

## Terms and Conditions

# Yaqeen Saudi Equity Fund

**Yaqeen Saudi Equity Fund is an equity open-end public Investment Fund, registered under the laws of the Kingdom of Saudi Arabia**

**Fund Manager**

**Yaqeen Capital**



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

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

Yaqeen Saudi Equity Fund has been certified as being Shariah compliant by the Shariah Committee appointed for the investment fund.

- The fund manager undertakes to register the fund with the Zakat, Tax and Customs Authority within the statutory period. It also undertakes to submit the declaration of information and data requested by the Zakat, Tax and Customs Authority for the purposes of examining and reviewing the declarations during the statutory period and providing the unitholders in charge with the publishable information necessary for the calculation of the Zakat base. In short, the Zakat, Tax and Customs Authority will terminate the fund within the statutory period for that, and the regulations and rules related to investment funds issued by the Zakat, Tax and Customs Authority can be viewed through the website: <https://zatca.gov.sa/ar/pages/default.aspx>

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

Each investor shall read the Terms and Conditions of the Fund and all other documents of the fund.

The Unit Holder shall sign and accept the fund's Terms and Conditions when subscribing to any of the fund's units.

The fund's performance can be tracked through reports issued by the Fund Manager and published on the Fund Manager's website and the website of the Saudi Stock Exchange "Tadawul".

Investors are advised to read and understand the Fund's Terms and Conditions. if in doubt, please consult a professional adviser.

Date of issuance of the Fund's Terms and Conditions: 16/04/2007 G.

It was last updated on:07/05/2024 G.

Date of the Authority's approval of establishing the Investment Fund and offering its units: 31/03/2007 AD.

This is the amended version of the Terms and Conditions of Yaqeen Gold Fund, which reflects the update of business activities or other interests of the fund manager that are of fundamental importance or may conflict with the activities of the investment fund, That according to our letter sent to the Capital Market Authority on 07/05/2024 G.

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## Fund Summary

1.	<b>Fund name:</b> Yaqeen Saudi Equity Fund.
2.	<b>Fund Type:</b> An equity open-end public Investment Fund compliant with Shariah.
3.	<b>Fund Manager Name:</b> Yaqeen Capital.
4.	<b>Fund Objective:</b> It is an open-ended public investment fund that aims to achieve capital gains in order to achieve long-term capital growth.
5.	<b>Level of risk:</b> The Fund is considered a high-risk investment.
6.	<b>Minimum Subscription and Redemption:</b> Not applicable
7.	<b>Days of dealing/valuation:</b> They are done every business day.
8.	<b>Announcement days:</b> It is published daily on the Tadawul website <a href="http://www.saudiexchange.sa">www.saudiexchange.sa</a> and the Fund Manager's website: <a href="http://www.yaqeen.sa">www.yaqeen.sa</a> .
9.	<b>Re-Fund payment deadline:</b> Redemption can be made through tow business day no later than the end of the business day immediately preceding the dealing day.
10.	<b>Unit price at the initial offering (the nominal value):</b> 1 Saudi riyals.
11.	<b>Fund currency:</b> Saudi Riyal.
12.	<b>Investment Fund Term and Fund Maturity Date:</b> There will be no fixed term for the fund and no maturity date for the fund, as it is an open-ended public investment fund.
13.	<b>Fund start date:</b> This shall be effective from the date of the Authority's approval of establishing the Investment Fund and offering its units on 22/04/2007 AD. The start date of the offering was 31/03/2007 AD.
14.	<b>Date of issuance of the Terms and Conditions, and their last update:</b> Date of issuance of these Terms and Conditions of the Fund was 16/04/2007G . The last update was on 07/05/2024 G
15.	<b>Benchmark:</b> It is Yaqeen Shariah Index (YSI). Calculation mechanism of (YSI): $\text{Index} = (\text{Total free share market values today} / \text{total free share market values for the previous day}) \times \text{index value for the previous day}$ .
16.	<b>Name of the Fund Operator:</b> Yaqeen Capital.
17.	<b>Name of Custodian:</b> Albilad Capital Company.
18.	<b>Name of Auditor:</b> KPMG
19.	<b>Fund management fees:</b> 1.75% of the Fund's net asset value annually.
20.	<b>Subscription fees:</b> 1.50% of the subscription amount.
21.	<b>Custodian fees:</b> 0.02% calculated at the end of the period and paid monthly.
22.	<b>Tax and Zakat Advisor Fees:</b> Baker Tele Company The expenses of the tax and zakat advisor are borne by the fund at the value of SAR 2,500 paid once for the registration of the fund and borne by the fund, in addition to SAR 6,000 paid annually from the net value of the fund's assets. (There are optional fees borne by unitholders in the event that they request a tax and zakat certificate on their investments in the fund documented and approved by the chartered accountant, where the service fee is SAR 3,000)
23.	<b>Dealing expenses:</b> It is recorded at cost and any costs related to trading the shares are incurred by the Fund.
24.	<b>Other fees and expenses:</b> <ol style="list-style-type: none"> <li>1) Auditor's fees: SAR 39,000 Annually</li> <li>2) Disclosure review and follow-up fees: SAR 7,500 Annually</li> <li>3) Sharia Committee fees: Shall be borne by the Fund Manager annually</li> </ol>

