

الخبير للدخل
Alkhabeer Income



Terms and Conditions

ALKHABEER DIVERSIFIED INCOME TRADED FUND

(A Shari'a-compliant Closed-Ended Traded Investment
Fund to be Listed on the Saudi Stock Exchange 'Tadawul')



الخبير المالية
Alkhabeer Capital



الخبير المالية
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ALKHABEER CAPITAL

www.alkhabeer.com

CMA license 07074 - 37

CR 4030177445

Tel: +966 9200 10707

Head Office

Al-Madinah Al-Munawarah Rd

P.O. Box 128289

Jeddah 21362

Kingdom of Saudi Arabia

Tel. +966 12 658 8888

Fax. +966 12 658 6663

Riyadh Branch

Al-Jumaia Commercial Center

3rd Floor, Unit 4

P.O. Box 5000

Riyadh 12361

Kingdom of Saudi Arabia

Tel. +966 11 210 1814

Fax. +966 11 210 1813



Terms and Conditions

Alkhabeer Diversified Income Traded Fund

(A Shari'a-compliant Closed-Ended Traded Investment Fund to be Listed on the Saudi Stock Exchange 'Tadawul')

Shari'a Certificate: AKC-946-97-03-09-18-#07



Alkhabeer Capital

Fund Manager

Target Fund Capital	SAR 1,000 million
Total Number of Units	100 million Units
Initial Offering Price	SAR 10

- These Terms and Conditions are issued on 28.01.1442H, corresponding to 16.09.2020G.
- The Capital Market Authority (CMA) approved the offering and registration of the Units of Alkhabeer Diversified Income Traded Fund in the Saudi Stock Exchange (Tadawul) on 28.01.1442H, corresponding to 16.09.2020G.
- All of the information and items set forth in the Terms and Conditions of Alkhabeer Diversified Income Traded Fund are subject to the Investment Funds Regulations, the Closed-Ended Investment Traded Funds Instructions issued by the Capital Market Authority (CMA), and the Listing Rules, and they contain complete, clear, true and non-misleading information.
- The Fund Manager accepts full responsibility for the accuracy of the information contained in these Terms and Conditions, and acknowledges that, having made all reasonable enquiries and according to the best of its knowledge and belief, there are no other facts the exclusion of which would render any statement herein misleading.
- The CMA does not make any representation as to the accuracy or completeness of this document, and disclaims itself from any liability or any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers in the Fund Units offered hereby should conduct their own due diligence as to the accuracy of the information relating to the offered Units. If unable to understand the contents of this document, they should consult a licensed financial advisor.
- Prospective investors shall conduct the necessary due diligence to verify the investment opportunities offered hereby, and shall consult a Zakat and tax advisor about the Zakat or tax they may be required to pay as a result of holding, trading or disposing in any other manner of, the Fund Units. Prospective investors should not consider the opinions and estimates provided by the Fund Manager in these Terms and Conditions as recommendations to invest in the Fund.
- Alkhabeer Diversified Income Traded Fund has been certified as being an investment fund that is compliant with the Shari'a Guidelines permitted by the Fund's Shari'a Advisor.
- Prospective investors must carefully and accurately read Alkhabeer Diversified Income Traded Fund Terms and Conditions, Information Memorandum and other documents before making any investment decision.
- The investor's investment in the Fund shall be deemed as a representation by the investor of having read and accepted the Terms and Conditions of the Fund.
- This is the amended version of the Terms and Conditions of the Alkhabeer Diversified Income Traded Fund, which reflects the following change: Adding a text stating that the Fund Manager (Alkhabeer Capital) will pay VAT on the Subscription Fee (15% of the Subscription Fee) on behalf of the investor. This is reflected in Appendix (5) – Subscription Application Form. This amendment is in-line with our letter sent to the Capital Market Authority on 24/3/1442H corresponding to 10/11/2020G.
- **This document is only a translation of the Arabic version of the Terms and Conditions that was submitted to the Capital Market Authority. In case of any discrepancy between the English and Arabic version, the Arabic version will prevail. If the client desires to subscribe in the Fund, they must sign the Arabic version of the Terms and Conditions approved by the Capital Market Authority.**

Important Notice

These Terms and Conditions contain detailed information relating to Alkhabeer Diversified Income Traded Fund (the “Fund”) and the offering of units in the Fund (the “Units”). When submitting an application to subscribe for Units, investors will be treated as applying solely on the basis of the information contained in these Terms and Conditions and the Information Memorandum, copies of which are available for collection from the website of Alkhabeer Capital (the “Fund Manager”) (www.alkhabeer.com), the Saudi Arabian Capital Market Authority (the “CMA”) (www.cma.org.sa) or the Saudi Arabian Stock Exchange (“Tadawul”) (www.tadawul.com.sa).

Prospective investors must read the entirety of these Terms and Conditions before purchasing Units in the Fund. An investment in the Fund involves certain risks and may not be suitable for all investors. Investors must be willing to assume the risks associated with an investment in the Fund, which are described in the Section titled “Main Risks Associated with the Fund’s Investments” in the Information Memorandum. By acquiring Units in the Fund, Unitholders are deemed to have acknowledged and accepted the Terms and Conditions of the Fund and the Information Memorandum.

These Terms and Conditions have been prepared by the Fund Manager, being a Saudi Arabian closed joint stock company with Saudi Arabian Commercial Registration No. 4030177445, and an Authorized Person licensed by the CMA under License No. 07074-37.

These Terms and Conditions include information that has been presented in compliance with the requirements for registration and admission to listing of the Units on Tadawul in accordance with the Investment Funds Regulations, the Closed-ended Investment Traded Funds Instructions, and the Listing Rules.

The Investment Fund and the Fund Manager are subject to the Capital Market Law and its Implementing Regulations, and other applicable laws and regulations in effect in the Kingdom of Saudi Arabia.

The Fund Manager accepts full responsibility for the accuracy of the information contained in these Terms and Conditions, and affirms that, according to the best of its knowledge and belief, and after making all possible reasonable enquiries, there are no other facts the incorporation or non-incorporation of which in these Terms and Conditions would make any statement contained herein misleading. While the Fund Manager has made all reasonable enquiries as to the accuracy of the information contained in these Terms and Conditions as at the date hereof, a substantial portion of the information in these Terms and Conditions relevant to the market and industry is derived from external sources. While the Fund Manager has no reason to believe that any of the market and industry information is materially inaccurate, the Fund Manager has not independently verified such information, and no representation or assurance is made in respect of the accuracy or completeness of any of this information.

The CMA does not bear any responsibility for the contents of these Terms and Conditions and does not opine or provide any warranties regarding the accuracy or completeness of these Terms and Conditions. Further, the CMA shall not be responsible for any financial loss resulting from application of any provision contained in these Terms and Conditions, or any reliance thereon.

These Terms and Conditions are not to be regarded as a recommendation on the part of the Fund Manager to participate in the Initial Offering. Moreover, the information provided in these Terms and Conditions is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the offered Units. Prior to making an investment decision, each recipient of these Terms and Conditions is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Initial Offering, and must rely on its own examination of the Fund and the appropriateness of both the investment opportunity and the information herein with regard to the recipient’s individual objectives, financial situation and needs, including the merits and risks involved in investing in the Fund. An investment in the Fund may be appropriate for some investors but not others, and prospective investors should not rely on another party’s decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor’s individual circumstances.

Subscription for Units is only made available to the following categories of investors (“Target Investors”): (a) natural persons holding the Saudi Arabian nationality or the nationality of other Gulf Cooperation Council (“GCC”) countries; (b) corporations, companies, investment funds and other legal entities established in Saudi Arabia and other GCC countries; (c) foreigners resident in Saudi Arabia; (d) qualified foreign financial institutions licensed in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the Board of the CMA pursuant to its Resolution No. 1-42-2015 dated 15/7/1436H (corresponding to 4/5/2015G); and (e) such other investors who may be permitted by the CMA to own equities listed on Tadawul. All recipients of these Terms and Conditions must inform themselves of any legal or regulatory restrictions relevant to this Initial Offering and the sale of the Units, and must observe all such restrictions.

The information contained in these Terms and Conditions is current as at the date hereof, but is subject to change. In particular, the value of the offered Units may be adversely affected by future developments, such as inflation, interest rates, and taxation or any economic, political or other factors, over which the Fund Manager has no control (for further details, please see Section titled “Main Risks Associated with the Fund’s Investment” in the Information Memorandum). Neither the delivery of these Terms and Conditions, nor any verbal or written information in relation to the offered Units, is intended to be, or should be construed or relied upon in any way as, a promise, affirmation or guarantee as to future earnings, results or events.

Forecasts set forth in these Terms and Conditions have been prepared on the basis of assumptions based on the Fund Manager’s information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently no affirmation, representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in these Terms and Conditions constitute, or may be deemed to constitute, “forward-looking statements”. Such statements can generally be identified by the use of forward-looking words, such as “plans”, “estimates”, “believes”, “expects”, “anticipates”, “may”, “will”, “should”, “expected”, “would be” or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Fund Manager with respect to future events, but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Fund to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of these Terms and Conditions (for further details, please see Section titled “Main Risks of Investing in the Fund” in the Information Memorandum). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Fund’s actual results may vary materially from those described in these Terms and Conditions as anticipated, believed, estimated, planned or expected.



Fund Directory

FUND MANAGER	Alkhabeer Capital P.O. Box 128289, Jeddah 21362 Kingdom of Saudi Arabia www.alkhabeer.com	الخبير المالية Alkhabeer Capital 
CUSTODIAN	Alinma Investment Company P.O. Box 55560, Riyadh 11544 Kingdom of Saudi Arabia www.alinmainvestment.com	الإئماء للاستثمار alinma investment 
ADMINISTRATOR	Alkhabeer Capital P.O. Box 128289, Jeddah 21362 Kingdom of Saudi Arabia www.alkhabeer.com	الخبير المالية Alkhabeer Capital 
AUDITOR	Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants Member of Crowe Global P.O. Box 21499, Jeddah 40097 Kingdom of Saudi Arabia https://www.crowe.com/sa	 Crowe Horwath.
LEGAL ADVISOR	The Law Office of Mohammed AlAmmar (In Cooperation with King & Spalding LLP) Kingdom Centre, 20 th Floor King Fahad Road P.O. Box 14702, Riyadh 11434 Kingdom of Saudi Arabia www.kslaw.com	مكتب محمد العقار للمحاماة والاستشارات القانونية بالتعاون مع كينج أند سبولدنج THE LAW OFFICE OF MOHAMMED ALAMMAR in cooperation with King & Spalding LLP
SHARI'A ADVISOR	Shariyah Review Bureau W.L.L. Building No. 872, Office No. 41 & 42 Road 3618, Seef 436 Kingdom of Bahrain www.shariyah.com	 SHARIYAH REVIEW BUREAU
LEAD MANAGER / RECEIVING BANK	Aljazira Capital King Fahad Road - P.O. Box 20438 - Riyadh 11455 Kingdom of Saudi Arabia www.aljaziracapital.com	الجزيرة كابيتال ALIAZIRA CAPITAL الجزيرة للأسواق المالية 
RECEIVING BANKS	National Commercial Bank (NCB) King Abdulaziz Road P.O. Box 3555, Jeddah 21481 Kingdom of Saudi Arabia www.alahli.com	الأهلي NCB 
	Riyad Bank King Abdulaziz Road P.O. Box 22622, Riyadh 11614 Kingdom of Saudi Arabia www.riyadbank.com	بنك الرياض riyad bank
	Banque Saudi Fransi Al Maathar Road - P.O. Box 06006 - Riyadh 11004 Kingdom of Saudi Arabia www.alfransi.com.sa	البنك السعودي الفرنسي Banque Saudi Fransi 

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Definitions

“AUTHORIZED PERSONS REGULATIONS”	means the regulations having the same name issued by the CMA under Resolution No. 1-83-2005 on 21/05/1426H (corresponding to 28/06/2005G), as amended by CMA Board Resolution No. 3-85-2017 on 27/12/1438H, corresponding to 18/09/2017G, and as amended from time to time;
“DAY”	means a Business Day in the Kingdom of Saudi Arabia in accordance with the official CMA Business Days;
“BUSINESS DAY”	means any day on which banks are open for business in Saudi Arabia;
“CALENDAR DAY”	means any day, whether a Business Day or not;
“TERMS AND CONDITIONS”	means the contracts containing the requisite information and terms in accordance with Article (32) of the Investment Funds Regulations in respect of the general fund, which are signed by and between the Fund Manager and the Unitholders;
“INFORMATION MEMORANDUM”	means the Fund’s Information Memorandum made available to all prospective Unitholders to enable them to make well-considered decisions based on sufficient information concerning the offered investment;
“CAPITAL”	means the Subscription Amounts subscribed for by the Unitholders in the Fund;
“MINIMUM TARGET FUND CAPITAL”	means the minimum sum of SAR 300 million that the Fund Manager intends to raise through the offering of the Fund Units;
“CLOSING DATE”	is the ending date of the Initial Offering Period;
“LISTING DATE”	means the date on which the Units are listed on the Saudi Stock Exchange (Tadawul);
“CMA” OR THE “AUTHORITY”	means the Saudi Arabian Capital Market Authority;
“LAW”	means the Capital Market Law, promulgated by Royal Decree No. (M/30) dated 02/06/1424H, corresponding to 31/07/2003G, as amended by Resolution No. (52) dated 18/01/1441H, and as amended from time to time;
“LISTING RULES”	means the Listing Rules approved by CMA Board Resolution No. (3-123-2017) dated 09/04/1439H, corresponding to 27/12/2017G, as amended by CMA Board Resolution No. (2019-104-1) dated 01/02/1441H, corresponding to 30/09/2019G, and as amended from time to time;
“TERMINATION EVENT”	means the events described in Paragraph (18) of these Terms and Conditions;
“FUND”	means Alkhabeer Diversified Income Traded Fund, a Shari’a-compliant closed-ended traded investment fund managed by the Fund Manager;
“FUND MANAGER”	means Alkhabeer Capital, a CMA Authorized Person under License No. 07074-37;
“FUND TERM”	means 99 years as from the Listing Date, renewable at the discretion of the Fund Manager following obtaining the CMA’s approval;
“INITIAL OFFERING PRICE”	means the price at which Units will be offered during the Initial Offering Period, being SAR 10;
“INITIAL OFFERING PERIOD”	means the period during which the Units will be offered pursuant to the Closed-Ended Investment Traded Funds Instructions, running for 15 Business Days, commencing on 21/04/1442H, corresponding to 06/12/2020G, and ending on 09/05/1442H, corresponding to 24/12/2020G;
“TARGET INVESTORS”	mean (a) natural persons holding the Saudi Arabian nationality or the nationality of other GCC countries; (b) corporations, companies, investment funds and other legal entities established in Saudi Arabia and other GCC countries; (c) foreigners residing in Saudi Arabia; (d) target foreign investors permitted to invest under the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the Board of the CMA pursuant to its Resolution No. 1-42-2015 dated 15/7/1436H (corresponding to 4/5/2015G); and (e) such other investors who may be permitted by the CMA to own securities listed on Tadawul;

