Hospitality Fund | | | | ✓ |

25) Shariah Committee

a. Names and qualifications of the Shariah Committee members

- **Sheikh Abdullah Suleiman Al-Maniya (Chairman)**

Sheikh Al-Maniya is a member of the Senior Council of Scholars and an advisor to the Royal Court in the Kingdom of Saudi Arabia. He is also a member of the Shariah Committee for preparing the judicial code of the Kingdom. He is a member of the Islamic Fiqh Academy of the Organization of Islamic Conference, and Fiqh Academy of the Muslim World League. He has also been a member of the Supreme Judiciary Committee of the Kingdom since its inception in 1391H and was formerly Deputy President of the Makkah Al-Mukarramah Courts and a former Judge of the Court of Cassation in Makkah Al Mukarramah. Sheikh Abdullah Almaniya is a member of several supervisory committees supervising banks in the Kingdom, and a member of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). He also authored several books on Islamic finance and Fiqh. He holds a master's degree from the Higher Judicial Institute of Imam Muhammad bin Saud Islamic University.

- **Sheikh Dr. Abdullah Abdulaziz Al Musleh (Member)**

Sheikh Dr. Al Musleh is a well-known Shariah Scholar. He is the General Director of the Panel of Scientific Miracles in the Quran and Sunnah. He established a branch of Al Imam Muhammad bin Saud Islamic University in Abha and was its rector from the year 1396H until 1415H. He has also served as the Dean of Shariah and Principles of Religion at the Imam Muhammad bin Saud Islamic University. Sheikh Al Musleh is also a member of many Shariah supervisory committees supervising banks in the Kingdom and is a frequent speaker on TV Islamic programs. He is also an author of several books in Islamic finance and Fiqh.



- **Sheikh Dr. Saad Nasser Al-Shithri (Member)**
Sheikh Dr. Al-Shithri is an advisor to the Royal Court. A member of the senior scholar council – KSA. And, a Professor at many Universities. And, has a lot of studies and publications related to Islamic banking industry and other Shariah aspects.
- **Sheikh Dr. Abdullah Mohammed Al Mutlaq (Member)**
Sheikh Dr. Al Mutlaq is a member of the Senior Scholars Board and the Dar Al-Ifta Committee, both in Saudi Arabia. He is also an advisor of the Royal Court of Saudi Arabia and a former Dean of the Comparative Fiqh Department at Imam Muhammad ibn Saud Islamic University in Riyadh. Sheikh Dr. Al Mutlaq is a member of Shariah Committees of several Islamic banks and financial institutions.
- **Sheikh Dr. Muhammad Ali Elgari (Member)**
Sheikh Dr. Elgari was a former professor of Islamic Economics at King Abdulaziz University, Jeddah, Saudi Arabia and a former Director of the Center for Research in Islamic Economics, in the same university. He is a member of numerous Shariah Committees of several banks and financial institutions. He is a well-known expert in the field at the Islamic Jurisprudence Academy of the OIC, the Islamic World League and a Member of Shariah Supervisory Board. He is also a member of the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, Journal of the Jurisprudence Academy, Journal of Islamic Economic Studies published by the Islamic Development Bank, Journal of Islamic Economics published by the International Association of Islamic Economists (IAIE), London, and the advisory board of Harvard Series in Islamic Law, Harvard Law School. Dr. Mohamed Ali Elgari holds a Ph.D. in economics from the University of California and is a recipient of the Islamic Development Bank's International Prize in Islamic Banking and Finance for the year 2004. He has authored several books and articles on Islamic finance in Arabic and English and is a frequent speaker at Islamic Banking and Finance conferences around the world.
- **Sheikh Dr. Khaled Mohammed Al-Sayari (Member)**
Sheikh Dr. Al-Sayari has a Ph.D. in comparative jurisprudence from the Higher Institute of Judiciary at Imam Muhammad bin Saud Islamic University in Riyadh. He also has practical experiences gained through his work in a number of specialized financial institutions and his participation in a number of seminars, conferences and discussion panels specialized in the jurisprudence of Islamic financial transactions and the Islamic banking industry, as he is a principal researcher participant in the Al-Baraka symposium on Islamic economics and the Future of Islamic Banking Symposium organized by the Saudi National Bank and the conferences of the Accounting and Auditing Organization for Islamic financial institutions and others.

b. Roles and responsibilities of Shariah Committee

- Reviewing the Fund's offering documents, including the Terms and Conditions of the Fund, and approving any subsequent amendments;
- Preparing the Shariah guidelines to be followed by the Fund's Investments;
- Meeting as required to discuss issues related to the Fund;
- Responding to the inquiries coming from the Fund Manager regarding the Fund's investments, activities or investment structure, and compliance with Shariah guidelines;
- Supervising and monitoring the activities of the Fund to ensure compliance with Shariah guidelines or delegating that responsibility to another party;
- Delegating some or one of its members to perform some or all of the roles required of the Committee.