	4) Independent board of directors' fees: (To be borne by the Fund Manager on behalf of the Fund): 3,000 Saudi riyals for each meeting, with a maximum of 5,000 Saudi riyals per month, in cases where there is more than one meeting per month.
25.	<b>Performance fee:</b> Not applicable.

## 1. Investment Fund

- A) **Fund name and type:** Yaqeen Saudi Equity Fund is an equity open-end public Investment Fund that is compliant with the regulations of the Shariah Board.
- B) **Date of issuance of the Investment Fund's Terms and Conditions:** The date of issuance of these Terms and Conditions of the Fund was 16/03/2010 AD. The last update was on 07/05/2024 G.
- C) **The date of the Authority's approval of offering the Investment Fund units:** 31/03/2007 AD.
- D) **Investment Fund Term and Fund Maturity Date:** It is an open-end public Investment Fund, and there will be no specific period for the fund's operation and no date for the fund's maturity.

## 2. Governing Laws

Yaqeen Saudi Equity Fund and the Fund Manager shall be subject to the Capital Market Law and its executive regulations and other applicable laws and regulations applicable in the Kingdom of Saudi Arabia.

## 3. Investment Policies and Practices

- A) The investment objectives of the investment Fund: Achieving capital gains in order to achieve long-term capital growth. The Fund gives investors the opportunity to participate in the growth opportunities that are available in the Saudi market. The Fund Manager employs an active investment strategy to achieve the Fund's objectives and invests directly in shares listed on the Saudi stock market in accordance with Shariah regulations.
- B) The type of securities in which the Fund will invest primarily: The Fund invests in securities listed on the Saudi Stock Exchange that comply with Shariah regulations.
- C) Any policy to focus investment in a particular security, industry, or group of sectors, or in a particular country or geographic area: The Fund follows the following strategy in distributing its assets, shown as percentages to the Fund's net asset value. The limits of the Fund's investment will be geographically in the Kingdom of Saudi Arabia. In exceptional circumstances, the Fund Manager may resort to keeping its assets in the form of 100% cash temporarily to face the fluctuations and sharp declines in the stock market. And investing in defensive instruments temporarily may also include short-term Murabaha.
- D) A table showing the percentage of investment in each investment field, with its minimum and maximum:

Assets Classes	Minimum	Maximum
Shares of companies listed in the Saudi market that are compliant with Shariah regulations	%90	%100

- E) Stock exchange markets in which the Fund is likely to buy and sell its investments: All investments of the Fund will be in the Saudi capital markets.
- F) Disclosure of whether the Fund Manager intends to invest in the units of the investment Fund: Yaqeen Capital, in its capacity as the Fund Manager, may participate in the Fund starting from its offering, and then its contribution can be gradually reduced to the level deemed appropriate.
- G) Transactions, methods and tools that the Fund Manager can use in order to make its investment decisions for the investment Fund:
- The Fund Manager employs an active investment strategy to achieve the Fund's objectives and invests directly in shares listed on the Saudi Stock Exchange in accordance with Shariah regulations.
  - Yaqeen Asset Management measures the Fund's performance against the Yaqeen Shariah Shares Index (YSI) (Measurement Index) and the asset management team seeks to achieve a performance level that exceeds the performance of the benchmark through:

- Active distribution at the sector level.
  - Active selection of portfolio stocks.
  - The investment in certain shares in this Fund is chosen through an upward analysis based on the long-term value, and focuses on the market value of the shares and compared to the Fund Manager's evaluation of its basic elements such as the company's profits, the value of its assets and the potential cash flows in the long term (usually 5 years) for that company. The manager also takes into account the P/E multiple, the profit margins and the liquidation value of the company.
  - When choosing the Fund's investments, the Fund Manager believes in the importance of field visits to the issuer's site in order to assess important and material factors such as the strength of management and the local conditions of the company.
- H) Securities that cannot be included in the Fund's investments: The Fund will not invest in securities other than those mentioned previously in paragraph 3/b.
- I) Investment Restrictions: The Fund Manager shall abide by the investment restrictions mentioned in Article 41 of the Investment Funds Regulations, and the Fund will not invest in any securities that do not comply with the Sharia standards approved by the Shariah Supervisory Board of the Fund.
- J) The extent to which the Fund's assets can be invested in the Fund units or investment Funds managed by that manager or other Fund Managers: The Fund Manager will not invest in any other investment Funds, whether managed by the Fund Manager or other Fund Managers.
- K) The powers of the investment Fund to borrow, the Fund Manager's policy regarding the exercise of borrowing powers, and a statement of its policies regarding mortgaging the Fund's assets: Not applicable.
- L) Disclosure of the upper limit for dealing with any counterparty: Not applicable.
- M) The Fund Manager's policy for managing the Fund's risks:
- The investment in the Fund is considered a high-risk investment, and the Fund Manager does not guarantee the success of the strategies adopted in the face of potential risks, as the Fund's investments are subject to many risks as mentioned in paragraph (3) ("the main risks of investing in the Fund"). However, the Fund Manager will take all possible measures to deal with the risks to which the Fund is exposed and mitigate their effects in the interest of the unitholders. The following is a review of the strategy used to deal with risks:
    - Complying with the Capital Market Law and its implementing regulations, the Investment Funds Regulations issued by the Board of the Capital Market Authority, and other relevant laws and regulations in force in the Kingdom of Saudi Arabia.
    - Complying with the investment limits as stated in the Fund's terms and conditions.
    - Complying with the investment decision-making mechanism of the Fund, and seeking to obtain the largest amount of information related to any investment that the Fund decides to enter into.
    - Diversify the investment base by allocating investment to asset classes as percentages of NAV in order to mitigate concentration risk.
    - Temporarily holding the assets in the form of 100% cash to meet the sharp fluctuations and declines in the stock market, taking into account the maximum possible protection for the Fund's unitholders.
    - Follow up on the compliance and conformity department of the Fund's activities and the Fund Manager's commitment to its investment limits, and its duties towards the client.
    - As for the unpredictable risks, Yaqeen will make every effort to try to study these risks before making an investment decision.
- N) The indicative index, the provider of the index, the bases and methodology used to calculate the index:
- The Fund's indicative index is: Yaqeen Shariah Share Index (YSI).
  - Provider of the index: Yaqeen Capital .
  - The methodology used to calculate the index: Yaqeen Shariah Shares (YSI) is calculated by multiplying the index value on the previous day with the percentage change in the market value of the free float shares of the companies included in the index calculation.
  - The equation below shows the mechanism of calculation (YSI):
  - Index = (total free float market capitalization for the day / total free float market capitalization for the previous day) x index value for the previous day.

- O) The purpose of using derivative contracts, if any: Not applicable.
- P) Any exemptions approved by the Capital Market Authority regarding any restrictions or limits on investment: none.

#### 4. The main risks of investing in the Fund

Prospective investors should be aware of the risks that may be exposed to their investment in the Fund. Therefore, the fund is suitable for investors who realize the magnitude of those risks and have the financial capacity, awareness and knowledge that qualifies them to bear a partial or total loss of the investment value. Given the nature of the investment in the Fund and its investment strategies, it appears that investing in the Fund involves a high degree of risk, including but not limited to the risks referred to below.

The fund manager cannot give any assurances that the unit holders will achieve profits on their investment in the fund, but rather that the money invested in the fund is subject to total or partial profit or loss. Also, the statements on the risks below do not represent a complete explanation of all the risks involved in investing in the Fund. In addition, as the Fund's investment portfolio evolves and changes over time, the investment in the Units may be subject to other risk factors. Accordingly, each prospective investor should study the terms and conditions in full and consult his professional advisors before deciding to apply for participation in the Units.

- A) The investment in the Fund is considered a high-risk investment in view of its investment in the shares of companies listed on the Saudi Stock Exchange, and the Fund is likely to be exposed to high volatility due to the nature of the Fund's investments.
- B) The past performance of the investment Fund or the index's past performance does not indicate what the Fund's or index's performance will be like in the future.
- C) The Fund does not guarantee to Unitholders that the Fund's performance (or its performance compared to the Index) will be repeated or will be similar to previous performance in the future.
- D) An investment in the Fund is not a deposit with any local bank that markets or sells securities or is affiliated with the investment Fund.
- E) Investors in the Fund may be exposed to the risks of partial or total financial losses resulting from their investments in the Fund's units.
- F) The main potential risks associated with investing in the Fund:

There is always the risk of losing money for the investor, and mutual Funds are not exempt from this risk, but the degree of risk varies greatly from one investment Fund to another. Accordingly, the investor must be aware of these risks related to his investment and decide his investment position on those risks, and also be aware that the short-term investment horizon may result in the sale of investments in unfavorable conditions.