“INVESTMENT”	means each asset in which the Fund invests;
“OFFERING” AND “INITIAL OFFERING”	means the initial public offering of Units in accordance with these Terms and Conditions, or any subsequent offering of Units in the Fund;
“PUBLIC UNITHOLDER”	means any Unitholder who is not one of the following: (a) any Unitholder who owns 5% or more of the Units; (b) the Fund Manager and its affiliates; and (c) a member of the Fund Board;
“RELATED PARTY”	means any of the following: (a) the Fund Manager; (b) the Custodian; (c) an Evaluator appointed by the Fund Manager in relation to the Fund; (d) any valuation company retained by the Fund to value the Fund’s assets; (e) the Fund’s Auditor; (f) each member of the Fund Board; (g) any Unitholder owning more than 5% of the Fund Units; (h) any individual or entity that controls, or who is an affiliate of, any of the aforementioned parties; and (i) any of the executive managers or employees of the abovementioned parties;
“EXECUTING BROKER(S)”	means a specialized person through whom the Fund Manager executes transactions in certain types of investments, such as Trade Finance Transactions and Leasing Transactions, to the account of the Fund. The Broker is a financial and commercial company licensed by the regulatory authorities in the country where it operates;
“INTERMEDIARY”	means a person through whom the Fund Manager executes transactions related to Sukuk purchase and sale to the account of the Fund;
“SAR”	means a Saudi Arabian Riyal, the lawful currency of the Kingdom;
“RECEIVING BANK(IES)”	means the entities who receive the applications for subscription in “Alkhabeer Diversified Income Traded Fund”, as shown in the Fund documentation;
“SHARI’A ADVISOR”	means the Shariyah Review Bureau;
“SHARI’A GUIDELINES”	means the Fund’s Shari’a Guidelines approved by the Shari’a Advisor, upon which the eligibility for Investments are determined by the Fund, as set out in Appendix (2);
“SPECIAL PURPOSE VEHICLE” OR “SPV”	means a limited liability company established by the Custodian to hold title of the Fund’s assets;
“SUBSCRIPTION AMOUNT”	means the amount contributed by a Unitholder upon subscribing to the Offering;
“TADAWUL ”	means the automated stock trading system of the Saudi Arabian Stock Exchange (Tadawul);
“UNIT”	means the share held by the Unitholders in any investment fund comprised of units, including the fractions of a unit. Each Unit is treated as a common share in the Assets of the Fund;
“UNITHOLDER”	means the investor who invests in the Fund by holding its Units;
“NET ASSET VALUE” AND “FUND NAV”	means the cash value based on the closed-ended traded investment Fund’s total asset value, less liabilities (including any financial liabilities, fees and expenses due and payable by the Fund during the covered period). The Net Asset Value is determined as described in the Paragraph titled “Valuation and Pricing” of the Information Memorandum.
“UNIT PRICE”	means the market price of each Unit as announced by Tadawul.
“FIXED INCOME INSTRUMENTS”	means securities, such as Leasing Transactions, Trade Finance Transactions, Income Funds, Sukuk (such as Sovereign Sukuk or corporate Sukuk), and Shari’a-compliant Murabaha Transactions, which generate returns to their holders over specified future period(s);
“SUKUK”	means the Sukuk certificates in which the Fund invests. They are certificates of equal value representing a common indivisible interest in the ownership and benefits of tangible assets or in the ownership of an asset of a certain project that is complaint with the Shari’a Guidelines, and all associated financial rights;
“SOVEREIGN SUKUK”	means the Sukuk issued by companies or other legal entities that are partly or fully owned by the state;
“QUASI-SOVEREIGN SUKUK”	means the Sukuk issued by a company or other legal entity where the state owns over fifty percent (50%) of its share capital, either directly or indirectly;

“SUKUK PORTFOLIO”	means a diversified investment portfolio of Sovereign, Quasi-Sovereign and corporate Sukuk held by the Fund during the Investment Term;
“INVESTMENT GRADE”	means a rating issued by international rating agencies (such as Standard & Poor’s / Fitch or Moody’s) to assess the level of the risks associated with investing in financial instruments. A financial instrument is rated as an investment grade if its rating by those agencies is Baa3, BBB- or higher;
“MURABAHA”	means the sale of a commodity at a price equal to the price paid by the seller upon its purchase, plus an agreed upon profit margin of a percentage of the price or at a lump sum, be it a standard Murabaha executed without a prior promise, or a bank Murabaha executed based on a Murabaha to the Purchase Orderer (MPO), who wishes to obtain the commodity through a financial institution;
“MURABAHA TRANSACTIONS”	means such transactions executed by way of Murabaha;
“INCOME FUNDS”	means the income-generating funds investing in various asset types, including, without limitation, Trade Finance Transactions, credit transactions, Leasing Transactions, Sukuk, shares, and income-generating Murabaha Transactions. They do not include funds investing in the real estate sector;
“LEASING TRANSACTIONS”	means such transactions, the returns of which are linked to, or affected by, the investment in assets or equipment leased to beneficiaries;
“TRADE FINANCE TRANSACTIONS”	means such transactions to finance trade dealings, where the traded commodities are raw materials or unfinished products. They are short-term transactions secured by the traded commodities and the outstanding receivables. The purchase price of a certain commodity is financed and paid through the sale of this commodity, and as such those transactions are asset-backed and/or credit-insured and compliant with the Shari’a Guidelines. Those transactions are executed through Executing Brokers who are specialized in various global markets. The Trade Finance Transactions are intended to improve the working capital turnover of the counterparty and/or to facilitate trade;
“CURRENCIES PEGGED TO THE UNITED STATES DOLLAR”	means the currencies pegged to the United States Dollar, such as the currencies of the GCC states, excluding the Kuwaiti Dinar;
“MAIN CURRENCIES”	means the United States Dollar, Euro, Japanese Yen, Swiss Franc, Sterling Pound, Canadian Dollar and Australian Dollar;
“LIBOR”	means the London Interbank Offered Rate based on the United States Dollar;
“MARGIN FINANCING”	means such transactions, part of the value of which is financed by the Intermediary;
“DUE DILIGENCE”	means the studies to be conducted by the Fund Manager directly or through specialized parties to verify the facts related to the investments, in order to avoid risks and unforeseen errors, which must be avoided in order to ensure the viability and soundness of the investments, for example in terms of value and technical, legal, economic and operational conditions;
“FUNDAMENTAL ANALYSIS”	means the analysis of economic and financial data and information for the purpose of predicting the future profitability of the investment and assess the extent of future risks. The stages of Fundamental Analysis include: <ol style="list-style-type: none"> 1. The Macroeconomic analysis. 2. Analysis of the target company’s sector. 3. Analysis of the company’s circumstances and conditions. 4. Financial analysis of the company. 5. Assessment of the fair value of the company.
“TAX(ES)”	means a financial obligation which the individual is obliged to pay to the state or to a local government agency, as a contribution on his part to covering public expenditures, without receiving a special benefit in return of paying the tax;
“VALUE ADDED TAX”	is defined according to the General Authority of Zakat and Tax (GAZT) as an indirect tax imposed on all goods and services that are bought and sold by businesses, with few exceptions. The Value Added Tax (VAT) is considered a key source of income contributing to consolidating the budgets of states. The Kingdom of Saudi Arabia started imposing the VAT on 1 January 2018 (14 Rabi Al Awwal 1439H). VAT is imposed at each stage of the

	supply chain, starting with production, moving through distribution and up to the final sale of the good or service. The consumer pays the VAT on the goods and services it bought. Businesses pay to the government the VAT collected on the consumers' purchases. On the other hand, businesses recover the VAT they paid to their suppliers;
"FUNDAMENTAL CHANGES"	<p>the term "Fundamental Change" means any of the following:</p> <ol style="list-style-type: none"> 1) A significant change in the objectives or nature of the Fund; 2) A change that may have a material adverse effect on the Unitholders or their rights in relation to the Fund; 3) A change that affects the risk profile of the Fund; 4) The voluntary withdrawal of the Fund Manager from its position as Fund Manager; and 5) Any other instances determined by the Authority from time to time, and reported to the Fund Manager.
"SIGNIFICANT CHANGES"	<p>means any change that is not considered a Fundamental Change in accordance with Article (56) of the Investment Funds Regulations, but may:</p> <ol style="list-style-type: none"> 1) Usually cause the Unitholders to reconsider their participation in the Fund. 2) Result in increased payments out of the assets of the Fund to the Fund Manager, any member of the Fund Board or any affiliate of either of them. 3) Introduce a new type of payments to be made out of the assets of the Fund. 4) Materially increase the other types of payments made out of the assets of the Fund. 5) Any other cases determined by the CMA from time to time, and reported to the Fund Manager.
"BENCHMARK"	refers to the benchmark against which the Fund's performance is measured, namely the 12-Month London Interbank Offered Rate (LIBOR) plus 300 basis points;
"EXTRAORDINARY CIRCUMSTANCES"	means the events that are beyond the Fund Manager's control, and which the Fund Manager believes that they may, if they occur, adversely and extraordinarily affect the assets of the Fund due to political, economic and/or organizational factors, including without limitation, an economic crisis, a force majeure, war, currency collapse, ...).

Fund Summary

Fund Name and Type	Alkhabeer Diversified Income Traded Fund is a Shari'a-compliant closed-ended traded investment fund, established in accordance with the applicable laws and regulations of the Kingdom of Saudi Arabia and regulated by the Capital Market Authority (CMA).
Fund Manager	Alkhabeer Capital, a Saudi closed joint stock company, incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 4030177445, and an Authorized Person licensed by the CMA under License No. 07074-37.
Investment Objective	The Fund's investment objective is to generate periodic income for investors by investing in Shari'a-compliant income generating assets.
Investment Strategies	The Fund seeks to achieve its objective by investing in diversified income-generating assets that are Shari'a-compliant to generate periodic income for the Fund. The Fund Manager plans to invest in Sukuk, Trade Finance Transactions, Leasing Transactions, Income Funds, and Murabaha Transactions, either directly or through investment funds.
Investment Geography	Local, regional and global markets.
Risk Level and Factors*	Investment in the Fund involves a high level of risk. The Section titled "Main Risks Associated with the Fund's Investments" in the Information Memorandum contains examples of such risks, which the prospective investor should consider carefully before deciding to invest in the Fund.
Appointment of Executing Brokers	The Fund Manager may appoint Executing Brokers who are specialized in executing transactions related to target assets based on the agreed upon instructions issued by the Fund Manager.
Appointment of Sub-Managers	The Fund Manager may, at its discretion, appoint sub-managers who are specialized in managing investments.
Target Fund Capital	SAR 1,000 million.
Total Number of Units	100 million Units.
Initial Offering Price	SAR 10.
Minimum Subscription	The minimum subscription amount in the Fund is SAR 1,000.
Fund Currency	Saudi Arabian Riyal (SAR).
Fund Term	The Term of the Fund is 99 years, starting as of the date of listing of the Fund Units on the Saudi Stock Exchange (Tadawul), renewable at the Fund Manager's discretion, subject to CMA's approval.
Target Annual Dividends	The Fund Manager aims to distribute an annual return equivalent to or exceeding the annual return generated by the Fund's Benchmark, subject to market conditions.
Benchmark	The Fund's performance benchmark is 1-year LIBOR + 300 bps.
Distribution Policy	The Fund Manager will distribute to the Unitholders semi-annually 100% of the semi-annual profits received out of the returns on the Fund's investments, after deducting expenses from the Unitholders. This distribution, however, does not include the capital gains on the sale of the underlying investment assets, which may be reinvested in other assets or distributed in full or in part at the Fund Manager's discretion. The Fund will distribute the dividends within forty (40) Business Days after the last day of each half year and at the end of each Gregorian year, i.e. during August and February of each Gregorian year. Any distributed cash dividends will be deposited in the Unitholder's investment account.
Shari'a Compliance	The Fund, its investments and transactions shall be compliant with the Shari'a Guidelines.
Financing	The Fund Manager may obtain facilities or margin finance for the Fund during the Investment Term, provided that such financing is compliant with the Shari'a Guidelines and does not exceed 30% of the Fund's Net Asset Value (NAV) at the time it is obtained.
Valuation and Frequency	The Fund assets will be valued quarterly as at the last day of March, June, September and December of each Gregorian year. The Fund's NAV shall be equal to the value of all Fund assets less the value of all Fund liabilities as at the Valuation Date.
Management Fees	1% per annum of the Fund's NAV.
Sub-Manager's Fees	The Sub-Manager (if any) shall be compensated at the cost of the Fund Manager.
Subscription Fees	1% of the total allocated cash subscription amounts, payable upon subscription in the Fund.
Custodian Fees	The Fund shall pay the Custodian a minimum annual fee of SAR 100,000, up to a maximum of 0.1% of the Fund's total asset value.



Administration Fees	The Fund shall pay the Administrator an amount equivalent to 0.1% per annum of the Fund's NAV.
Audit Fees	SAR 35,000 per annum.
Shari'a Advisor Fees	SAR 20,000 per annum.
Tadawul Registration Fees	The Fund shall pay the following fees for registration in the Saudi Stock Exchange (Tadawul): <ol style="list-style-type: none"> SAR 50,000 + SAR 2 on each Unitholder, capped at SAR 500,000, payable to the Securities Depository Center Company ("Edaa") for the creation of a Unitholder's register; SAR 400,000 payable annually to the Securities Depository Center Company ("Edaa") for administering a Unitholder's register. Such fees may change from time to time commensurate with changes in the Fund's capital.
Tadawul Listing Fees	The Fund shall pay the following listing fees: <ol style="list-style-type: none"> SAR 50,000 initial listing fees, payable to the Saudi Stock Exchange (Tadawul); and 0.03% of the Fund's market value per annum (with a minimum of SAR 50,000 and a maximum of SAR 300,000), payable to the Saudi Stock Exchange (Tadawul).
Tadawul Website Publishing Fees	The Fund shall pay fees of SAR 5,000 per annum for publishing on the website of the Saudi Stock Exchange (Tadawul), payable to Tadawul.
Regulatory Fees	The Fund shall pay regulatory fees of SAR 7,500 per annum to the CMA.
Independent Directors' Fees	The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two independent directors were appointed. It is expected that a minimum of two meetings and a maximum of four meetings will be held each year. The Chairman may convene an urgent Fund Board meeting whenever he deems necessary. Total remuneration paid to the two independent directors shall not exceed SAR 42,000 per annum. In addition, the Fund will pay all actual travel and accommodation costs incurred by each of the independent directors to attend the meetings (if applicable), up to a maximum of SAR 15,000 per annum for the two independent directors. Such costs and annual fees shall be calculated and paid semi-annually. Non-independent directors will not receive any fees.
Dealing (Brokerage) Expenses and Fees	The brokerage expenses (including the Executing Broker's Fees) or any other trading fees, shall be paid by the Fund directly at levels determined in accordance with the laws or by the Executing Broker or the Intermediary in the markets where the Fund deals. Such amounts vary commensurate with the types of deals, the nature of investments and the size of transactions.
Shari'a-compliant Financing Costs	The Shari'a-compliant financing costs (if any) shall be borne by the Fund based on the prevailing market rates. They shall be calculated as at each Valuation Day, and paid in accordance with the requirements of the financier bank.
Other Expenses	The Fund shall pay all the other actual costs related to the activities of the Fund, placement of Fund investments and outsourced professional and operational services provided by third parties, including without limitation, the costs of convening the Unitholders' meetings, asset valuation expenses and other professional services provided to the Fund, in addition to income purification costs (if any). The Fund shall be liable for any taxes which are imposed in the future by regulatory authorities and become due and payable. Such fees and expenses shall not exceed 0.50% of the Fund's NAV annually, with the exception of the fees, charges and taxes that are subject to government laws and regulations. Actual fees only will be deducted.
Total Expense Ratio	The recurring fees ratio for the first year of the Fund's life is 1.47% of the Target Fund Capital (SAR 1,000 million) and 1.67% if the Fund is started at its Minimum Target Fund Capital (SAR 300 million). The non-recurring fees ratio for the first year of the Fund's life is 0.06% of the Target Fund Capital (SAR 1,000 million) and 0.21% if the Fund is started at its Minimum Target Fund Capital (SAR 300 million). Thus, the Total Expense Ratio for the first year of the Fund's life is 1.53% of the Target Fund Capital (SAR 1,000 million) and 1.88% if the Fund is started at its Minimum Target Fund Capital (SAR 300 million). This Ratio will be updated quarterly and published on the Fund Manager's website and on Tadawul's website.
Restrictions on Transfer of Units	Upon listing, Units shall be traded in the same way as the shares of Tadawul-listed companies are traded. Unitholders may sell or buy the Units during the daily trading hours through licensed brokers.
Unitholders' Liability	With the exception of the Unitholder's loss of all or part of his investment in the Fund, the Unitholder will not be liable for the debts and obligations of the Fund. Unitholders shall be responsible for the payment of Zakat on their investment Units.
Governing Law	The Fund is subject to the laws of the Kingdom of Saudi Arabia and to the applicable regulations issued by the Capital Market Authority (CMA).

* Investing in the Fund involves a high level of risk because the Fund is traded, and as such, the Unit trading price is exposed to market volatility, although the nature of the components of the Fund's investments is of a medium risk level.