c. Shariah Committee remuneration

The Fund will bear the Shariah audit fees in an amount of USD (7,200) annually. The Shariah advisory fees, if any, will be charged separately.

d. Shariah guidelines

The fund manager is required to ensure that all the investments and investment strategies meet the Shariah guidelines issued by the Shariah Committee. If the fund manager wishes to enter into a transaction that is not permissible by the Shariah guidelines issued by the Shariah Committee, he is required to obtain an approval in an independent decision from the Shariah Committee.

• **Tradable investment instruments and methods**

The Shariah Committee considered that it is not permissible to buy and sell shares of joint stock companies with the following characteristics:

- Conduct of financial activities that doesn't meet Shariah guidelines such as traditional disbursement channels that deals with interest or financial instruments that contradicts with the Shariah guidelines (insurance companies except for the companies agreed by the Shariah Committee).
- Production and distribution of alcohol or tobacco products and what falls within this category.
- Production and distribution of pork and its derivatives.
- Production and distribution of meat products that is not slaughtered according to Islamic Law.
- Operating gambling casinos or manufacturing the gambling machines and equipment.
- Operating cinemas and the creation, publication and distribution of pornography.
- Operating hotels and restaurants that are engaged in any of the prohibited industries mentioned above.

• **Financial indicators**

It is not allowed to invest in the shares of companies which their:

- Total Riba deposits exceed (33%) of the market value of the company's shares or the total assets' value in the company's books; whichever is higher.
- Riba loans; according to its balance sheet, exceed (33%) of the market value of the company's shares or the total assets' value in the company's books; whichever is higher.
- Total shariah non-compliant income from different sources exceeds (5%) of the Company's total income; whether such sources are from Riba interests or from any other shariah non-compliant sources.

• **The following standards are applied if the fund invests in REITs**

- It is not allowed to invest in shares of companies' which their total Riba deposits exceed (33%) of the company's total assets.
- It is not allowed to invest in shares of companies' which their total Riba loans exceed (33%) of the company's total assets; and this depends on the companies' assets' market value based on a valuation conducted by an independent third party to determine the company's total assets' value; or its Book value; if the market value is not available.
- It is not allowed to invest in shares of companies' which their total shariah non-compliant income derived from different sources exceed (5%) of the company's total income whether such sources are from Riba interests or from other shariah non-compliant sources.
- The Fund Manager will provide the fund's investors with the accounting method of the market value of the companies' shares and the shariah non-compliant income; upon their request and free of charge.



- **The investments in international REITs**
The Fund will invest in the funds in accordance with the IdealRatings Global REITs which comply with the Shariah guidelines.
- **Investment standards of Money Market Funds**
 - Murabaha, Mudarabah, and Musharaka transactions in addition to others which the Shariah Committee; or whoever represents it, approved on their structure.
 - Investment Sukuk approved by its Shariah Supervisory Committee after being approved by the Shariah Committee or whoever represents it.
 - Trade finance transactions which the Shariah Committee; or whoever represents it, approved their structure.
- **Purification**
The Fund Manager should determine the Shariah non-compliant income and deposit it in a separate account to be spent on charities. And this process will be on a quarterly basis in accordance with the Shariah guidelines.
- **Non-tradable investment instruments and methods**
There will be no dealing in the following investment instruments:
 - Futures;
 - Preferred Stock;
 - Options;
 - Swaps;
 - Overdrafts.
- **The Fund may invest in Sukuk, Murabaha transactions, financial certificates and investment funds which conduct their investments in accordance with the Shariah guidelines.**
- **Periodic Review**
The Fund's compliance with Shariah guidelines shall be examined quarterly. In the event that one of the owned companies by the fund doesn't comply with the Shariah guidelines, it will be sold within a period not exceeding (90) days from the review date.

26) Investment Advisor

Not applicable.



27) Distributor

The Fund Manager has assigned the following distributors to distribute the fund;

| | a. Distributer's name | b. Distributer's address | c. Distributer's website | d. The license issued by the Authority for the distributor (if any) |
|---|--|--|---|---|
| 1 | Derayah Financial Corporation Co. Licensed by CMA | P.O. Box 286546, Riyadh, 11323, Saudi Arabia. | https://web.derayah.com/ar/ | 08109 – 27. |
| 2 | BIBD SECURITIES SDN BHD Licensed by Under the companies Act Chapter 39. | Tingkat 1, Kompleks Setia Kenangan Kg Kiulap, Bandar Seri Begawan BE1518, Brunei Darussalam. | http://bibd.com.bn/securities/ | None. |

e. Primary roles and responsibilities of the distributor

Distribution of the fund's units to the fund's investors.