Cash market Funds are the least volatile, but their returns are considered low, while equity Funds are usually the most volatile, but they tend to achieve higher rates of return. The value of the net assets of the investment Fund may change from day to day, because the values of the shares in which it invests may be affected by changes in interest rates, economic factors, the movement of financial markets and corporate news. As a result, when the investor redeems his units in the investment Fund, their value may be more or less compared to the purchase price.

The elements of risks that can affect the value of the investment in the Fund, but are not limited to, are:

- **Capital Shortage Risks:**

In the event that the market declines substantially and does not regain its strength in a timely manner, it is possible that the Fund's net asset value will decrease due to the decline in the market. The long-term impairment of the net asset may force the Fund Manager to temporarily reduce the distributions in an attempt to bring the net asset value closer to the initial unit price in order to avoid a fundamental decrease in the capital, as well as to avoid affecting the Fund's ability to achieve returns in the long term.

- **Credit Risk:**

Credit risk is the possibility that the borrower or counterparty to a debt contract, repurchase agreement or reverse repurchase agreement will be unable or unwilling to repay the loan or comply therewith either on time or not at all. All companies and countries that borrow are subject to credit assessments, and securities are also subject to credit assessment, and credit instruments issued by companies or governments in emerging markets are usually subject to higher credit risk than others. Whereas, credit instruments issued by government companies or well-established companies in developed countries are subject to lower credit risks and higher appraisal rates. A decline in the issuer's credit assessment or negative news may affect the market value of its securities.

- **Securities Risk:**

Funds that invest in the shares of companies listed in the market are affected by the movements of the stock market in general. When the economy is strong, the outlook for many companies is good, and stock prices may rise in general, as well as the value of investment Funds that own these shares. On the other hand, stock prices in general decline during times of economic or industrial downturn or recession, and the shares of certain companies or companies of a particular sector such as the industrial sector may fluctuate differently compared to the stock market as a whole, due to the changes that occur in the sector and the investment view of those companies in those certain sectors.

- **Risks of the issuer of certain shares:**

The market value of the shares of a particular issuer can be more volatile compared to the market as a whole. As a result, in the event that the shares of a particular issuer represented a large part of the market value of the Fund's assets, the change in the market value of the shares of that issuer may cause large fluctuations in the value of the Fund's unit compared to what it would be in normal circumstances. If the Fund is less diversified, it may also suffer from low liquidity in the event that a large part of its assets has been invested in the shares of one issuer, and in particular, the Fund may not be in a position to liquidate its investment in the shares of that issuer to meet any redemption requests.

- **Shariah risks:**

These risks are represented in that the Fund invests in a limited range in Shariah-compliant stocks compared to conventional equity Funds. In the event that one of the companies, in which the Fund invests becomes incompatible with some of the Shariah regulations, the Fund's disposal of the stocks of those companies by selling may result in losses in the event of selling those stocks at a low price or in the event that the opportunity to achieve a higher performance level for those stocks is lost.

- **Senior Investor Risks:**

Fund units can be bought and sold by large investors, as well as other mutual Funds or private investment portfolios. In the event that a major unitholder redeemed part or all of its investment in the Fund, the Fund may incur capital gains and other transaction costs during the redemption process, in addition to the fact that some shares may be sold at inappropriate prices and thus reduce the potential portfolio return. On the other hand, if one of the major unitholders increases his investment in the Fund, the Fund may keep a relatively large amount of cash until an investment opportunity becomes available, which may negatively affect the Fund's performance.

- **Legal risk:**

Legal risks may entail financial risks that companies may face due to changes in regulations or uncertainty regarding the application of laws, regulations or regulatory procedures. In addition, the main legal risks may come from the companies in which the Fund invests, and the possibility that they will be subject to prosecution and legal accountability, which reduces the market value of their shares. Legal risk prevails among business entities that provide products and services primarily to consumers and which on certain occasions can be subject to lawsuits and legal issues.