Terms and Conditions

This document sets out the Terms and Conditions of Alkhabeer Diversified Income Traded Fund, a Shari'a-compliant closed-ended traded investment fund. The Fund is managed by Alkhabeer Capital, an Authorized Person licensed by the CMA under License Number 07074-37. These Terms and Conditions represent the contractual relationship between the Fund Manager and the Unitholders pursuant to which the Fund is established.

The Units of the Fund will be listed on Tadawul, subject to the approval of the CMA and the Saudi Stock Exchange (Tadawul). Units in the Fund are denominated in Saudi Arabian Riyals (SAR).

1. OVERVIEW

(a) Name and CMA License Number of the Fund Manager

Alkhabeer Capital, CMA License No.: 07074-37

(b) Address of the Head Office of the Fund Manager

P.O. Box 128289
Jeddah 21362
Kingdom of Saudi Arabia

Tel.: +966-12 658 8888
Fax: +966-12 658 6663
C.R. No.: 4030177445

(c) Website Address of the Fund Manager

Website: www.alkhabeer.com

(d) Name and CMA License Number of the Custodian

Custodian's Name

Alinma Investment Company

Custodian's License No.
09134-37

(e) Address and Website of the Custodian

Address: P.O. Box 55560
Riyadh 11544
Kingdom of Saudi Arabia

Tel.: 8004413333
Email: info@alinmainvest.com
Website: <http://www.alinmainvestment.com>

2. GOVERNING LAW

The Fund and the Fund Manager are subject to the Capital Market Law and its Implementing Regulations, and other applicable laws and regulations in effect in the Kingdom of Saudi Arabia.

3. FUND OBJECTIVES

(a) Description of the Objectives and Type of the Fund

The Fund's investment objective is to generate periodic income for investors by investing in Shari'a-compliant income-generating assets.

(b) Fund Investment Policies and Practices and Underlying Assets

The Fund seeks to achieve its objectives by investing in diversified income-generating assets that are Shari'a-compliant to generate periodic income for the Fund. The Fund Manager plans to invest in Sukuk, Trade Finance Transactions, Leasing Transactions, Income Funds and Murabaha Transactions, either directly or through investment funds. Asset distribution as a percentage of the Fund's total asset value based on the last audited financial statements, is as follows:

(1) Fund Investment Concentration Policies

Asset Type	Minimum	Maximum
Sukuk	0%	40%
Trade Finance Transactions	0%	40%
Leasing Transactions	0%	40%
Income Funds*	0%	25%
Cash and Murabaha Transactions**	0%	5%

*Notes concerning investment in Income Funds:

- In the event the Income Funds invest in any of the aforementioned types of assets, the limits of investment in those Funds shall be independent of the limits specified for each type of those investments.

**Notes concerning investment in Murabaha Transactions:

- In normal circumstances, the Fund Manager will not hold Cash or invest in Murabaha Transactions in excess of 5% of the Fund's Net Asset Value (NAV). However, in case of liquidation of some investments (until the Cash is re-invested), or in exceptional cases, the allocation to Cash and Murabaha Transactions may be increased up to 100% the Fund's NAV.

(2) Description of Fund Asset Types and Strategies

Investment Type:

- 1. Sukuk:** Investment shall be made in Sovereign, Quasi-Sovereign or corporate Sukuk that are issued locally and internationally by way of a public offering or private placement, and are in compliance with the Shari'a Guidelines and denominated either in Saudi Riyals or US dollars, or in any other currency pegged to the US dollar.

The Fund Manager has the right to invest in any investment-grade Sukuk issuance, with no more than 5% of the Fund's assets to be invested in sub-investment grade or non-rated Sukuk, provided that the average credit rating of the Sukuk portfolio is of an investment grade (i.e. BBB- / Baa3 or higher according to Standard & Poor's / Fitch or Moody's rating). In case of split ratings, the lower rating shall apply.

The Fund can invest in Sukuk through an Intermediary. The Fund Manager shall be responsible for appointing the Intermediary in accordance with the laws and regulations issued by the Capital Market Authority.

- 2. Trade Finance Transactions:** Investment in Trade Finance Transactions shall be made through a diversified portfolio of short-term and asset-backed and/or insurance-backed Trade Finance Transactions. They shall be Shari'a-compliant spread across international markets outside the Kingdom of Saudi Arabia, and subject to the laws and regulations issued by the financial and supervisory bodies regulating these markets in the countries in which they operate. The Fund Manager will engage an Executing Broker to execute the Trade Finance Transactions. In this case, the Executing Broker shall comply with the investment guidelines as agreed upon with the Fund Manager. The Fund Manager shall be responsible for appointing the Executing Broker in accordance with the laws and regulations issued by the Capital Market Authority.



3. **Leasing Transactions:** Investment in Leasing Transactions shall be made through a diversified portfolio consisting of medium to long-term leasing contracts that are Shari'a-compliant, used to supply different types of equipment in multiple sectors, spread across international markets outside the Kingdom of Saudi Arabia, and subject to the laws and regulations issued by the financial and supervisory bodies regulating these markets in the countries in which they operate. These sectors include, but are not limited to, transportation, public utilities, maritime transport, cleaning and maintenance, chemicals production, food packaging, and healthcare. The Leasing Transactions are secured by the ownership of the assets for the benefit of the Fund. The Fund Manager will engage an Executing Broker to execute the Leasing Transactions. In this case, the Executing Broker shall comply with the investment guidelines as agreed upon with the Fund Manager. The Fund Manager shall be responsible for appointing the Executing Broker in accordance with the laws and regulations issued by the Capital Market Authority.
4. **Income Funds:** Investment shall be made in Income Funds that are managed by fund managers, including the Fund Manager, licensed by the Capital Market Authority or a similar regulatory body in the event of investing in funds outside the Kingdom of Saudi Arabia, provided these Transactions are Shari'a-compliant. These Funds invest in various income-generating asset types, including, without limitation, Trade Finance Transactions, credit financing, Leasing Transactions, Sukuk, income generating shares, and Murabaha Transactions. When investing in any of these Funds, the Fund Manager will ensure that the investment strategy of the target fund is consistent with the Fund's investment strategy. The Income Funds that may be invested in include public funds as well as funds offered through private placement, provided that investment in the private funds does not exceed 25% of the Fund's Net Asset Value.
5. **Murabaha Transactions:** Investment in Murabaha Transactions shall be made in Saudi Riyals with banks licensed by the Saudi Arabian Monetary Agency operating in the Kingdom of Saudi Arabia, provided these Transactions are Shari'a-compliant.

(3) Dealings, methods and tools that the Fund Manager may use in making the Fund's investment decisions

- The Fund will rely on the Fund Manager's vision and discretion based on the domestic and global economic conditions, findings of financial studies and available information on market investment opportunities. The Fund Manager will also rely on the Fundamental Analysis and valuation of each investment opportunity based on the strength of the financial position and projected returns, in addition to the analysis of the technical indices and the level of risks associated with each opportunity. Investments considered as suitable opportunities will subsequently be selected.
- The Fund Manager will rely on the analysis of the best available offerings of Trade Finance Transactions, Leasing Transactions and Murabaha Transactions, in terms of returns and the level of risks, with a view to maximizing returns and minimizing risks. This also applies to the risk-return analysis of available Sukuk and funds, such that the Sukuk and funds of reputable and creditworthy issuers are selected.
- The Fund Manager seeks to invest in any investment-grade Sukuk issuance. However, the Fund Manager shall not invest more than 5% of the Fund's assets in sub-investment grade or unrated Sukuk, provided the average credit rating of the Sukuk portfolio is of an investment grade (Baa3/BBB- or higher according to Standard & Poor's / Fitch or Moody's rating). In case of split ratings, the lower rating shall apply.
- When investing in unrated entities, such entities shall be assessed based on the internal assessment process used by the Fund Manager. The Fund Manager assesses the unrated entity based on a number of factors, including, without limitation, the credit rating of the country where the entity belongs, the creditworthiness, and the efficiency of assets and profits. The maximum limit for investing with unrated entities or instruments is 25% of the total size of the Sukuk portfolio, but not exceeding 5% of the Fund's total asset value.
- When investing in Income Funds, the Fund Manager will evaluate each fund based on the risk-return profile of each fund and the past performance of the manager of such funds, in addition to other criteria, including, without limitation, the target fund's creditworthiness and its investment policies and procedures.
- Investment decisions made by the Fund Manager shall be in line with the sound and prudent investment practices, which achieve the Fund's investment objectives as stated in the Fund's Terms and Conditions and the Information Memorandum. This includes that the Fund Manager acts to the best of its ability to ensure as follows:



1. That the Fund's investments are based on a careful and prudent distribution of risks, without undermining the Fund's investment objectives, policies and Terms and Conditions.
 2. That sufficient liquidity is available for the Fund to meet any expected payment request, such as accrued expenses and fees that are payable by the Fund.
- In extraordinary conditions, the Fund Manager may, at its discretion, hold more than 5% and up to 100% of the Fund's NAV in the form of cash liquidity, investments in money markets, Murabaha Transactions and/or funds investing in Murabaha Transactions.
 - Risks shall be assessed, and necessary action shall be taken to ensure the best interest of the Unitholders in line with applicable laws and regulations. For additional details on the Fund's potential risks, please see section titled "Main Risks Associated with the Fund's Investments" in the Information Memorandum.
 - The Fund Manager adopts a risk management policy aimed at defining and assessing the potential risks as quickly as possible, and addressing these risks to minimize their effect. The Fund Manager studies and assesses the risks involved in any assets before investment. Risks are re-assessed annually. For additional details on the internal process for risk assessment and management, please see Appendix (3).

(4) Financing Options

The Fund Manager may, during the Investment Term, obtain financing facilities or margin financing, such that margin transactions are executed in favor of the Fund by the Intermediary, provided that the financing is Shari'a-compliant and not exceeding 30% of the Fund's NAV.

The financing periods depend on the nature of the assets that are purchased using those facilities or that margin financing, and may extend up to one year for current assets (such as Sukuk), and up to five years for non-current assets (such as Leasing contracts), as of the date of purchase.

All or part of the Fund assets may be pledged and/or transferred as collateral in the name of a subsidiary of the financial institution who provided the financing to the Fund (without prejudice to the circulars issued by the regulatory authorities).

The financing amount depends on: (a) the financing terms; (b) the prevailing market conditions. The terms of any financing facilities shall be based on non-recourse against the Unitholders.

(5) Methods and Means of Investment of Available Fund Liquidity

The Fund may park investments in Sukuk or Murabaha Transactions or in funds investing in Sukuk or Murabaha Transactions, as may be required, using its cash liquidity that is retained for distribution to investors or for investment in any assets. Murabaha Transactions may be executed with any bank regulated by the Saudi Arabian Monetary Agency, or with investment funds investing in Murabaha managed by the Fund Manager or by any other licensed person regulated by the Capital Market Authority or any similar authority.

(6) Distribution Policy

The Fund Manager will distribute to the Unitholders semi-annually 100% of the semi-annual profits received out of the returns on the Fund's investments, after deducting expenses from the Unitholders. This distribution, however, does not include the capital gains on the sale of the underlying investment assets, which may be reinvested in other assets or distributed in full or in part at the Fund Manager's discretion.

The Fund will distribute the dividends within forty (40) Business Days after the last day of each half year and at the end of each Gregorian year, i.e. during August and February of each Gregorian year. Any distributed cash dividends will be deposited in the Unitholder's investment account.

(7) Ownership Structure

The Fund appointed an independent Custodian to hold the ownership of the Fund's assets. The ownership of the assets will be registered in the name of one or more Special Purpose Vehicles (SPV).

The Fund may obtain financing facilities from one or more financial institutions. In such event, the Fund's assets may be pledged or their ownership may be held in the name of the financing institutions in accordance with the terms and conditions of the financing facilities documents.

4. FUND TERM

The Term of the Fund is 99 years, starting as of the date of listing of the Fund Units on the Saudi Stock Exchange (Tadawul) ("**Listing Date**") and making them available for trading ("**Fund Term**"). The Fund Term is renewable at the Fund Manager's discretion, subject to CMA's approval.

5. INVESTMENT RESTRICTIONS AND LIMITS

The Fund Manager shall comply with the restrictions applicable to the Fund as provided in the Investment Funds Regulations and the Closed-Ended Investment Traded Funds Instructions issued by the Capital Market Authority, and the Fund's Terms and Conditions, Information Memorandum, Shari'a Guidelines and Board Resolutions.

6. FUND CURRENCY

The currency of the Fund is the Saudi Arabian Riyal. Subscription amounts are accepted, and distributions are made, in Saudi Riyals.

7. CONSIDERATION FOR SERVICES, COMMISSIONS AND FEES

(a) Description of the details of all payments made out of the assets of the Fund and the method of their calculation

The Fund shall bear, and pay out its assets, all the fees, charges and commissions, as shown in this section.

TYPE OF FEES	DESCRIPTION
MANAGEMENT FEES	The Fund Manager will be entitled to a management fee (" Management Fees ") for its management of the Fund's assets, equal to 1% per annum of the Fund's NAV. The Management Fees are payable Gregorian semi-annually. The Fund shall bear the Management Fees, to be calculated and paid semi-annually starting as from the Closing Date. Management Fees shall be paid pro rata based on the number of days of the period based on which the Management Fees are calculated.
SUB-MANAGER'S FEES	The Sub-Manager (if any) shall be compensated at the cost of the Fund Manager.
SUBSCRIPTION FEES	The Fund Manager will be entitled to fixed subscription fees (" Subscription Fees ") of 1% of the cash subscription amounts.
CUSTODIAN FEES	The Fund shall pay the Custodian a minimum annual fee of SAR 100,000, up to a maximum of 0.1% of the Fund's total asset value. Custodian Fees are payable Gregorian semi-annually.
ADMINISTRATION FEES	The Fund shall pay the Administrator annual fees equivalent to 0.1% of the Fund's NAV. Administration Fees are payable Gregorian semi-annually.
AUDIT FEES	The Fund shall pay the Auditor annual fees of SAR 35,000.
SHARI'A ADVISOR FEES	The Fund shall pay the Shari'a Advisor annual fees of SAR 20,000.
TADAWUL REGISTRATION FEES	The Fund shall pay the following fees for registration in the Saudi Stock Exchange (Tadawul): 1. SAR 50,000 + SAR 2 on each Unitholder, capped at SAR 500,000, payable to the Securities Depository Center Company ("Edaa") for the creation of a Unitholder's register; 2. SAR 400,000 payable annually to the Securities Depository Center Company ("Edaa") for administering a Unitholder's register. Such fees may change from time to time commensurate with changes in the Fund's capital.
TADAWUL LISTING FEES	The Fund shall pay the following listing fees:



	<ol style="list-style-type: none"> SAR 50,000 initial listing fees, payable to the Saudi Stock Exchange (Tadawul); and 0.03% of the Fund's market value per annum (with a minimum of SAR 50,000 and a maximum of SAR 300,000), payable to the Saudi Stock Exchange (Tadawul).
TADAWUL WEBSITE PUBLISHING FEES	The Fund shall pay fees of SAR 5,000 per annum for publishing on the website of the Saudi Stock Exchange (Tadawul), payable to Tadawul.
REGULATORY FEES	The Fund shall pay regulatory fees of SAR 7,500 per annum to the CMA.
INDEPENDENT DIRECTORS' FEES	<p>The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two independent directors were appointed. Therefore, the total remuneration to be paid to both directors will be a lump sum of SAR 10,000 per annum, plus an attendance fee of SAR 4,000 per meeting to each member. It is expected that a minimum of two meetings (and a maximum of four meetings) will be held each year. Thus, the total attendance fee expected to be paid to both directors will be a minimum of SAR 16,000 (and a maximum of SAR 32,000) per annum. As such, the total remuneration expected to be paid during the year to the two independent directors during the year is a minimum of SAR 26,000 (and a maximum of SAR 42,000). In addition, the Fund will pay all actual travel and accommodation costs incurred by each of the independent directors to attend the meetings (if applicable), up to a maximum of SAR 15,000 per annum for the two independent directors. Such costs and annual fees shall be calculated and paid semi-annually.</p> <p>Non-independent directors will not receive any fees.</p>
DEALING (BROKERAGE) EXPENSES AND FEES	The brokerage expenses (including the Executing Broker's Fees) or any other trading fees, shall be paid by the Fund directly at levels determined in accordance with the laws or by the Executing Broker or the Intermediary in the markets where the Fund deals. Such amounts vary commensurate with the types of deals, the nature of investments and the size of transactions.
SHARI'A COMPLIANT FINANCING COSTS	The Shari'a-compliant financing costs (if any) shall be borne by the Fund based on the prevailing market rates. They shall be calculated as at each Valuation Day, and paid in accordance with the requirements of the financier bank.
OTHER EXPENSES	The Fund shall pay all the other actual costs related to the activities of the Fund, placement of Fund investments and outsourced professional and operational services provided by third parties, including, without limitation, the costs of convening the Unitholders' meetings, asset valuation expenses and other professional services provided to the Fund, in addition to income purification costs (if any). The Fund shall be liable for any taxes that are imposed in the future by regulatory authorities and become due and payable. Such fees and expenses shall not exceed 0.50% of the Fund's NAV annually, with the exception of the fees, commissions and taxes that are subject to governmental laws and regulations. Actual fees only will be deducted.