28) Auditor

a. Auditor's name

KPMG Al Fozan & Partners.

b. Auditor's address

Riyadh Front - Airport Road P.O. Box 92876, Riyadh 11663 Kingdom of Saudi Arabia.

Tel.+966118748500

Fax:+966118748600

Website: www.kpmg.com/sa

c. Primary roles and responsibilities of the Auditor

- It is the responsibility of the Auditor to give an opinion on the financial statements based on the audit performed in accordance with Generally Accepted Auditing Standards applicable in the Kingdom, which require the auditor to comply with ethical and professional standards and to plan and perform audit activities in order to have a reasonable degree of certainty that the financial statements have no material errors.
- The Auditor's responsibilities also include implementing procedures for obtaining evidence to support the amounts and notes set out in the financial statements.
- In addition, the Auditor evaluates the suitability of the adopted accounting policies and the reasonableness of the accounting estimates, as well as the overall presentation of the financial statements.
- The auditor, through reviewing the annual financial statements and based on the information provided to it, must include in its report what may come to its attention of violations to the provisions of the Investment Funds Regulations and the Fund's Terms and Conditions.



d. Provisions governing the replacement of the Auditor

The fund manager may replace the auditor and after obtaining the consent of the Fund Board in the following cases:

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

29) Fund's Assets

- a. The assets of the Fund are held by the Custodian on behalf of the Fund.
- b. The Custodian must segregate the assets of the fund from its assets and from the assets of its other clients.
- c. The assets of the fund are owned collectively by the unitholders. A fund manager, fund sub manager, fund operator, custodian, sub custodian, distributor or investment advisor may not have any interest in or claims against such assets, other than when the fund manager, fund sub manager, fund operator, custodian, sub custodian, distributor or investment advisor is a unitholder, and for claims permitted under the Investment Funds Regulations and disclosed by way of statement in these Terms and Conditions.

30) Complaints Procedures

If the Unitholder has any complaint related to the Fund, he/she should send it to SNB Capital, through the Fund Manager's website at www.alahlicapital.com or by phone (920000232). The Fund Manager shall also provide a copy of the policies and procedures to address customer complaints upon request in writing free of charge. If the Fund Manager does not settle the complaint, the unitholder may file his/her complaint with the CMA - Investor Complaints Department. The unitholder may file a complaint with the Committee for the Resolution of Securities Disputes after (90) calendar days from the date of filing the complaint with the CMA. Unless the CMA has notified the complainant that it may be deposited with the Committee before the expiration of the period. Procedures to address complaints shall be provided free of charge, upon request.

31) Other Information

- a. **Policies and procedures to be followed in addressing conflicts of interests, and any potential and/or actual conflicts of interests will be made available upon request and free of charge.**
- b. **The “Committee for The Resolution of Securities Disputes” has the jurisdiction to adjudicate disputes arising from investing in the investment funds.**
- c. **A List of the available documents for unitholders**
The list shall include the followings:
 - The Fund's Terms and Conditions.
 - Contracts mentioned in the Fund's Terms and Conditions.



- The Fund Manager's financial statements.
- d. Up to the date of preparing this Terms and Conditions, there aren't any other information known to, or that ought reasonably to be known to the fund manager or the fund board, the current or potential unitholders and their professional advisors might reasonably require or expect to be included in the Fund's Terms and Conditions upon which an investment decision is to be made.**
- e. Any waivers from limitations in the Investment Funds Regulations approved by the Capital Market Authority, except those stipulated in investment policies and practices**
None.
- f. Confidentiality of fund information**
The Fund's business and the Investments of its participants are managed with the highest degree of confidentiality at all times. This does not limit the right of the Fund's regulatory authority (CMA) to access the Fund's records for legal oversight purposes.
- g. Death of unitholders**
The Investor's consent to these Terms and Conditions shall not terminate automatically upon his/ her death or disability; these Terms and Conditions shall be binding to his/ her heirs, executors, administrators, personal representatives, trustees and successors if the Investor is an individual. If the Investor is a corporate entity, these Terms and Conditions shall not terminate upon the occurrence of any of the above to any partner or shareholder. Therefore, the Fund Manager shall have the right to suspend any transactions relating to the Terms and Conditions until the Fund Manager receives a court order, authorization, or such other sufficient evidence to prove the power of those mentioned above before allowing them to dispose of the units.
- h. Anti-money Laundering and Terrorist Financing Regulations**
The Fund Manager will comply with the Anti-Money Laundering and Terrorist Financing Regulations issued by the CMA Board under Resolution No. 1-39-2008 dated 03/12/1429H, corresponding to 01/12/2008G, as amended. The unitholder hereby confirms that the amounts used to subscribe to the Fund are not coming from any suspicious or illegal sources. If the Fund Manager is in doubt as to the legal source of funds used in the investment transactions initiated by the investor, the Fund Manager shall suspend or decline such transactions for investigation purposes and reporting to the Saudi competent anti-money laundering and terrorist financing bodies and to provide any information or document required by such bodies. However, according to the Saudi Law, the Fund Manager may not inform unitholders of any suspected transactions reported to competent official bodies.
- i. Sharing of Information**
The information required to open and operate the investor's account and to comply with applicable regulations will be shared between the Fund Manager and other parties as determined by the Fund Manager. The unitholder also agrees that such information may be shared with competent regulatory authorities.
- j. Language**
Pursuant to paragraph (a) of Article (61) "Requirement To Produce Terms And Conditions" of the Investment Funds Regulations, the Terms and Conditions of the Fund shall be in Arabic and made available upon request free of charge. These Terms and Conditions may be issued in English. However, in case of any semantic difference between the Arabic and English versions, the Arabic text shall prevail.