- **Liquidity Risk:**  
Liquidity refers to the speed and ease, with which an asset can be sold and converted into cash without losses in its fair market value. For markets with high volatility, such as fluctuations in periods of political instability or sudden changes in interest rates and prices, some shares become less liquid, which means that they cannot be sold quickly and easily and some shares can also be illiquid due to legal restrictions or the nature of the investment or certain aspects such as warranties or lack of buyers who have an interest in a particular share or market. As this makes it difficult to sell the shares at a fair price, which results in a loss or a decrease in the Fund's return.
- **Market risk:**  
Market risk is the risk of investing in the financial markets. The market value of the Fund's investments rises and falls due to developments in the investee companies, general market conditions or interest rates, and the market value also changes due to changes in the general economic and financial conditions.
- **Equity risk:**  
The prices of some shares tend to rise and fall sharply as a result of factors that have an impact on a specific company or sector or on the stock market as a whole. Also, stagnation in the economic environment or slowing growth can have a negative impact on the prices of the various shares owned by the Fund.
- **Sector specific risks:**  
At certain times, the Fund may focus its investments on a particular sector, which may make the value of the Fund's assets subject to change based on the change in the value of that sector. This focus can enhance returns if the sector is a good potential investment, and it also means that the Fund may be riskier compared to more diversified Funds.
- **Small business risks:**  
Shares of small companies tend to be less tradable and in smaller sizes compared to large companies, and as a result, the prices of shares of small companies tend to be less stable compared to shares of large companies, and their value rises or falls more sharply compared to shares of large companies and its sale or purchase might be more difficult than others. Since small companies may provide good opportunities for capital growth, they are also exposed to substantial risks and should be considered as speculative shares. Historically, shares of small companies have been more volatile in price than large companies, especially in the short term.  
Low growth returns for small companies, their lack of liquidity and their high sensitivity to changing economic conditions are the main reasons for the volatility of their stock prices. In addition, small companies may be affected by the absence of effective management, making them unable to provide the necessary Funds to achieve growth and development or they may be productive and able to develop products and services that do not have markets or that will not be established at all.
- **Follow-up risks:**  
The Fund seeks to achieve returns similar or better than the performance of the indicative index. However, the Fund's ability to exceed the indicative index's performance is affected by the operating and management expenses incurred by the Fund, and these expenses are affected by several factors, including the size of the Fund's assets, the skill of the Fund Manager and the level of transaction activity carried out by the Fund. The unusual level of dealing results in additional expenses that impede the Fund's ability to achieve the same return that is similar to or exceeds the performance of the indicative index.

## 5. Mechanism for Assessing Risks

The Fund Manager periodically evaluates the risks of the Fund, according to an internal mechanism for evaluating the risks related to the Fund's assets.



## 6. Targeted Class for Investing in the Fund

The Fund mainly targets investors from individuals, institutions, government entities and others who have a desire to invest in the Saudi Stock Exchange, which gives them the opportunity to participate and indirectly invest in the shares of companies listed in the Saudi market.

## 7. Investments Restrictions/Limitations

The Fund Manager, during its management of the Fund, shall abide by the restrictions and limits imposed by the investment Funds regulations issued by the Capital Market Authority and the terms and conditions of the Fund in accordance with Sharia standards.

## 8. Currency

The Fund's currency is the Saudi Riyal. In the case of paying the units in a currency other than the Fund currency (the Saudi Riyal), the Fund Manager converts the payment currency into the Fund currency according to the currency exchange rate in effect at the time of subscription, and then, the purchase will be effective based on the price after the conversion.

## 9. Consideration for services, commissions and fees

A) All payments from the assets of the investment Fund, and the method of their calculation:

Type of fees and charges	Statement
<b>Fund management fee</b>	1.75% of the Fund's net asset value annually. The Fund Manager receives the Fund management fees, which are calculated in proportion to the days of the year (365 days) and are deducted on each calendar day and paid every 3 months as dues. The Fund Manager reserves the right to recover from the Fund, at any time, any fees, commissions or legal fees and charges incurred by the Fund related to administrative costs in accordance with the regulations of the Capital Market Authority.
<b>Auditor's fees</b>	SAR 39,000 Annually
<b>Disclosure review and follow-up fees</b>	SAR 7,500 Annually
<b>Custodian Fee</b>	0.02% of the assets under custody annually
<b>Sharia Committee fees</b>	Shall be borne by the Fund Manager annually
<b>Independent board of directors' fees</b>	(To be borne by the Fund Manager on behalf of the Fund): 3,000 Saudi riyals for each meeting, with a maximum of 5,000 Saudi riyals per month, in cases where there is more than one meeting per month.
<b>Dealing expenses</b>	It is recorded at cost and any cost associated with trading the shares and borne by the Fund
<b>Tax and Zakat Advisor Fees</b>	The expenses of the tax and zakat advisor are borne by the fund in the amount of SAR 2,500 paid once to register the fund, in addition to SAR 6,000 paid annually from the net value of the fund's assets, and fees of SAR 3,000 borne by unitholders when they request a tax and zakat certificate on their investments approved by the chartered accountant.

All fees and expenses mentioned in these terms and conditions of the Fund do not include value added tax unless otherwise stated.