Note: All of the aforementioned payments shall be subject to the Value Added Tax, the rate of which may vary from time to time.

The Value Added Tax (VAT)

All the fees and expenses referred to in the Terms and Conditions and the Information Memorandum are exclusive of the Value Added Tax, unless otherwise indicated. To the extent that the VAT is payable in respect of any supply made by any person to the Fund or the Fund Manager in its capacity as Fund manager, the Fund Manager shall pay an additional consideration for that supply out of the assets of the Fund, provided the amount of such additional consideration is equal to the VAT-exclusive consideration (or its VAT-exclusive market value, if any), multiplied by the rate of the VAT due and applicable to that supply (provided a tax invoice is issued and received by the Fund).

The following table shows all the fees and expenses and the method of calculation of the consideration for services, commissions and fees, as well as the timing of their payment by the Fund

TYPE OF FEES	PERCENTAGE / AMOUNT PAYABLE	BASIS OF CALCULATION	TIMING OF CALCULATION	TIMING OF PAYMENT
MANAGEMENT FEES	1% per annum of the NAV	Calculated based on the Fund's NAV	Every valuation day	Payable semi-annually
SUB-MANAGER'S FEES	The Sub-Manager (if any) shall be compensated at the cost of the Fund Manager	At the cost of the Fund Manager	N/A	N/A
SUBSCRIPTION FEES	1% the cash subscription amounts	Calculated once, based on the cash subscription amounts	Upon subscription	Payable once by the investor upon subscription (subscription in the Initial Offering)
CUSTODIAN FEES	A minimum of SAR 100,000, and up to a maximum of 0.1% of the total asset value per annum	Calculated based on the Fund's total asset value	Every valuation day	Payable semi-annually
ADMINISTRATION FEES	0.1% per annum of the Fund's NAV	Calculated based on the Fund's NAV	Every valuation day	Payable semi-annually
AUDIT FEES	SAR 35,000 per annum	Annual lump sum	Every valuation day	Payable semi-annually
SHARI'A ADVISOR FEES	SAR 20,000 per annum	Annual lump sum	Every valuation day	Payable annually
TADAWUL REGISTRATION FEES	The Fund shall pay the following fees for registration in the Saudi Stock Exchange (Tadawul): 1. SAR 50,000 + SAR 2 on each Unitholder, capped at SAR 500,000; and 2. SAR 400,000 payable annually. Such fees may change from time to time commensurate with changes in the Fund's capital	1. Non-recurring lump sum 2. Annual lump sum	1. Before the listing and trading of the Fund Units 2. Every valuation day	1. Before the listing and trading of the Fund Units 2. Payable annually
TADAWUL LISTING FEES	The Fund shall pay the following listing fees: 1. SAR 50,000 initial listing fees; and	1. Non-recurring lump sum, payable upon the listing of the Fund on the Saudi Stock Exchange (Tadawul)	1. Before the listing and trading of the Fund Units	1. Before the listing and trading of the Fund Units

	2. 0.03% of the Fund's market value per annum (with a minimum of SAR 50,000 and a maximum of SAR 300,000)	2. Amount based on the Fund's market value	2. Every valuation day	2. Payable annually
TADAWUL WEBSITE PUBLISHING FEES	SAR 5,000 per annum	Annual lump sum	Every valuation day	Payable annually
REGULATORY FEES	SAR 7,500 per annum	Annual lump sum	Every valuation day	Payable annually
INDEPENDENT DIRECTORS' FEES	A minimum of SAR 26,000 and a maximum of SAR 42,000	Attendance fees are calculated after every meeting	Annual fees are calculated semi-annually, while attendance fees are calculated after every meeting	Payable semi-annually
DEALING (BROKERAGE) EXPENSES AND FEES	Calculated for every transaction the Fund enters into through the Executing Broker and/or the Intermediary, either directly and/or periodically. The brokerage fees (including the fees of the Executing Broker) or any other trading fees are payable by the Fund directly	Calculated at levels determined in accordance with the laws or by the Executing Broker or the Intermediary in the markets where the Fund deals. Such amounts vary commensurate with the types of deals, the nature of investments and the size of transactions	Every valuation day	Payable upon request
SHARI'A-COMPLIANT FINANCING COSTS	Shall be borne by the Fund (if any) based on the prevailing market rates	Based on the prevailing market rates and the contract with the financier bank	Every valuation day	Payable as required by the financier bank
OTHER EXPENSES	Such fees and expenses shall not exceed 0.50% of the Fund's NAV annually, with the exception of the fees, commissions and taxes that are subject to governmental laws and regulations. Actual fees only will be deducted.	Calculated based on the Fund's NAV	Every valuation day	Payable semi-annually

Note: All of the above-mentioned payments are subject to the Value Added Tax (VAT), the rate of which may change from time to time.

Summary Financial Disclosure

The expected fees and expenses to be charged and incurred by the Fund are shown in the Summary Financial Disclosure set forth in Appendix (1) hereto.

(b) Details of the transaction payments charged on subscription, redemption and transfer of Units, which are payable by the Unitholders

The Fund Manager is entitled to receive Subscription Fees at a fixed rate of 1% of the cash subscription amounts. Whereas the Fund is closed-ended and traded, Unitholders cannot redeem their Fund Units, but may trade their Units at the Unit Price traded on the exchange. Units are traded in the same way as the shares of Tadawul-listed companies are traded. Unitholders may sell or buy the Units during the daily trading hours through licensed financial brokers.

(c) Description of a special commission of the Fund Manager

Not applicable.

8. VALUATION AND PRICING

(a) Detailed description on how each Fund asset is valued

The Fund's total asset value shall be calculated as follows:

1. If the assets are securities listed or traded on any organized securities exchange or an automated pricing system, the price of the last transaction executed on that exchange or system shall be used. If the securities are suspended, they shall be valued based on the last price before suspension, unless there is conclusive evidence that the value of such securities has declined below the suspension price.
2. For unlisted Sukuk, the book value, plus the accumulated gains shall be used.
3. For Sukuk listed or traded on any organized securities exchange or an automated pricing system, and where the conditions of such exchange or system do not allow for the valuation of the Sukuk as stipulated in sub-paragraph (1) above, such Sukuk may be valued as provided in the foregoing sub-paragraph (2).
4. The fair market value of the Leasing Transactions will be calculated based on the net present value of the future cash flows generated by the Leasing contracts, in addition to the expected book value of the leased assets as at the end of the Lease Term, less the projected expenses and provisions during the contracting periods, in line with international accounting and auditing standards.
5. The fair market value of the Trade Finance Transactions will be calculated on the basis of the price of the traded commodities in those transactions using the payable value of accounts generated from the sale transactions or the last available market price of those commodities, less the expenses, provisions and related costs (transportation, storage, etc.), in line with international accounting and auditing standards.
6. For investment funds, the last published NAV per Unit.
7. For any other investment, the fair value determined by the Fund Manager using methods and rules as approved by the Custodian, subject to verification by the Fund's Auditor.

The Net Asset Value (NAV) per Unit is calculated by deducting all the amounts due and accumulated expenses out of the Fund's total assets and dividing the result by the number of outstanding Units as at the time of valuation.

(b) Number and Recurrence of Valuation Points

The Fund Manager shall calculate and publish the Fund's NAV per Unit four times per year, at the end of each quarter, that is on 31 March, 30 June, 30 September and 31 December. This information shall be made available on the websites of the Fund Manager and the Saudi Stock Exchange (Tadawul) www.tadawul.com.sa.

(c) Action to be taken in case of any error in valuation or pricing

In the event of erroneous valuation or pricing of any of the Fund assets, or erroneous calculation of the Net Asset Value, the Fund Manager shall do the following:

- The Fund Manager shall compensate all of the adversely affected Unitholders (including former Unitholders) for all the valuation or pricing errors without delay.
- The Fund Manager shall notify the CMA immediately of any error in valuation or pricing amounting to 0.5% or more of the Unit Price, and shall disclose it immediately on its website and on Tadawul's website, as well as in the Fund reports, which are prepared by the Fund Manager in accordance with Article (71) of the Investment Funds Regulations.
- The Fund Manager shall include in its reports to the CMA, which are required under Article (72) of the Investment Funds Regulations, a summary of all the valuation and pricing errors.

(d) Method of Calculation of the Unit Price

The Fund Unit Par Value is SAR 10. The trading price per Unit shall be determined by the market commensurate with the Unit supply and demand levels.

(e) **Time and Place of Publication of the Unit Price**

The Fund's NAV per Unit as at the end of each quarter will be announced by the Saudi Stock Exchange (Tadawul) on Tadawul's website www.tadawul.com.sa, by no later than 04:00 PM, on the tenth day following the end of each quarter.

9. DEALINGS

(a) **Responsibilities of the Fund Manager in relation to the Subscription and Redemption Applications**

To subscribe in the Offering, investors shall subscribe in the Units and complete the Subscription Form. The Subscription Form will be made available on the websites of the Fund Manager (www.alkhabeer.com), the Lead Manager, the Receiving Banks, or the Saudi Stock Exchange (Tadawul) (www.tadawul.com.sa). Each prospective investor shall: (a) submit the completed and signed Subscription Form, as well as the signed Terms and Conditions and any other documents required by virtue of the Subscription Form, to the Fund Manager or through the Receiving Banks; and (b) pay the full Subscription Amount for the Units applied for to the Fund's account with the Receiving Banks, net of any deductions, expenses, banking charges, bank transfer fees, and currency exchange fees (which shall be borne by the investor). If the aforementioned steps are not completed before the Closing Date of the Initial Offering Period, or if the information submitted is not accurate, the Fund Manager or the Receiving Banks may reject the Subscription Application.

With the submission of the completed and signed Subscription Form, each investor shall be deemed to have submitted an irrevocable binding offer to subscribe in the number of Units mentioned in the Subscription Form. Moreover, the investor shall be deemed to have agreed to the Terms and Conditions. All subscription applications shall be subject to the Fund Manager's approval in accordance with the Terms and Conditions.

Whereas the Fund is closed-ended and traded, Unitholders cannot redeem their Fund Units, but may trade their Units at the Unit Price traded on the exchange. Units are traded in the same way as the shares of Tadawul-listed companies are traded. Unitholders may sell or buy the Units during the daily trading hours through licensed financial brokers.

Method of Allocation

Receiving Banks appointed by the Fund Manager shall within a period not exceeding (10) Business Days, as a maximum, after the Closing Date, notify every investor of the acceptance or rejection of the Subscription Application, whether in whole or in part. In the event the Subscription Application is approved, confirmations shall be sent to the applicants showing the approved Subscription Amount, which may be subject to change upon the final allocation of Units. In the event an investor's Subscription Amount is rejected in whole or in part, the rejected part of the Subscription Amount or the full Subscription Amount shall be returned to the investor named in the Subscription Form without any deduction within (10) Business Days after the Closing Date of the Initial Offering Period.

Units shall be allocated immediately following the Closing Date according to the following process:

- (a) If the total amounts of subscriptions applied for by all investors are less than SAR 300 million, the Fund Manager may, at its discretion and subject to CMA's approval, extend the Offering Period for (20) Business Days or cancel the Offering and return all the Subscription Amounts to the investors in Saudi Riyal without any deduction within (5) Business Days after the date of cancellation of the Offering.
- (b) If the total amounts of subscriptions applied for by all investors are equal to or greater than SAR 300 million, the Units shall be allocated as follows:
 1. 100 Units are allocated to each investor.
 2. In the event of excess unallocated Units, the remaining Offered Units shall be allocated pro rata in proportion to the total amounts subscribed for by each of the investors.

In the event the number of subscribers is more than 1,000,000, a number of Units lower than the Minimum Subscription may be allocated. Therefore, the Fund Manager does not guarantee the allocation of the Minimum Subscription of 100 Units.

The Fund Manager will take all action to ensure at all times:

- (a) that the Fund includes Public Unitholders of not less than 200; and

(b) that at least 30% of the Unitholders are Public Unitholders.

(b) Maximum time period between receiving the redemption application and paying the redemption proceeds to the Unitholder

Not applicable, because the Fund is closed-ended and traded, and Unitholders may not redeem their Fund Units, but may trade their Units at the Unit Price traded on the exchange. Units are traded in the same way as the shares of Tadawul-listed companies are traded. Unitholders may sell or buy the Units during the daily trading hours through licensed financial brokers.

(c) Restrictions on Unit Trading

Upon listing, Units are traded in the same way as the shares of Tadawul-listed companies are traded. Unitholders may sell or buy the Units during the daily trading hours through licensed financial brokers.

(d) Events where Unit trading is postponed or suspended, and action taken in such events

- (1) The CMA may suspend the trading of listed Units or delist the Units at any time at its discretion, in the following events:
 - (a) If it deems so necessary to protect the Unitholders or maintain a regulated exchange.
 - (b) If the Fund Manager fails to comply with the Law or its Implementing Regulations or the market rules, and the CMA deems such failure to be material.
 - (c) If the Fund Manager fails to timely pay any amount due and payable to the CMA or Tadawul, or any penalties due and payable to the CMA.
 - (d) If the CMA finds that the Fund and its activities, level of operations or assets are no longer suitable for the continued listing of its Units on Tadawul.
 - (e) If the CMA finds that the Custodian has failed to comply with the Law and its Implementing Regulations and the market rules, and the CMA deems such failure to be material.
 - (f) Upon expiration of the Fund Term.
- (2) The lifting of suspension of trading imposed under the foregoing Paragraph (1) is subject to the following considerations:
 - (a) Sufficient remedy of the conditions that caused the suspension, and the absence of any necessary causes for the continued suspension against the Unitholders.
 - (b) The lifting of the suspension is not likely to affect the exchange's normal activities.
 - (c) The Fund Manager's compliance with any other conditions as required by the CMA.
- (3) Tadawul suspends trading of Fund Units in any of the following events:
 - (a) Failure of the Fund Manager to comply with the deadlines for disclosure of its periodic financial information in accordance with applicable implementing regulations.
 - (b) If the Auditor's report on the Fund's financial statements contains an adverse opinion or disclaimer of opinion.
 - (c) If the liquidity requirements provided in the Listing Rules are not satisfied by the deadline specified by Tadawul for the Fund to rectify its conditions, unless the CMA agrees otherwise.
- (4) Tadawul may at any time propose to the CMA to suspend the trading of Units or delist them, if it determines that any of the events referred to in Paragraph (1) above is likely to occur.
- (5) Upon suspension of the Fund Units, the Fund shall continue to comply with the Law and its Implementing Regulations and the market rules.
- (6) If the suspension of trading of the Units continues for a period of six months without appropriate action being taken by the Fund Manager to remedy the suspension, the CMA may delist the Fund Units.