32) Additional Information Requirements for Certain Types of Funds

1. There is no guarantee that the fund and the performance of the index are accurate or identical.

2. The circumstances that may lead to errors in tracking the indicator performance

The Fund may not achieve a return in conformity with the index given the commitment of the Fund Manager to regulatory requirements which may limit its ownership in some companies. The return on the securities and other investments selected by the investment adviser may not correlate precisely with the return on the Index. The Fund incurs operating expenses are not taken to account in the performance of the index bearing the sale and purchase of securities costs. The Fund may keep excess cash as cash or cash equivalent to meet redemption requests. In addition, increase subscription and / or redemption of the Fund's ability to accurately track the index.

3. The Benchmark

MSCI North America Islamic M-Series Index (Net Total Return USD), which is an index based on the average free float adjusted market capitalization weighted index to measure the performance of Shariah compliant large and medium cap segment companies listed across developed markets countries on US and Canadian markets. Unitholders may see the performance of the Benchmark on the Fund Manager website www.alahlicapital.com. The index service provider is MSCI Inc.

4. Circumstances that may affect the accuracy and completeness of the Indicator's calculation

The Fund Manager or Index Provider MSCI Inc. shall not be liable for any delay or failure in the performance or calculation of the index due to external causes beyond their control, including but not limited to any circumstance arising from superior force, act by government or regulatory authority, Enemy action, malfunction in the computer or relate system, war, riot, fire, flood, civil unrest, disobedience, difficulty of working (including but not limited to, strikes, or economic slowdown), or bad weather.

5. Termination of Index by the Index Provider

In the event the index provider (MSCI) terminates the index, and if circumstances permit, the index provider (MSCI) shall provide the Fund Manager a prior written notice of termination. The notification letter shall provide alternative indices. If the index provider (MSCI) provides an alternative index, the Fund Manager has the option to use that alternative index. In the absence of an alternative index, The Fund Manager has the right to be provided, in a confidential form, with the required information to enable him/her to calculate the value of the index internally.

6. The Margin of deviation factor for the index

The Fund Manager aims to minimize/reduce the deviation from the index. The Fund Manager discloses the percentage of the deviation in the Fund's Factsheet on a quarterly basis.



33) Unitholder Declaration

I/We have read and understood SNB Capital North America Index Fund Terms and Conditions, and approved the characteristics of the Units in which I/We have subscribed.

Name:

Date:

Signature:



34) Fund's Financial Disclosure

Summary of the Fund's actual fees and expenses for the period ended December 2020 in thousands of USDs:

| Type of fees/expenses | Amount USD '000 |
|---|--------------------|
| Management Fees | 602 |
| VAT on Management Fees | 62 |
| Custody Fees * | 12 |
| Remuneration of the Independent Fund's Board Members * | 6 |
| Auditor Fees * | 10 |
| Shariah Committee Services Fees * | 8 |
| CMA Fees * | 2 |
| Publishing Fund's Information on Tadawul Website Fees* | 1 |
| Administrative, Data Processing and Operational Expenses* | 28 |
| Dealing Fees | 19 |
| Total Fees & Expenses | 750 |

*Other fees and expenses shall not exceed in total 0.50% of the average value of the Fund's assets. Other actual expenses reached around 0.06% of the average value of the Fund's assets. The Fund will review the expenses charged to the Fund on a quarterly basis (every three months).

The Fund Manager reserves the right to rebate or waive the management fees, in case any fund managed by SNB Capital invests in that Fund.