B) All fees and expenses, along with the manner of calculating the consideration for services, commissions and fees, and the time of their payment by the investment Fund:

	Type of fees and charges	Imposed rate	Basis of calculation	Time of calculation	Basis of payment
1	Fund management fees	1.75% of the Fund's net asset value	Annually	Every calendar day	It is paid every 3 months as dues

2	Custodian fees	0.02% of the value of assets under custody	Annually	Calculated at the end of the period	Paid monthly
3	Auditor's fees	39,000 SAR	Fixed amount deducted annually	Every calendar day	Paid annually
4	Tax and Zakat Advisor Fees	2,500	Fixed amount deducted	When registering the fund	Paid once
		6,000	Fixed amount deducted annually	Every calendar day	Paid annually
5	Capital Market Authority fees	7,500 SAR	Fixed amount deducted annually	-	once a year
6	Dealing Expenses (Brokerage)	It is recorded at cost and any costs related to trading the shares incurred by the Fund	It is calculated at cost	Every calendar day	Pay on demand

C) The ratio of the Fund costs to the total value of the Fund's assets at the level of the Fund and the unit owner during the life of the Fund:

The mentioned ratios are calculated based on the hypothetical example in § 9/h	Fund	Unitholder
The ratio of the Fund's costs to the total value of the Fund's assets **	2.3%	2.3%
Recurring fee ratio**	2.3%	2.3%
Non-Recurring fee ratio*	0%	1..6%

Subscription fee divided by the net asset value at the end of the year.

\*\* Total fees and expenses at the end of the year (not including subscription fees) divided by the net asset value at the end of the year.

D) The consideration for transactions imposed on subscription, redemption and transfer of ownership paid by unit owners, and the method of calculating that consideration:

	Consideration	Method of calculation
1	Subscription fees (to be borne by the investor when subscribing or adding)	1.50% of the subscription amount
2	Redemption fee	None
4	Ownership Transfer Fee	None

E) Special discounts and commissions: The Fund Manager has the right to exempt some subscribers from the subscription fees or part of them as it deems appropriate in the interest of the Fund and unitholders without stating the reasons for this.

F) Zakat or tax:

The Fund Manager does not pay zakat for the Fund.

- Value Added Tax: The value added tax will be applied according to the instructions of the executive regulations issued by the General Authority for Zakat and Income on all fees, expenses, fees and costs. All fees and expenses mentioned in the Fund's documents do not include value added tax, unless otherwise stated.
- The fund manager undertakes to register the fund with the Zakat, Tax and Customs Authority within the statutory period. It also undertakes to submit the declaration of information and data requested by the Zakat, Tax and Customs Authority for the purposes of examining and reviewing the declarations during the statutory period and to provide the unitholders in charge with the

publishable information necessary for the calculation of the Zakat base upon request in accordance with the executive regulations for the collection of Zakat issued by the Zakat, Tax and Customs Authority. Taxpayers subject to the: <https://zatca.gov.sa/ar/pages/default.aspx>

- G) Any special commission entered into by the Fund Manager: none.
- H) A hypothetical example of the Fund's fees and expenses, calculated on the basis of the unitholder's subscription of 50,000 riyals for a year, and the total value of the Fund's assets is 10 million riyals. Assuming that the Fund did not realize any gains or losses during the year.

Total asset value at the beginning of the year	Fund	Unitholder
	SAR 10,000,000	SAR 50,000
<b>To be deducted</b>		
Subscription fees	-	SAR -750
Fund management fees	SAR -175,000	SAR -875
Custodian fees	SAR -2,000	SAR -10
Auditor's fees	SAR -39,000	SAR -195
Regulatory fees	SAR -7,500	SAR -38
Tax and Zakat Advisor Fees	SAR -6,000	SAR -30
Tax and Zakat Advisor registration fees, one time	SAR -2,500	SAR -12.5
<b>Total fees and expenses at the end of the year</b>	<b>SAR 232,000</b>	<b>SAR 1,911</b>
<b>Net assets value at the end of the year</b>	<b>SAR 9,768,000</b>	<b>SAR 48,090</b>

## 10. Valuation and Pricing

- A) Valuation of the assets owned by the Fund:
- Securities listed or traded in the stock market: They are valued at the price of the last transaction made in that market. In the event that those securities are pending, they will be evaluated according to the last price before the suspension, unless there is conclusive evidence that the value of these securities has fallen below the suspended price.
  - Any other investment: The fair value determined by the Fund Manager based on the methods and rules approved by the custodian and after verification by the Fund's auditor.