- (7) After listing its Units, the Fund may not cancel the listing without the CMA's prior approval. To obtain the CMA's approval, the Fund shall apply to the CMA for delisting, with notification to that effect filed simultaneously with Tadawul. The application shall include the following information:
- (a) The specified reasons for the application for delisting.
 - (b) A copy of the public disclosure in this respect as soon as possible. The disclosure shall include, as a minimum, the reason for delisting, the nature of the event leading to the delisting, and the effect of the delisting on the activities of the Fund.
 - (c) The names and contact details of the financial advisor and the legal advisor, who are appointed in accordance with the relevant Implementing Regulations.
- (8) The CMA may, at its discretion, accept or reject the application for delisting.
- (9) After receiving the CMA's approval, the Fund Manager shall obtain the consent of the Unitholders, by way of an ordinary Fund resolution, to the delisting.
- (10) Upon delisting at the Fund Manager's request, the Fund Manager shall make a public disclosure in this respect as soon as possible. The disclosure shall include, as a minimum, the reason for delisting, the nature of the event leading to the delisting, and the effect of the delisting on the activities of the Fund.
- (11) The Fund Manager may apply to Tadawul to temporarily suspend the trading of the Fund Units upon occurrence of an event during the trading period, which must be disclosed without delay according to the Law or its Implementing Regulations or the market rules, and the Fund Manager cannot keep it secret until the end of the trading period. Tadawul shall suspend the trading of the Fund Units immediately upon receiving the Fund Manager's application.
- (12) Upon temporary suspension of trading at the Fund Manager's request, the Fund Manager shall make a public disclosure as soon as possible, showing the reason for the suspension and its expected period, as well as the nature of the event leading to the suspension and the effect of the suspension on the activities of the Fund.
- (13) The CMA may temporarily suspend trading without receiving a request from the Fund Manager, whenever the CMA has information, or whenever there are circumstances, which may affect the activities of the Fund, and the CMA determines that such circumstances may affect Tadawul's activity or undermine the protection of the Unitholders. The fund whose units are temporarily suspended shall continue to comply with the Law and its Implementing Regulations and the market rules.
- (14) Tadawul may propose to the CMA to exercise its authority in accordance with Paragraph (13) above, if it receives information or learns of circumstances, which may affect the activities of the Fund, or could potentially adversely affect Tadawul's activity or undermine the protection of the Unitholders.
- (15) The temporary suspension of trading shall be lifted at the end of the period specified in the disclosure referred to in Paragraph (12) above, unless the CMA or Tadawul determines otherwise.
- (e) Description of the procedures for selection of the redemption applications to be postponed**
- Not applicable, because the Fund is closed-ended and traded, and Unitholders may not redeem their Fund Units, but may trade their Units at the Unit Price traded on the exchange. Units are traded in the same manner as the shares of Tadawul-listed companies are traded. Unitholders may sell or buy the Units during the daily trading hours through licensed financial brokers.
- (f) Description of the provisions governing the transfer of ownership of the Units to other investors**
- Upon listing, Fund Units may be traded in the same way as the shares of Tadawul-listed companies are traded. Thus, Unitholders and investors may trade through licensed brokerage companies during the normal trading hours announced by the Saudi Stock Exchange (Tadawul).
- (g) Disclosure of whether the Fund Manager intends to invest in the Fund Units**
- The Fund Manager is permitted to invest in the Fund from time to time, provided the Fund Manager discloses in the Summary Financial Disclosure, any investment it has made in the Fund as at the end of every fiscal year.

(h) Description of the date and deadlines for submission of the Subscription Applications

Subscription Applications are filed at any time during the Initial Offering Period up to the Closing Date. The Units will be offered pursuant to the Closed-Ended Investment Traded Funds Instructions and the Investment Funds Regulations, during the Initial Offering Period running for (15) Business Days, commencing on 21.04.1442H, corresponding to 06.12.2020G, and ending on 09.05.1442H, corresponding to 24.12.2020G (the "Closing Date"). In the event the Fund fails to raise SAR 300 million (the "**Minimum Target Fund Capital**"), the Fund Manager has the discretion, subject to CMA's approval, to extend the Offering Period by (20) Business Days, or cancel the Offering and return all the Subscription Amounts to the investors in Saudi Riyal without any deduction within five Business Days following the date of cancellation of the Offering.

The Fund Manager reserves the right to reject the Fund Subscription Application submitted by any subscriber, in the event such subscription will cause a breach of the Terms and Conditions of the Fund or a violation of the laws or implementing regulations which may be imposed from time to time by the CMA or other regulatory authorities in the Kingdom of Saudi Arabia.

The Offering shall be cancelled, and all Subscription Amounts shall be returned to investors without deduction, in the following events (unless the CMA decides otherwise):

- (1) Failure to achieve the Minimum Target Fund Capital of SAR 300 million; or
- (2) If the number of Public Unitholders is less than 200; or
- (3) If the percentage of Public Unitholders is less than 30%.

In the event of cancellation of the Initial Offering, all the Subscription Amounts received shall be returned to the investor within (5) Business Days after the Closing Date of the Initial Offering Period (without any deduction).

The following table shows the time periods of the steps taken between the Initial Offering of the Fund Units and the trading of the Units:

STEPS	EXPECTED TIME PERIOD
INITIAL OFFERING PERIOD	(15) Business Days starting as from 21.04.1442H, corresponding to 06.12.2020G, to 09.05.1442H, corresponding to 24.12.2020G
EXTENSION OF THE INITIAL OFFERING PERIOD (IN THE EVENT OF EXTENSION AFTER OBTAINING THE CMA'S APPROVAL)	(20) Business Days
ISSUE OF A STATEMENT SHOWING THE OFFERING RESULTS TO THE CMA	(10) Business Days as of the Closing Date of the Initial Offering Period or any extension thereof
ANNOUNCEMENT OF THE STATUS OF ALLOCATION OF UNITS TO SUBSCRIBERS	(10) Business Days as of the Closing Date of the Initial Offering Period or any extension thereof
REFUND OF OVERSUBSCRIPTION (IF ANY)	(10) Business Days after allocation
COMMENCEMENT OF TRADING OF FUND UNITS ON THE SAUDI STOCK EXCHANGE (TADAWUL)	(20) Business Days after the Closing Date of the Offering Period

(i) Description of the Procedures for the Submission of Unit Subscription Applications

Subscription Procedures

To subscribe in the Offering, investors shall subscribe in the Units and complete the Subscription Form. The Subscription Form will be made available on the websites of the Fund Manager (www.alkhabeer.com), the Lead Manager, the Receiving Banks, or the Saudi Stock Exchange (Tadawul) (www.tadawul.com.sa). Each prospective investor shall: (a) submit the completed and signed Subscription Form, as well as the signed Terms and Conditions and any other documents required by virtue of the Subscription Form, to the Fund Manager or through the Receiving Banks; and (b) pay the full Subscription Amount for the Units applied for to the Fund's account with the Receiving Banks, net of any deductions, expenses, banking charges, bank transfer fees, and currency exchange fees (which shall be borne by the investor). If the aforementioned steps are not completed before the Closing Date of the Initial Offering Period, or if the information submitted is not accurate, the Fund Manager or the Receiving Banks may reject the Subscription Application.

With the submission of the completed and signed Subscription Form, each investor shall be deemed to have submitted an irrevocable binding offer to subscribe in the number of Units mentioned in the Subscription Form. Moreover, the investor shall be deemed to have agreed to the Terms and Conditions. All Subscription Applications shall be subject to the Fund Manager's approval in accordance with the Terms and Conditions.

The Subscription Process

- 1) **Review of the Terms and Conditions:** Prospective subscribers may obtain a copy of the Terms and Conditions by visiting the websites of the Receiving Banks, or through the Fund Manager's website – Alkhabeer Capital (www.alkhabeer.com), or Tadawul's website (www.tadawul.com.sa), or the CMA's website (www.cma.org.sa). Prospective subscribers who intend to subscribe in the Fund's Initial Offering shall read and sign the Fund's Terms and Conditions, keep them, and electronically declare that they have read and understood them.
- 2) **Bank Transfer:** The full Subscription Amount to be subscribed to of not less than SAR 1,000 as a minimum, shall be transferred, with no maximum subscription limit applied during the Initial Offering Period, to the account as stated by the Receiving Banks.

For example: If an investor wants to subscribe to an amount of SAR 10,000, the investor shall transfer a sum of SAR 10,000 representing the Subscription Amount, plus the Subscription Fee and the Value Added Tax due and payable on the Subscription Fee. The subscriber shall attach the bank transfer receipt when submitting the Subscription Application.

- 3) **Completing the Subscription Application Form:** The subscriber shall fully and accurately complete the paper or electronic Subscription Form, and subsequently hand over or send all required documentation as described below, either in paper form or electronically. No Subscription Application or bank transfer may be accepted after the close of the last Business Day of the subscription days. The investor will not be allowed to modify the information contained in the Subscription Application Form after sending it or handing it over. The subscription may be cancelled, and a new application may be filed. However, a subscription cannot be cancelled after being approved and confirmed. In all events, investors of all categories shall hand over and complete all the subscription requirements and documentation or upload them to the website.
- 4) **Confirmation of Receipt of the Subscription:** The Receiving Bank will send to the client a message acknowledging receipt of the Fund Subscription Application by email and/or via SMS to the client's registered mobile telephone number.
- 5) **Acceptance of the Subscription Application:** The Subscription Application shall be reviewed, and in the event it is determined that it does not satisfy all requirements, or in case there are any comments, the client shall be notified by email and/or via SMS to the client's registered mobile telephone number using the electronic subscription feature to complete the requirements within one Business Day after sending the notification to the subscriber. If the Application is found to be complete, the investor shall be notified that the Subscription Application is accepted.
- 6) **Allocation Notification:** Following the Closing Date of the Initial Offering and after allocating Units to the investors in accordance with the allocation process and the allocation period, the CMA shall be notified, and the final Offering results and the allocation of Units shall be announced on the Fund Manager's website.
- 7) **Return of Oversubscription and Listing:** Subsequent to the announcement of the final allocation of Units, the oversubscription shall be returned to the subscribers within the time period specified in the Information Memorandum and the Terms and Conditions, without any deduction, less the value of allocated Units. Allocated Units shall be included in the subscribers' investment portfolios with the brokerage company licensed by the Saudi Stock Exchange (Tadawul).

General Conditions for Subscription in the Fund

- 1) Review of the Fund's Terms and Conditions.
- 2) Availability of an active investment portfolio for the subscriber.
- 3) Availability of a bank account IBAN Number registered in the name of the subscriber. The subscriber shall transfer the Subscription Amount from that account, and oversubscription will be returned to the subscriber after allocation.

Conditions and Requisite Documents by Investor Category

1) Requisite Documents for All Investors:

- Copy of the bank transfer originating from a bank account in the name of the investor, showing the Subscription Amount, in the event the Subscription Application is submitted electronically.
- Signed copy of the Terms and Conditions (in paper form, or acknowledgement of their review electronically or by telephone via a recorded telephone call).
- Fully completed and signed Subscription Application Form (in paper form, electronically or by telephone via a recorded telephone call).

2) Conditions and Requisite Documents for Individual Investors:

- Copy of the national ID card for Saudis or GCC nationals, or copy of a valid residence ID card for residents.

Completion of one Subscription Application shall suffice for each principal investor subscribing on his own behalf and on behalf of his family members appearing in the family record if the family members intend to subscribe in the same number of Units as the principal investor. This shall involve the following:

1. All Units allocated to the principal investor and his dependent investors shall be registered in the name of the principal investor.
2. Oversubscription amounts resulting from the unallocated additional Units shall be returned to the principal investor whether he had paid them for himself or on behalf of his dependent investors.
3. The principal investor shall receive all the dividends of the Units which are allocated to the principal investor and the dependent investors (in the event Units are not sold or transferred).

3) Conditions and Requisite Documents for Minors

The following documents shall be attached:

- Copy of the national ID card for Saudis or GCC nationals or copy of a valid residence ID card for residents in respect of minors aged 15 Hegira years to 18 Hegira years, or the family record in respect of minors aged less than 15 Hegira years.
- Copy of the residence ID card for resident minors aged less than 18 Hegira years.
- Copy of the guardian's national ID card for Saudis or GCC nationals or copy of a valid residence ID card for the resident's guardian.
- If the guardian is not the minor's father, the custodianship deed shall be attached.
- A separate bank transfer shall be made for each minor individual from the same bank account of the minor's guardian, in the event the minor does not have a bank account or portfolio.

Details of certain subscription cases of minor individuals:

- Subscription for individuals younger than 18 Hegira years is permitted through the guardian or the custodian.
- The minor younger than 18 Hegira years shall provide a copy of the national ID card or the residence permit, along with the ID of the guardian or the custodian.
- If the client is a Saudi citizen who is younger than 15 Hegira years, the family record containing the minor's registration, as well as the national ID card of the guardian or the custodian, shall be attached.
- If the client is younger than 18 years and under custodianship, a copy of the custodianship deed issued by the court of jurisdiction along with the custodian's ID card, shall be attached.

- A minor who lack legal competence may subscribe through the guardian or custodian, provided that the minor has an investment portfolio with an authorized person.
 - The divorced or widowed Saudi woman, who is the mother of minor children from a non-Saudi husband, may subscribe under the names of her children, provided that she submits evidence that she is divorced or widowed and proof that she is the mother of minor children.
- 4) Requisite Documents for Companies:
- Copy of the commercial registration stamped by the company.
 - Copy of the memorandum of association and the articles of association stamped by the company.
 - Copy of the ID card of the authorized signatory stamped by the company and signed by the authorized signatory.
- 5) Requisite Documents for Investment Funds:
- Copy of the commercial registration of the fund manager stamped by the company.
 - Copy of the memorandum of association and the articles of association of the fund manager stamped by the company.
 - Copy of the fund manager's license to engage in the business activity.
 - Copy of the fund's terms and conditions.
 - Copy of CMA's approval of the offering of the fund.
 - Copy of the authorized signatory's ID card stamped by the company and signed by the authorized signatory.
- 6) Requisite Documents for Investment Portfolios:
- Copy of the ID card of the portfolio holder.
 - Copy of the commercial registration of the portfolio manager stamped by the company.
 - Copy of the portfolio manager's memorandum of association and articles of association stamped by the company.
 - Copy of the portfolio manager's license to engage in the business activity.
 - Copy of the investment portfolio management agreement.
 - Copy of the ID card of the authorized signatory stamped by the company and signed by the authorized signatory.

Important Notes

- The client shall ensure the accuracy of registered information and documentation that are submitted. Alkhabeer Capital or the Receiving Bank does not accept any liability for the consequences of any errors in any documents or information provided by the client.
- The client shall ensure that the value that appears in the subscription application reconciles with the bank transfers. The Fund Manager may reject the subscription application in the event of discrepancy, whether by increase or decrease.
- Any amount transferred from an account other than the account that is registered with the Receiving Bank at the time of subscription in the Fund, will be rejected / not accepted. The bank account shall be in the name of the client.



(j) Description of the minimum number or value of Units in which the Unitholder shall subscribe

During the Initial Offering Period, investors should subscribe in at least 100 Units per investor at a Subscription Price of SAR 10 per Unit, or a total Subscription Amount of at least SAR 1,000.

(k) Detailed description of any minimum amount to be raised by the Fund Manager, and the effect of the inability of the Fund to achieve that minimum amount

In the event the Fund fails to raise SAR 300 million (the “**Minimum Target Fund Capital**”), the Fund Manager has the discretion, in accordance with CMA’s applicable regulations, to extend the Offering Period by (20) Business Days, or cancel the Offering and return all the Subscription Amounts to the subscribers.

The Offering may be cancelled, and all Subscription Amounts may be returned to subscribers, in the event the Minimum Target Fund Capital of SAR 300 million is not achieved (unless otherwise determined by the CMA).

(l) Description of the corrective action necessary to ensure the satisfaction of the minimum requirement of SAR 10 million or equivalent of the Fund’s Net Asset Value (NAV)

In the event the Fund’s NAV falls short of SAR 10 million (SAR 10,000,000), the Fund Manager shall act in accordance with the provisions of the Investment Funds Regulations and the circulars issued by the CMA concerning the Fund’s NAV minimum requirement for the continued operation of the Fund. The Fund Manager may communicate with the CMA in this respect. The Fund Manager will, within (6) months after notifying the CMA, seek additional investments in the Fund and comply with CMA’s instructions in this respect.

(m) Process of increasing the Fund’s total asset value by accepting cash subscriptions

The Fund’s total asset value may be increased by accepting cash subscriptions, subject to the following process:

- The process of increasing the Fund’s total asset value shall be in accordance with the Investment Funds Regulations, the Closed-ended Investment Traded Funds Instructions, and the Listing Rules.
- The Fund Manager shall obtain the CMA’s approval to offer additional Fund Units by way of accepting cash subscriptions.
- Upon receiving the CMA’s approval, the Fund Manager shall obtain the consent of the Unitholders – by an ordinary Fund resolution – to offer additional Fund Units by way of accepting cash subscriptions.
- The offered additional Units shall be firstly allocated to Fund Unitholders who are registered as at the date on which the Unitholders’ meeting is held to approve the increase of the Fund’s total asset value, and who wish to subscribe in the additional Units, on a pro rata basis, and then the remaining Units (if any) shall be allocated to the other investors who are not Unitholders.

Upon any increase in the Fund’s total asset value, the Fund Manager shall offer Fund Units, if it determines that such offering is in the best interest of the Unitholders. The Fund Manager shall take into consideration the following factors, for example without limitation, when issuing Fund Units in the future:

1. The Fund’s Net Asset Value as determined by the most recent valuation of the Fund’s assets;
2. The Fund Units market price and historical averages; and
3. The market and economic conditions, the condition of the sectors which are related to the Fund’s investment policies, and the cash liquidity levels.

10. DISTRIBUTION POLICY

The Fund Manager will distribute to the Unitholders semi-annually 100% of the semi-annual profits received out of the returns on the Fund's investments, after deducting expenses from the Unitholders. This distribution, however, does not include the capital gains on the sale of the underlying investment assets, which may be reinvested in other assets or distributed in full or in part at the Fund Manager's discretion.

The Fund will distribute the dividends within (40) Business Days after the last day of each half year and at the end of each Gregorian year, i.e. during August and February of each Gregorian year. Any distributed cash dividends will be deposited in the Unitholder's investment account.

11. REPORTING TO UNITHOLDERS

(a) Information related to the financial reports, including the initial and annual fiscal periods

- The accounting period and fiscal year of the Fund is (12) calendar months, ending on 31 December. The end of the Fund's initial accounting period is 31 December 2021G.
- The Fund Manager shall prepare and issue the Fund's short-form annual reports, interim reports and audited annual financial statements, to be made available to the Unitholders upon request, free of charge. The Fund's annual reports shall be made available to the public within no later than (70) days after the end of the reporting period. The Fund Manager shall prepare the interim reports, and make them available to the public within (35) days after the end of the reporting period. Annual reports and interim reports may be provided to the Unitholders upon their request by electronic mail and/or in printed form, and will be published on the websites of the Fund Manager and Tadawul.
- The Fund Manager acknowledges that the Fund's annual reports, audited annual financial statements, short-form annual reports and interim reports, will be made available at the Fund Manager's offices, as well as on the websites of the Fund Manager and Tadawul. The Fund's audited annual financial statements shall be prepared on 31 December of every year. The Fund Manager acknowledges that the first audited financial statement will be made available at the end of the Fund's fiscal year and the end of the initial accounting period, namely 31 December 2020.
- The Fund's audited annual financial statements shall be made available to the Fund Unitholders upon request, free of charge.
- The Fund Manager shall disclose on a quarterly basis on its website and on Tadawul's website and via any other medium determined by the CMA, the information required in accordance with Article 71(h) of the Investment Funds Regulations, which shall include, as a minimum, the following information (if applicable):
 1. List of the names and percentages of issuers whose shares constitute the largest ten investments in the Fund's portfolio as they appear at the first day of the concerned quarter.
 2. The percentage of the total fees and charges of the concerned quarter to the average Net Asset Value of the Fund.
 3. The amounts and percentages of profits distributed in the quarter in question to the Initial Unit Price (if any).
 4. The Fund Manager's investment value and percentage to the Fund's Net Asset Value at the end of the concerned quarter.
 5. The amount and percentage of the concerned quarter's dealing expenses to the public fund's average Net Asset Value.
 6. Risk measurement standards and indices.
 7. Fund's performance standards and indices.
 8. Percentage of financing to the Fund's Net Asset Value at the end of the concerned quarter.

**(b) Places and means of providing Fund reports prepared by the Fund Manager**

The Fund's annual reports, including the financial statements, shall be made available on the Fund Manager's website: www.alkhabeer.com, and on Tadawul's website: www.tadawul.com.sa.

(c) Means of providing annual financial statements to Unitholders

The Fund's annual financial statements, including the Fund's audited annual financial statements, shall be made available to subscribers and potential investors, free of charge, on the Fund Manager's website: www.alkhabeer.com, and on Tadawul's website: www.tadawul.com.sa. The first audited financial statements for the first fiscal year ending 31 December 2021G will be made available.

12. UNITHOLDERS' REGISTER

Whereas the Fund is closed-ended and traded, the Unitholders' Register shall be maintained by the Securities Depository Center Company ("Edaa").

13. UNITHOLDERS' MEETING

(a) Circumstances calling for a Unitholders' meeting

The Fund Manager may, on its own initiative, call a meeting of Unitholders. The Fund Manager shall call a meeting of Unitholders within (10) days from the date of receiving a written request to that effect from the Custodian.

(b) Procedures for calling a Unitholders' meeting

The Fund Manager shall call for a meeting of Unitholders by announcing the invitation on its website and that of Tadawul, and by sending a notice in writing to the Custodian giving a minimum of (10) days' notice and a maximum of (21) days' notice of the meeting.

The announcement and the notice must specify the date, place and time of the meeting and the proposed agenda. The Fund Manager must at the same time send such notice to the CMA.

The Fund Manager must call for a meeting of Unitholders within (10) days of receiving a written request from a Unitholder or more, who individually or collectively hold(s) at least 25% of the Fund Units.

(c) Description of the method of Unitholders' voting and their voting rights in Unitholders' meetings

- The quorum required to conduct a meeting of Unitholders shall be such number of Unitholders holding collectively at least 25% of the value of the Fund Units. For the avoidance of doubt, the Fund Manager and its affiliates do not have voting rights for Units they own.
- If the quorum requirements set out above are not met, the Fund Manager shall call for a second meeting by announcement on its website and that of Tadawul, and shall send a notice in writing to the Custodian giving not less than (5) days' notice of the second meeting. At the second meeting, any number of Unitholders holding any number of Units, present in person or represented by a proxy, shall be deemed to satisfy quorum.
- Every Unitholder shall be entitled to appoint a proxy to represent such Unitholder at a meeting of Unitholders using the form provided in Appendix (4) of these Terms and Conditions.
- Each Unit held by a Unitholder shall represent one vote at the meeting of Unitholders.
- The Unitholders' meetings and their deliberations and voting on resolutions may be conducted through modern technology means in accordance with the requirements set out by the CMA.

14. RIGHTS OF THE UNITHOLDERS

Unitholders shall be entitled to exercise all of their rights in relation to the Units, as explained in the Terms and Conditions and the Information Memorandum, including the following:

1. The right to call for and attend Unitholders' meetings, and vote in relation to matters presented to Unitholders at the Unitholders' meetings. Unitholders' meetings shall be held in accordance with the Closed-ended Investment Traded Funds Instructions and applicable regulations. For further information, see paragraph titled "Unitholders' Meeting";
2. Voting in relation to any suggested Fundamental Change to the Fund;
3. Subscribing in relation to any increase in the Fund's total asset value by way of offering Fund Units. The offered additional Units shall be firstly allocated to Fund Unitholders who are registered as at the date on which the Unitholder's meeting is held to approve the increase in the Fund's total asset value, and who wish to subscribe in the additional Units, on a pro rata basis, and then the remaining Units (if any) shall be allocated to the other investors who are not Unitholders;
4. Receiving dividend distributions according to these Terms and Conditions and the Information Memorandum;
5. Receiving periodic reports and updates according to these Terms and Conditions and the Information Memorandum. The Fund's reports and statements shall be made available to the public via the Fund Manager's website;
6. Receiving an updated copy of the Fund's Terms and Conditions and the Information Memorandum in Arabic, free of charge;
7. Approving any Fundamental Changes and any Significant Changes, or receiving notification concerning notifiable changes in the Fund's Terms and Conditions and the Information Memorandum, and sending a summary of such change before it takes effect, commensurate with its type, within the period specified in the Investment Funds Regulations;
8. Receiving special procedures for handling complaints upon request (free of charge);
9. Any other rights of the Unitholders, as stipulated in CMA Board's laws and implementing regulations, and the Closed-ended Investment Traded Funds Instructions.

Except as expressly set forth in these Terms and Conditions and the Information Memorandum, the Unitholders do not have any rights in relation to the management of the Fund.

15. LIABILITY OF THE UNITHOLDERS

Notwithstanding the loss of all or part of the Unitholder's investment in the Fund, the Unitholder shall not be liable for the debts and liabilities of the Fund. The Unitholders will be responsible for the payment of Zakat on the Units they invest in.

16. CHARACTERISTICS OF THE UNITS

All the Units are of a single category. Unitholders have equal rights and are treated equally by the Fund Manager. Each Unit represents an equal common share in the Fund's assets.



17. CHANGES TO THE FUND'S TERMS AND CONDITIONS

(a) Provisions governing any changes to the Fund's Terms and Conditions, and approvals and notifications, as stipulated in the Investment Funds Regulations

The Fund Manager shall comply with the provisions of the Investment Funds Regulations pertaining to changes that can be made to the Terms and Conditions. These changes are divided into three main categories, namely Fundamental Changes, Significant Changes and Notifiable Changes, as provided in Articles (56), (57) and (58), respectively, of the Investment Funds Regulations:

Fundamental Changes:

The Fund Manager shall obtain the consent of Fund Unitholders to the proposed Fundamental Change by way of an ordinary Fund resolution. The Fund Manager, having obtained the consent of Unitholders and the Shari'a Board, shall obtain the approval of the CMA on the proposed Fundamental Change to the Fund.

Significant Changes:

The Fund Manager shall obtain the consent of Fund Unitholders to the proposed Significant Changes by way of an ordinary Fund resolution. The Fund Manager shall notify the CMA and Unitholders in writing of every proposed Significant Change to the Fund, provided the period of notification to the CMA and Unitholders of any Significant Change is not less than (21) days prior to the date on which the Fund Manager intends to make that Change.

Notifiable Changes:

The Fund Manager shall obtain the consent of the Fund Board before making any Notifiable Change. The Fund Manager shall notify the CMA and Unitholders in writing of any Notifiable Changes to the Fund eight days prior to the effective date of the Change. For the purposes of these Terms and Conditions, a 'Notifiable Change' means any change that is neither fundamental nor significant.

(b) Procedures to be followed for notification of any change to the Fund's Terms and Conditions

- Fundamental Changes: The Fund Manager shall send a notice to Unitholders, and shall disclose the details of the Fundamental Changes on its website and on Tadawul's website (10) days prior to the effective date of the change;
- Significant Changes: The Fund Manager shall disclose the Significant Changes on its website and on Tadawul's website, or shall announce them using any other medium specified by the CMA, (10) days prior to the effective date of the change;
- Notifiable Changes: The Fund Manager shall disclose the Notifiable Changes on its website and on Tadawul's website (21) days prior to the effective date of the change;

The Fund Manager shall disclose all the changes to the Fund's Terms and Conditions in the Fund's annual reports, including the short-form annual reports and the interim reports, which are prepared in accordance with Article (71) of the Investment Funds Regulations.

18. TERMINATION OF THE FUND

(a) Events triggering termination of the Fund:

The Fund shall be terminated in any of the following events (each referred to as a "Termination Event"):

- The Fund Manager's decision to terminate and discontinue the Fund;
- Upon expiration of the Fund Term, in which case, the Fund Manager shall notify the CMA and Unitholders in writing at least (21) days prior to the expiration of the Fund Term.
- Following obtaining the approval of the Fund Board, in the event the Fund is exited, or all of its assets are sold and all the proceeds of such dispositions have been distributed to the Unitholders;

- In the event the Fund's NAV drops below the SAR 10 million requirement and the Fund Manager fails to take corrective measures to rectify the situation within (6) months after the date of CMA's notification of the occurrence of such event, the Fund Manager shall terminate the Fund and notify the CMA, as well as the Saudi Stock Exchange (Tadawul) and Unitholders simultaneously, subject to the circulars issued by the CMA in this respect.
- If there is a change to the laws, regulations or other legal conditions, or there are material changes to the market conditions in Saudi Arabia, and the Fund Manager considered such change as a justified reason to terminate the Fund, or if the termination of the Fund is required based on a resolution by the CMA or in accordance with CMA's regulations, in which case, the Fund Manager shall terminate the public fund immediately upon the occurrence of such event, and shall notify the CMA and Unitholders immediately upon the occurrence of such event in writing within (5) days after the occurrence of the event requiring the termination of the Fund.

If it is decided to terminate the Fund for a reason other than the occurrence of a Termination Event, a prior approval of the Unitholders, the Fund Board, the CMA and Tadawul, shall be obtained.

(b) Procedures for termination of the Fund

- In the event the Fund Manager decides to terminate the public fund, it shall notify the CMA, the Saudi Stock Exchange (Tadawul) and the Unitholders in writing of such decision (21) days prior to the intended Fund termination date, after obtaining the Fund Board's approval, without prejudice to the Fund's Terms and Conditions and the Information Memorandum.
- The Fund Manager shall commence the liquidation process of the public fund immediately upon its termination, without prejudice to the Fund's Terms and Conditions and the Information Memorandum. The Fund Manager shall announce the termination of the public fund's term and its liquidation period on its website and on Tadawul's website.

19. FUND MANAGER

(a) Description of the functions, obligations and responsibilities of the Fund Manager

The Fund Manager shall appoint an investment portfolio manager registered with the CMA in accordance with the Authorized Persons Regulations issued by the CMA to oversee management of the Fund.

The Fund Manager will provide management and other services to the Fund, including without limitation, to the following:

1. Sourcing and executing acquisitions and dispositions in respect of the Fund's assets;
2. Setting out the decision-making procedures that should be followed when executing the activities and projects of the Fund;
3. Informing the CMA of any material events or developments that might affect the Fund's activities;
4. Complying with all applicable laws and regulations in effect in the Kingdom in relation to the Fund's activities;
5. Managing the Fund's assets for the benefit of the investors in accordance with the Terms and Conditions;
6. Ensuring the legality and validity of all contracts concluded for the benefit of the Fund;
7. Implementing the Fund's investment strategies described herein;
8. Arranging, negotiating and executing Shari'a-compliant debt financing documentation on behalf of the Fund;
9. Appointing the Fund's Shari'a Advisor and securing its approval that these Terms and Conditions are in compliance with the Shari'a Guidelines;
10. Overseeing the performance of the Fund's contractual counterparties;
11. Arranging the liquidation of the Fund upon its termination;

12. Providing the Fund Board with all necessary information relating to the Fund to enable the Fund Board members to perform their responsibilities completely;
13. Consulting with the Fund Board to ensure compliance with CMA's regulations and these Terms and Conditions.

(b) The Fund Manager's right to appoint Executing Brokers and the Sub-Manager

1) The Fund Manager's right to appoint Executing Brokers

The Fund Manager shall appoint specialized Executing Brokers to execute investment transactions in relation to the target asset types, provided the Fund Manager obtains the Fund Board's approval. The Executing Brokers may be replaced at the Fund Manager's discretion, subject to the Fund Board's prior approval.