### **The Fund's assets are also evaluated in two stages:**

- The first stage: the total asset value is calculated using current market prices. All costs, whether paid or accrued, are deducted and aggregated to calculate the total net asset value.
- The second stage: The net asset value of a Fund unit is calculated by dividing the Fund's net asset value on the valuation date by the number of existing Fund units on the valuation day.

- B) Valuation points number and frequency: Yaqeen Saudi Equity Fund is valued daily at 10:00 am using the closing prices of the previous day.**

### **C) Actions to be taken in case of wrong evaluation or pricing:**

- In the event that an asset of the Fund is valued incorrectly or a unit price is incorrectly calculated, the Fund operator shall document it.
- The Fund Operator shall compensate the affected Unitholders (including previous Unitholders) for all valuation or pricing errors without delay.
- The Fund Manager informs the Authority as soon as there is any error in the valuation or pricing that affects the unit price by 0.5% or more of the unit price. It shall also disclose it on the company's website, as well as on the website of the Saudi Stock Exchange (Tadawul), in addition to that it must

be mentioned in the Fund reports prepared by the Fund Manager in accordance with Article (73) of the Investment Funds Regulations.

4. The Fund Manager submits the required reports to the Authority, in accordance with Article (73) of the Investment Funds Regulations. These reports include a summary of all evaluation and pricing errors.

**D) The method of calculating the unit price for the purposes of executing subscription and redemption requests.**

- The Fund Manager calculates the Fund's investments on each valuation day, and the valuation is determined based on all the assets included in the portfolio, minus the dues of the investment Fund at that time. The net asset value for each unit (unit price) is calculated based on the following equation: **(total assets - dues - accumulated expenses) ÷ number of existing units at the time of evaluation.**
  - The Fund's assets shall be inclusive of all assets, regardless of their type or nature. The method of its evaluation was also clarified in paragraph (6/a), in addition to (cash, profits and dividends payable in the form of shares, cash or other dues to the Fund).
  - The Fund's obligations shall be inclusive of all obligations of any kind and nature, including but not limited to all loans and accounts payables, all expenses and fees due or accrued on the Fund, which were clarified in paragraph (9/b) hereof.
- E) The place and time of publication of the unit price and its frequency: The prices of Yaqeen Saudi Equity Fund will be published daily on both Tadawul website: [www.tadawul.com.sa](http://www.tadawul.com.sa) and Yaqeen website: [www.yaqeen.sa](http://www.yaqeen.sa).

## 11. Dealings

**A) Initial Offering:**

- Offering date: 04/22/2007 AD. The initial offering period has ended.
- Initial unit price: 1 Saudi riyal.

- B) The specific date and deadlines for submitting subscription and redemption requests and the responsibilities of the Fund Manager:** Subscription and redemption can be made on each business day, no later than the end of the business day immediately preceding the dealing day. In the event of receiving the subscription request or depositing the subscription amount after the specified date, it shall be processed (unless the Fund Manager decides otherwise) on the basis of the valuation price on the next dealing day. In the event of non-receipt of the subscription amount by the end of the next dealing day, the subscription request shall be considered void.

**C) Subscription and redemption procedures:**

**- Subscription procedures:**

Investors wishing to purchase units in the Fund must fill out the subscription application form, sign it and deliver it to any Yaqeen branch, pay the investment amount or fill out the subscription application, agree to the terms and conditions of the Fund through Yaqeen electronic services system, and deposit the subscription amount in the account designated for that.

In the case of payment or bank transfers, the investment in the Fund will be executed only upon receipt of a notification of clearing of the offset or transfer.

In the case of payment of units in a currency other than the Fund currency (the Saudi Riyal), the portfolio manager converts the payment currency into the Fund currency according to the currency exchange rate in effect at the time of subscription, and then the purchase will be effective based on the price after the conversion.

Regardless of receiving the signed subscription application or any other requirements, the Fund Manager reserves the right to reject any subscription application for any Fund, without the need to provide any reasons. In this case, the Fund Manager will return the subscription amount that the investor paid for the subscription without any delay.

There is no minimum subscription or redemption for the Fund.

- **Redemption procedures:**

The unitholder shall fill out the redemption request form, signs it and delivers it to the Fund Manager through its offices every business day, or the redemption request shall be filled out and delivered through Yaqeen electronic services system, and the redemption requests are processed on the dealing day following the receipt of the redemption requests.

Investors may redeem all or part of their investment units. In the event that the participant recovers his investment in a percentage that leads to his participation falling below the minimum required to participate in the Fund, his entire investment share will be refunded. The proceeds of the redemption shall be paid within a maximum period of two working days after the next dealing day.