The Fund Manager shall be responsible for the appointment of the Executing Brokers. It shall also take responsibility for the investments as well as for the consequences of their actions. The Fund Manager shall use the following selection criteria when selecting the Executing Brokers:

Criteria related to the company of the Executing Broker

NATURE OF THE BUSINESS ACTIVITY	The Executing Broker is a financial and business company with valid licenses issued by the regulatory authorities in the countries where it operates as necessary to execute deals in target assets
OWNERS/ SHAREHOLDERS	Clear ownership structure of the major shareholders of the company of the Executing Broker
MARKET REPUTATION	The company of the Executing Broker has a good reputation in the market, and applies recognized corporate governance principles
CLIENT BASE	Strategic clients or a diverse client base
CONTRACTUAL CONDITIONS	Providing an acceptable approach to investment under a managed account agreement
LEGAL AND REGULATORY STATUS	The Executing Broker is regulated by a regulatory authority under regulatory standards and requirements which are at least equal to the standards and requirements applied by the CMA

Criteria related to Investments

Management Team	<ol style="list-style-type: none"> 1. Long experience of not less than five years in managing the target asset type. 2. Performance in line with the investment strategy. 3. Availability of supporting departments necessary for making the investments.
Assets Under Management	<ol style="list-style-type: none"> 4. The size of the assets under management is competitive, as compared to peers who are active in the same target asset type. 5. Past performance in line with the target returns.
Investment Strategy and Constraints	Adhering to applying the investment objectives, strategy and relevant constraints, in line with the target risk ratio.
Focus Geographies and Sectors	Proven track record in the target geographies and sectors.
Capital Turnover	Deployment of capital within one month before the investment starting date.

Before appointing the Executing Broker, the Fund Manager shall review all of the aforementioned criteria, in addition to evaluating other criteria related to risks, taking into consideration the organization structure of the company of the Executing Broker, the third party business the Executing Broker is engaged to perform, the compliance process, the infrastructure, the independent auditor, the Know Your Client (KYC) requirements, the privacy policy, the business continuity plan, and any adverse news, fines or penalties.

2) The Fund Manager's right to appoint a sub-manager

The Fund may appoint specialized sub-managers to manage specific types of assets, subject to the Fund Board's approval. They may be replaced at the Fund Manager's discretion, subject to the Fund Board's prior approval. The Fund Manager shall pay the fees and expenses of any sub-manager out of its own resources.

The sub-manager shall be responsible for the day-to-day management of the Fund assets to which it is assigned. For the avoidance of doubt, the Fund Manager shall remain responsible for the appointment of the sub-managers and the consequences of their actions.

The Fund Manager shall use the same selection criteria applicable to the selection of the Executing Brokers, taking role differences into consideration.

(c) Description of the provisions governing the removal or replacement of the Fund Manager

The CMA may remove the Fund Manager and take any action it deems appropriate to appoint a replacement Fund Manager, in any of the following events:

1. If the Fund Manager ceases performance of the management activity without notifying the CMA in accordance with the Authorized Persons Regulations.
2. If the CMA cancels, withdraws or suspends the Fund Manager's license to engage in managing.
3. If the Fund Manager files an application with the CMA to cancel its license to engage in managing.
4. If the CMA determines that the Fund Manager is in breach – to an extent that the CMA deems material – of an obligation under the Capital Market Law and its Implementing Regulations.
5. In the event of death, incapacitation or resignation of the investment portfolio manager who manages the Fund's assets, and the unavailability of another person registered with the Fund Manager capable of managing the assets of the Fund.
6. If the Fund Unitholders issue a special resolution wherein asking the CMA to remove the Fund Manager.
7. In any other event that the CMA reasonably finds to be materially significant.

The Fund Manager shall notify the CMA of the occurrence of any of the events mentioned in the foregoing Paragraph (5) above within two days after their occurrence.

If the CMA exercises any of its authority under this Paragraph, the Fund Manager shall fully cooperate to help facilitate the seamless transfer of responsibilities to the replacement Fund Manager within the first (60) days following the date of appointment of the replacement Fund Manager.

In the event the Fund Manager is removed, it shall stop making any investment decisions concerning the Fund as soon as a replacement Fund Manager is appointed, or earlier as may be determined by the CMA.

20. CUSTODIAN

(a) Description of the functions, obligations and responsibilities of the Custodian

- The Custodian shall be responsible for fulfilling all of its obligations under the provisions of the Investment Funds Regulations, whether he performs his responsibilities and duties directly or has delegated them to a third party under the Investment Fund Regulations and the Authorized Persons Regulations.
- The Custodian shall be responsible before the Fund Manager and Unitholders for the Fund's losses resulting from fraud, negligence, misconduct or intentional default on the part of the Custodian.
- The Custodian shall be responsible for the custody of the Fund's assets, for their protection in the interest of the Unitholders, and for taking all the required administrative actions relating to the custody of the Fund's assets.

- The Custodian shall take all necessary action to segregate the Fund's assets from any other assets, including the assets of the Custodian and the assets of its other clients.

(b) Description of the Custodian's right to appoint a sub-custodian

No sub-custodian has been appointed. However, the Custodian may appoint a third party(ies) or any of its affiliates as Fund sub-custodian. The Custodian shall pay any fees and expenses related to the sub-custodian. In the event of appointment of any party (including an affiliate of the Custodian), the Custodian shall be responsible for carrying out any of its aforementioned functions.

(c) Description of the provisions governing the removal or replacement of the Custodian

The CMA have the power to remove the Custodian and take any other measures it deems necessary, as appropriate, in the following events:

1. If the Custodian ceases to carry out the custody activity without notification to the CMA in accordance with the Authorized Persons Regulations;
2. If the CMA cancels, withdraws or suspends the Custodian's license necessary to continue to carry out the custody activity;
3. If the Custodian files an application to the CMA to cancel its license necessary to carry out the custody activity;
4. If the CMA determines that the Custodian has failed, in any manner that the CMA considers material, to comply with the Capital Market Law or its Implementing Regulations;
5. In any other event determined by the CMA – based on reasonable grounds - to be of sufficient significance.

If the CMA exercises its power pursuant to the above, the relevant Fund Manager shall appoint a replacement Custodian in accordance with CMA's instructions, and the Fund Manager as well as the isolated Custodian shall fully cooperate in order to help facilitate a smooth transfer of its responsibilities to the replacement Custodian during the first (60) days after appointing the replacement Custodian. The Custodian shall transfer, where the CMA decides it is necessary, all the contracts related to the Fund to which it is a party, to the replacement Custodian.

21. AUDITOR

(a) Description of the name of the Auditor

Name: Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants - Member of Crowe Global

Address:
P.O. Box 21499
Jeddah 40097
Kingdom of Saudi Arabia
Website: <https://www.crowe.com/sa>

(b) Description of the functions, obligations and responsibilities of the Auditor

The Auditor shall review and provide an opinion on the Fund's financial statements, including an assessment of the accounting principles used in line with the International Financial Reporting Standards (IFRS).

(c) Description of the provisions governing the replacement of the Auditor

The Fund's Board of Directors shall reject the appointment of the Auditor or instruct the Fund Manager to replace the appointed Auditor in any of the following cases:

1. If strong allegations exist concerning the professional misconduct of the Auditor regarding the performance of his duties;
2. If the Auditor of the public Fund is no longer independent;

3. If the Fund's Board of Directors decides that the Auditor no longer has sufficient qualifications and experience to perform the review and audit functions satisfactorily, or that the replacement of the Auditor is in the best interest of subscribers;
4. If the Authority, at its discretion, requests changing the appointed Auditor of the Fund;

Notice shall be provided to all Unitholders and to the CMA upon the replacement of the Auditor.

22. FUND ASSETS

- (a) The assets of the Fund are held by the Custodian for the benefit of the Fund.
- (b) The Custodian shall segregate the assets of the Fund from its own assets and the assets of its other clients.
- (c) The assets of the Fund are collectively owned by the Unitholders (common ownership). The Fund Manager, sub-manager, Custodian, sub-custodian, advisor or distributor, may not have any interest in the assets of the Fund or any claim against those assets, unless the Fund Manager, sub-manager, Custodian, sub-custodian, advisor or distributor, is a Fund Unitholder, and in such case, within the limits of its ownership, or if such claims are permitted under the Investment Fund Regulations and disclosed in these Terms and Conditions or the Information Memorandum.

23. DECLARATION OF UNITHOLDER

The Unitholder declares that he/she have reviewed the Terms and Conditions of the Fund, the Information Memorandum, and the Summary of Key Information of the Fund, and acknowledges its approval of the characteristics of the Units that he/she has invested in.



Appendix (1) – Summary Financial Disclosure

TYPE OF FEES	DESCRIPTION
MANAGEMENT FEES	<p>The Fund Manager will be entitled to a management fee (“Management Fees”) for its management of the Fund’s assets, equal to 1% per annum of the Fund’s NAV. The Management Fees are payable Gregorian semi-annually.</p> <p>The Fund shall bear the Management Fees, to be calculated and paid semi-annually starting as from the Closing Date. Management Fees shall be paid pro rata based on the number of days of the period based on which the Management Fees are calculated.</p>
SUB-MANAGER’S FEES	The Sub-Manager (if any) shall be compensated at the cost of the Fund Manager.
SUBSCRIPTION FEES	The Fund Manager will be entitled to fixed subscription fees (“ Subscription Fees ”) of 1% of the cash subscription amounts.
CUSTODIAN FEES	The Fund shall pay the Custodian a minimum annual fee of SAR 100,000, up to a maximum of 0.1% of the Fund’s total asset value. Custodian Fees are payable Gregorian semi-annually.
ADMINISTRATION FEES	The Fund shall pay the Administrator annual fees equivalent to 0.1% of the Fund’s NAV. Administration Fees are payable Gregorian semi-annually.
AUDIT FEES	The Fund shall pay the Auditor annual fees of SAR 35,000.
SHARI’A ADVISOR FEES	The Fund shall pay the Shari’a Advisor annual fees of SAR 20,000.
TADAWUL REGISTRATION FEES	<p>The Fund shall pay the following fees for registration in the Saudi Stock Exchange (Tadawul):</p> <ol style="list-style-type: none"> SAR 50,000 + SAR 2 on each Unitholder, capped at SAR 500,000, payable to the Securities Depository Center Company (“Edaa”) for the creation of a Unitholder’s register; SAR 400,000 payable annually to the Securities Depository Center Company (“Edaa”) for administering a Unitholder’s register. Such fees may change from time to time commensurate with changes in the Fund’s capital.
TADAWUL LISTING FEES	<p>The Fund shall pay the following listing fees:</p> <ol style="list-style-type: none"> SAR 50,000 initial listing fees, payable to the Saudi Stock Exchange (Tadawul); and 0.03% of the Fund’s market value per annum (with a minimum of SAR 50,000 and a maximum of SAR 300,000), payable to the Saudi Stock Exchange (Tadawul).
TADAWUL WEBSITE PUBLISHING FEES	The Fund shall pay fees of SAR 5,000 per annum for publishing on the website of the Saudi Stock Exchange (Tadawul), payable to Tadawul.
REGULATORY FEES	The Fund shall pay regulatory fees of SAR 7,500 per annum to the CMA.
INDEPENDENT DIRECTORS’ FEES	<p>The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two independent directors were appointed; therefore, the total remuneration to be paid to both directors will be a lump sum of SAR 10,000 per annum, plus an attendance fee of SAR 4,000 per meeting to each member. It is expected that a minimum of two meetings (and a maximum of four meetings) will be held each year. Thus, the total attendance fee expected to be paid to both directors will be a minimum of SAR 16,000 (and a maximum of SAR 32,000) per annum. As such, the total remuneration expected to be paid during the year to the two independent directors during the year is a minimum of SAR 26,000 (and a maximum of SAR 42,000). In addition, the Fund will pay all actual travel and accommodation costs incurred by each of the independent directors to attend the meetings (if applicable), up to a maximum of SAR 15,000 per annum for the two independent directors. Such costs and annual fees shall be calculated and paid semi-annually.</p> <p>Non-independent directors will not receive any fees.</p>
DEALING (BROKERAGE) EXPENSES AND FEES	The brokerage expenses, or any other trading fees shall be paid by the Fund directly at levels determined in accordance with the laws or by the intermediary broker in the markets where the Fund buys or sells. Such amounts vary commensurate with the average volume of trading of Fund assets and the size of transactions.

SHARI'A COMPLIANT FINANCING COSTS	The Shari'a-compliant financing costs (if any) shall be borne by the Fund based on the prevailing market rates. They shall be calculated as at each Valuation Day, and paid in accordance with the requirements of the financing bank.
OTHER EXPENSES	The Fund shall pay all the other actual costs related to the activities of the Fund, placement of Fund investments and outsourced professional and operational services provided by third parties, including, without limitation, the costs of convening the Unitholders' meetings, asset valuation expenses and other professional services provided to the Fund, in addition to income purification costs (if any). The Fund shall be liable for any taxes that are imposed in the future by regulatory authorities and become due and payable. Such fees and expenses shall not exceed 0.50% of the Fund's NAV annually, with the exception of the fees, commissions and taxes that are subject to governmental laws and regulations. Actual fees only will be deducted.

Note: All of the aforementioned payments shall be subject to the Value Added Tax, the rate of which may vary from time to time.

The Value Added Tax (VAT)

All the fees and expenses referred to in the Terms and Conditions and the Information Memorandum are exclusive of the Value Added Tax, unless otherwise indicated. To the extent that the VAT is payable in respect of any supply made by any person to the Fund or the Fund Manager in its capacity as Fund manager, the Fund Manager shall pay an additional consideration for that supply out of the assets of the Fund, provided the amount of such additional consideration is equal to the VAT-exclusive consideration (or its VAT-exclusive market value, if any), multiplied by the rate of the VAT due and applicable to that supply (provided a tax invoice is issued and received by the Fund).



Appendix (2) – Shari’a Guidelines

The Shari’a Advisor believes that investment in fixed income instruments is permissible subject to the following guidelines:

- Financing of investment transactions shall be in compliance with the Shari’a Guidelines.
- Investment of cash/liquidity shall be made in instruments that are compliant with the Shari’a Guidelines.
- All contracts and agreements made shall be in compliance with the Shari’a Guidelines.
- The Fund Manager may not enter into any contract that involves payment or accrual of interest.

The following investment instruments and methods may be used:

- Shari’a-compliant Murabaha in the form of buying commodities and selling them with a profit margin, subject to deferred payment terms agreed upon in advance.
- Other Shari’a-compliant murabaha funds managed by investment companies having Shari’a boards acceptable to the Fund’s Shari’a Board.
- Sukuk acceptable to the Fund’s Shari’a Board, representing undivided ownership rights in real assets or their yield, as well as profits resulting from those assets, including without limitation, Sukuk issued under Ijara, Musharaka, Murabaha, or Istisna contracts.
- Other Sukuk funds managed by investment companies having Shari’a boards acceptable to the Fund’s Shari’a Board.
- The Fund may not invest in or acquire bonds, preference shares and interest yielding financial instruments such as options, futures, swaps or similar financial instruments. In addition, the Fund may not margin sell shares of investee companies, except in the event of their restructuring in compliance with Shari’a and subject to approval of the Fund’s Shari’a Advisor.
- The Fund Manager may invest in Shari’a-compliant short-term deposits or current accounts with Islamic banks in order to cover the Fund expenses or enter into other investment transactions and opportunities.
- Shari’a audit: Shari’a audit of the Fund’s operations shall be performed annually to ensure compliance with Shari’a Board’s approved guidelines, standards and decisions.

Appendix (3) – Internal Process for Risk Assessment and Management

1. Credit Risk

All domestic and regional counterparties will be assessed before investment, and exposure limits will be set to ensure non-concentration with a particular counterparty. Each of the exposures will be monitored periodically to ensure that it remains within the approved limits.

2. Concentration Risk

Fund assets will be diversified across several types of assets to avoid the concentration of the Fund's investments in limited assets.

3. Variation of Financing Cost Risk

In the event the Fund obtains financing, the Fund Manager will ensure that its cost is in line with the target returns, so as to minimize any adverse effect of increased cost of financing or lower investment returns.

4. Risk of Shari'a Non-Compliance and Risk of Disposal of Non-Shari'a Compliant Revenues

- All investment decisions will be taken after considering the Fund's Shari'a Guidelines.
- The Fund's investments will be monitored and reviewed periodically to ensure that they are compliant with the Shari'a Guidelines. In the event the Fund Manager's Shari'a Board decides that such investments no longer satisfy the Shari'a Guidelines, under which the Shari'a Board permitted placement therein, disclosure will be made to the Fund Board showing the exit process and causes.

5. Liquidity Risk

It will be ensured that minimum liquidity is held in the portfolio.

6. Governance and Conflict of Interest Risk

The Fund Manager took into consideration the governance rules and standards when forming the Fund Board. The Board is comprised of five members (three appointed by the Fund Manager and two independent directors). The Board will oversee any conflict of interest and approve its corrective process, in addition to approving a written Fund governance policy and the Fund's investment policy.

7. Risk of Investing in Other Funds

The performance and the risks of each fund targeted by the Fund Manager to be invested in, will be assessed. In addition, the Fund Manager will monitor and evaluate the performance of those funds periodically against a benchmark using performance indicators for each underlying fund.

8. Currency Exchange Risk

Investment in assets and financial instruments will be made in Saudi Riyal, in currencies to which the Saudi Riyal is pegged, such as the United States Dollar, or in currencies that are pegged to the United States Dollar, in order to minimize the adverse effects of currency exchange rate fluctuations.

9. Collateral Risk

A maximum limit for the financing facilities or margin financing that can be used in the Fund's investments, is set at not more than 30% of the Fund's NAV, in order to minimize the risks related to pledging assets as collateral. The Fund Manager will also periodically monitor those investments to ensure that the financing amount does not exceed the said percentage throughout the Investment Term.

10. Risk of Limited Operating History and Dependence on Executing Brokers



The Fund Manager will engage specialized managers in target investment sectors to execute investment transactions based on the instructions issued by the Fund Manager to achieve the Fund's objectives and strategies during the Investment Term. The Fund Manager will also ensure the diversification of the entities to be engaged, as well as the regular monitoring of the performance of those entities to ensure that their assigned tasks are always carried out as instructed by the Fund Manager.

11. Dependence on Sub-Managers Risk

In the event a sub-manager is appointed, the Fund Manager will apply all the required test criteria to ascertain the efficiency of that sub-manager in performing its duties as required. This will include review of the company's activity, reputation, client base and past performance in managing similar activities, in addition to the assessment of other criteria related to risks that are taken into consideration, such as the organization structure of the sub-manager's company, the activities under contract between the sub-manager and third parties, the compliance process, the infrastructure, the independent auditor, the Know Your Client (KYC) requirements, the privacy policy, the business continuity plan, and any adverse news, fines or penalties.

12. Other Risks

The Fund Manager will ensure that the investments of the Fund are geographically diversified to minimize the effects of the risk of natural disasters and the political and sovereign risks, as well as to limit the exposure of the Fund's investments to the risks of emerging markets. In addition, the Fund Manager will ensure that a low percentage of the investments is held in unrated capital market instruments so as to minimize the effects of the risks of any potential decline in their values.

The Fund Manager will also ensure that the investments are diversified across various sectors and financial instruments issued by different issuers, and across diverse capital markets. It will also ensure the satisfaction of due diligence requirements, related – without limitation – to the legal and regulatory requirements, historical performance information and credit ratings, so as to minimize associated risks.



Appendix (4) – Proxy Form

Appointment of the Proxy

I, [_____] a [_____] national, holder of ID/Passport No. [_____] (in my capacity as authorized representative of [_____] (the "Unitholder")), being the legal registered owner of [_____] Units valuing at [_____] in Alkhabeer Diversified Income Traded Fund (the "Fund"), do hereby appoint [_____] a [_____] national, holder of ID/Passport No. [_____] as [my/the Unitholder's] proxy in relation to the Fund Units, with authority to attend and vote at all Unitholders' meetings, from the date hereof until otherwise determined or (until I am no longer a Fund Unitholder/until the Unitholder is no longer a Fund Unitholder).

IN WITNESS WHEREOF, this Proxy has been signed and shall come into effect as of [_____].

Proxy's Name:

Mobile Telephone No.:

Email:

Address:

Proxy's Signature:

Appendix (6) – Letter by the Legal Advisor who is licensed to practice in the Kingdom, concerning the Professional Legal Due Diligence Report, in the form contained in Annex (1) of the Closed-Ended Investment Traded Funds Instructions

The Law Office of Mohammed AlAmmar
in cooperation with King & Spalding LLP
Kingdom Centre
20th Floor
King Fahad Road
P.O. Box 14702
Riyadh 11434
Saudi Arabia
Tel: +966 11 466 9400
Fax: +966 11 211 0033

THE LAW OFFICE OF MOHAMMED ALAMMAR
IN COOPERATION WITH KING & SPALDING LLP

Date: 28.09.1441H
Corresponding to: 21.05.2020G

M/S Capital Market Authority
Riyadh – Saudi Arabia

Dear Sirs,

Subject: Legal Advisor’s Letter – Alkhabeer Diversified Income Traded Fund

In our capacity as Legal Advisor to M/S Alkhabeer Capital (“Fund Manager”), in relation to the Fund Manager’s application for offering the units of a closed-ended traded investment fund and listing them on the Exchange (Name of the Fund: Alkhabeer Diversified Income Traded Fund (“Fund”)), we refer to the Terms and Conditions prepared in respect of the Fund (with a target capital of SAR 1,000,000,000), and more specifically in connection with the application submitted to the Capital Market Authority (the “Authority”) for offering the units of a closed-ended traded investment fund and listing them on the Exchange, and regarding the requirements of the Capital Market Law, the Investment Funds Regulations and the Closed-Ended Investment Traded Funds Instructions, we particularly advised the Fund Manager of the requirements that should be included in the legal chapters of the Terms and Conditions, the satisfaction of the assets of all the regulatory requirements, and the soundness of the assets subject of acquisition. In this respect, we have carried out further studies and enquiries that we consider appropriate under such circumstances. We have also carried out a formal professional legal due diligence which is necessary in this respect. In this advisory capacity, we confirm that we are not aware of any material issue that constitutes a breach by the Fund Manager of its obligations to comply with the requirements of the Capital Market Law or the conditions required under the Investment Funds Regulations and the Closed-Ended Investment Traded Funds Instructions, in relation to the application for offering the units of a closed-ended traded investment fund and listing them on the Exchange, including the requirements related to the contents of the Terms and Conditions as at the date of this Letter.

Yours Faithfully,
[Signed and stamped:
The Law Office of Mohammed AlAmmar]



مكتب محمد العمار للمحاماة
والاستشارات القانونية
بالتعاون مع كينج آند سبالدينج

THE LAW OFFICE OF MOHAMMED ALAMMAR
In cooperation with King & Spalding LLP

The Law Office of Mohammed AlAmmar
in cooperation with King & Spalding LLP
Kingdom Centre
20th Floor
King Fahad Road
PO Box 14702
Riyadh 11434
Saudi Arabia
Tel: +966 11 466 9400
Fax: +966 11 211 0033

التاريخ: 1441/9/28 هـ

الموافق: 2020/5/21 م

السادة/ هيئة السوق المالية
الرياض - المملكة العربية السعودية

السلام عليكم ورحمة الله وبركاته...

الموضوع: خطاب المستشار القانوني - صندوق الخير للدخل المتنوع المتداول

بصفتنا مستشاراً قانونياً للسادة/ شركة الخير المالية ("مدير الصندوق") في ما يخص طلب مدير الصندوق طرح وحدات صندوق استثمار مغلقة متداول وإدراجها في السوق (اسم الصندوق: صندوق الخير للدخل المتنوع المتداول ("الصندوق")), نشير إلى الشروط والأحكام المعدة بخصوص الصندوق (برأس مال مستهدف بقيمة 1,000,000,000 ريال سعودي)، وبصفة خاصة في ما يتعلق بطلب طرح وحدات صندوق استثمار مغلقة متداول وإدراجها في السوق المقدم إلى هيئة السوق المالية ("الهيئة")، وحول متطلبات نظام السوق المالية ولائحة صناديق الاستثمار والتعليمات الخاصة بصناديق الاستثمار المغلقة المتداولة، وبصفة خاصة، فقد قدمنا المشورة إلى مدير الصندوق حول المتطلبات التي يجب أن تشمل عليها الأقسام القانونية من الشروط والأحكام، وحول استيفاء الأصول لجميع المتطلبات النظامية وسلامة الأصول محل الاستحواذ. وفي هذا الخصوص، قمنا بإجراء دراسة وتحريات إضافية نرى أنها ملائمة في تلك الظروف وأجرينا كذلك دراسة رسمية للعناية المهنية للالتزامات القانونية بهذا الخصوص. وبهذه الصفة الاستشارية، نؤكد أننا لا نعلم عن أي مسألة جوهرية تشكل إخلالاً من قبل مدير الصندوق بالتزاماته لمتطلبات نظام السوق المالية أو بالشروط المفروضة بموجب لائحة صناديق الاستثمار والتعليمات الخاصة بصناديق الاستثمار المغلقة المتداولة بالنسبة إلى طلب طرح وحدات صندوق استثمار مغلقة متداول وإدراجها، بما في ذلك المتطلبات المتعلقة بمحتوى الشروط والأحكام كما هي في تاريخ هذا الخطاب.

وتفضلوا بقبول فائق التحية والتقدير،،،

مكتب محمد العمار للمحاماة والاستشارات القانونية



Appendix (7) – Letter issued by the Fund Manager concerning the Professional Due Diligence Report, in the form contained in Annex (2) of the Closed-Ended Investment Traded Funds Instructions

Date: 23.10.1441H
Corresponding to 15.06.2020G

M/S Capital Market Authority
Riyadh – Saudi Arabia

Dear Sirs,

Subject: Declaration of the Fund Manager of Alkhabeer Diversified Income Traded Fund

In our capacity as Fund Manager of Alkhabeer Diversified Income Traded Fund, in respect of the offering of a closed-ended traded investment fund under the name of Alkhabeer Diversified Income Traded Fund (the "Fund"), and the registration and listing of its units on the Saudi Stock Exchange (Tadawul), we, Alkhabeer Capital, confirm, to the best of our knowledge, after conducting due diligence and making enquiries as required in respect of the Fund, that the Fund has satisfied all the conditions required for the registration and listing of the Fund units, and has satisfied all the other matters required by the Capital Market Authority ("CMA") until the date of this Letter.

Alkhabeer Capital further confirms that it has, to the best of its knowledge and within its authority as Fund Manager, provided to the CMA all the information and clarifications, in such form and within such time limit as the CMA required for the purpose of verifying whether the Fund Manager (Alkhabeer Capital) and the Fund have complied with the Capital Market Law, the Closed-ended Investment Traded Funds Instructions and the Investment Funds Regulations.

In particular, the Fund Manager (Alkhabeer Capital) confirms that:

- It has provided all the relevant services required under the Closed-ended Investment Traded Funds Instructions and the Investment Funds Regulations, with due care and expertise as required.
- It has taken reasonable steps to ensure that the directors of the Fund Board understand the nature and extent of their responsibilities under the Capital Market Law and its Implementing Regulations.
- It has come to a reasonable opinion, based on due enquiry and professional experience, that:
 - The Fund has satisfied all the requirements related to the Closed-ended Investment Traded Funds Instructions and the Investment Funds Regulations (including the provisions regarding the Terms and Conditions.)
 - All the nominated directors of the Fund Board satisfy the eligibility requirements set out in CMA's rules and regulations, and that the independent directors of the Board satisfy the definition of the Independent Fund Board Director as provided in the Glossary of Defined Terms used in the regulations and rules of the Capital Market Authority, the Investment Funds Regulations and the Closed-ended Investment Traded Funds Instructions.
 - Assets are free of any regulatory violations that prevent or may result in the non-utilization or operation of the buildings, and that the assets are technically intact and free of any major faults or defects that may prevent or may result in their non-utilization, or that may in turn cause costly major repairs and changes. Furthermore, the main activities of the assets are intact, and they are capable of fulfilling their obligations to the Fund.
 - All matters known to Alkhabeer Capital that should be taken into account by the CMA when considering the application for offering, have been disclosed to the CMA.

Yours Faithfully,

Fahad Ahmed Bakhshwain

[Signed]

Head of Compliance & MLR

Ahmed Saud Ghouth

[Signed]

Chief Executive Officer



التاريخ: 1441/10/23هـ

الموافق: 2020/6/15م

السادة/ هيئة السوق المالية
الرياض - المملكة العربية السعودية

السلام عليكم ورحمة الله وبركاته...

الموضوع: اقرار مدير صندوق الخبير للدخل المتنوع المتداول

بصفتنا مدير صندوق الخبير للدخل المتنوع المتداول في ما يخص طرح صندوق استثمار مغلق متداول باسم صندوق الخبير للدخل المتنوع المتداول ("الصندوق") وتسجيل وإدراج وحداته في السوق المالية السعودية (تداول)، نحن شركة الخبير المالية تؤكد، بحسب معرفتنا، وبعد القيام بالدراسة الواجبة وإجراء التحريات اللازمة على الصندوق، أن الصندوق قد استوفى جميع الشروط المطلوبة لتسجيل وحدات الصندوق وإدراجها واستوفى جميع المسائل الأخرى التي تطلبها هيئة السوق المالية ("الهيئة") حتى تاريخ هذا الخطاب.

وتؤكد شركة الخبير المالية أنه، بحسب علمها وفي حدود صلاحيتها مديراً للصندوق، قد قدمت إلى الهيئة جميع المعلومات والتوضيحات بحسب الصيغة المطلوبة وخلال الفترة الزمنية المحددة وفقاً لما طلبته الهيئة لتمكينها من التحقق من أن مدير الصندوق (شركة الخبير المالية) والصندوق قد التزما بنظام السوق المالية والتعليمات الخاصة بصناديق الاستثمار المغلقة المتداولة ولاتحة صناديق الاستثمار.

وبصفة خاصة يؤكد مدير الصندوق (شركة الخبير المالية) ما يلي:

- أنه قد قدم جميع الخدمات ذات العلاقة والتي تقتضيها التعليمات الخاصة بصناديق الاستثمار المغلقة المتداولة ولاتحة صناديق الاستثمار، بالعناية والخبرة المطلوبة.
- أنه قد اتخذ خطوات معقولة للتحقق من أن أعضاء مجلس إدارة الصندوق يهيمون بطبيعة ومدى مسئولياتهم وفقاً لنظام السوق المالية ولوائح التنفيذيّة.
- أنه قد توصل إلى رأي معقول، يستند إلى تحريات كافية وخبرة مهنية بأن:
 - الصندوق قد استوفى جميع المتطلبات ذات العلاقة بالتعليمات الخاصة بصناديق الاستثمار المغلقة المتداولة ولاتحة صناديق الاستثمار (بما في ذلك الأحكام المتعلقة بالشروط والأحكام)؛
 - جميع أعضاء مجلس إدارة الصندوق المرشحين تنطبق عليهم متطلبات التأهيل الواردة في لوائح هيئة السوق المالية وقواعدها، وأن أعضاء مجلس الإدارة المستقلين ينطبق عليهم تعريف عضو مجلس إدارة الصندوق



- المستقل الوارد في قائمة المصطلحات المستخدمة في لوائح هيئة السوق المالية وقواعدها، ولائحة صناديق الاستثمار، والتعليمات الخاصة بصناديق الاستثمار المغلقة المتداولة:
- الأصول خالية من أية مخالفات نظامية تمنع أو قد تتسبب في عدم الاستفادة من المباني أو تشغيلها، وكذلك أن الأصول سليمة فنياً وخالية من أي خلل أو عيوب رئيسية قد تمنع أو قد تتسبب في عدم الاستفادة منها، أو قد تتسبب بدورها في إجراء إصلاحات وتغييرات رئيسية مكلفة، وأن النشاطات الرئيسية للأصول سليمة، وأنهم قادرين على الوفاء بالتزاماتهم للصندوق؛
 - جميع المسائل المعلومة لشركة الخبير المالية التي يجب على الهيئة أن تأخذها بعين الاعتبار عند دراستها لطلب الطرح قد أفصح عنها للهيئة.

وتفضلوا بقبول فائق التحية والتقدير،،،

أحمد سعود غوث

الرئيس التنفيذي

فهد أحمد باخشوين

رئيس إدارة رقابة الالتزام والتكليف عن غسل الأموال

الخبير المالية
Alkhabeer Capital



ALKHABEER CAPITAL

Tel: +966 9200 10707
www.alkhabeer.com

CMA license 07074 - 37
CR 4030177445