- **Exact date and deadlines for submitting subscription and redemption requests:**

Subscription and redemption can be made on each business day no later than the end of the business day immediately preceding the dealing day. In the event that the subscription request is received, or the subscription amount is deposited after the specified date, it shall be processed (unless the fund manager decides otherwise) on the basis of the valuation price on the next dealing day. If the subscription amount is not received by the end of the next dealing day, the subscription request shall be considered void.

**D) Restrictions on dealing in Fund units:** none.

**E) Cases, in which dealings in units are postponed or suspended, and the procedures followed in those cases:**

The Fund Manager has the right to suspend or postpone dealing in the Fund units in the following cases:

1. If requested by the Authority.
2. If the Fund Manager believes that the suspension is in the interests of the unitholders.
3. If dealing in the main market, in which the securities or other assets owned by the General Fund are dealt is suspended, either in general or in relation to the Fund's assets that the Fund Manager reasonably considers to be material to the net asset value of the General Fund.

In the event of suspension of the Fund's valuation, redemption or subscription requests made on or after the date of suspension, will be executed on the next dealing date, when the valuation suspension is terminated. The Fund Manager will also immediately notify the Authority and the unitholders of any suspension with an explanation of the reasons for the suspension and notify them in the same manner used in the notification of the suspension, immediately after the suspension ends, in addition the disclosure of this on the Fund Manager's website and the market's website.

**F) Procedures by which redemption requests to be deferred are selected:** Yaqeen is not obligated to implement redemption requests for more than 10% of the Fund's net asset value on any dealing day. In the event that the valuation of the Fund has been suspended, the request for redemption of the Fund's units submitted on or after the date of suspension shall be executed on the next dealing date when the suspension of valuation is terminated. Redemption requests that are deferred are selected based on the priority and redemption volume, as the Fund Manager implements the received redemption requests first, within 10% of the Fund's net asset value. As for the remaining refund requests, they will be postponed to the next dealing day.

**G) Transfer of unit ownership to other investors:** The Fund Manager does not allow the transfer of unit ownership to other investors.

**H) Minimum subscription or redemption:** none.

**I) The minimum offering and the extent of the impact of not reaching this limit:** The minimum capital to start the Fund is 50 million Saudi riyals. The Fund Manager fulfilled this requirement during the initial offering of the Fund.

## 12. Distribution Policy

The Fund Manager will not distribute any profits to the subscribers, as the profits of the distributed companies will be reinvested in the fund.

### 13. Reporting to Unitholders

**A) Financial reports:**

Yaqeen prepares the preliminary financial reports every half year within 30 days from the end of the period examined by the fund's external auditor. These reports contain the initial financial statements, information about the fund manager and any other information regarding the fund's activities during the period. As well as an audited annual report that includes financial statements that are prepared in accordance with the regulations applicable in the Kingdom of Saudi Arabia within 3 months from the end of the reporting period, including details of the fund's financial position and performance, in addition to information about the fund manager and custodian as at the end of the financial year which is at 31 December of each year. Annual financial statements are reviewed by the fund's external auditor.

The fund manager shall prepare the quarterly statement in accordance with the requirements of Annex (4) of the Investment Funds Regulations, within a period not exceeding (10) days from the end of each quarter, and it shall be published on the website of the market and the fund manager.

**B) Place and means of making reports available as prepared by the Fund Manager:**

These reports will be delivered through the Fund Manager's office at no charge and will be posted on the Fund Manager's website, [www.yaqeen.sa](http://www.yaqeen.sa), and on the Capital market website (Tadawul) [www.saudiexchange.sa](http://www.saudiexchange.sa).

**C) Means of providing unit holders with annual financial statements:**

The annual financial statements will be delivered through the Fund Manager's office at no charge and will be posted on the Fund Manager's website, [www.yaqeen.sa](http://www.yaqeen.sa), and on the Capital market website (Tadawul) [www.saudiexchange.sa](http://www.saudiexchange.sa).

**D) The Fund Manager acknowledges providing all audited financial statements for the Fund at the end of each fiscal year since its establishment, noting that the fund's first financial statement is for the year 2007.**

**E) The Fund Manager acknowledges providing the fund's audited annual financial statements free of charge when requested by unit holders. The Fund Manager makes the current net asset value of the Public Fund that he manages available for examination by unit holders free of charge, and all previous NAV figures are available at the Fund Manager's registered offices.**

### 14. Unitholders Register

- A) The Fund Operator shall prepare and update a register of unit holders and keep it in the Kingdom of Saudi Arabia.
- B) The register of unit holders is ready for the Authority to inspect upon its request, and the Fund Operator also provides a summary of the unit holders record to any unit owner free of charge upon request (provided that the summary shows all information related to the relevant unit holder only).

### 15. Meeting of Unitholders

**A) Conditions in which unite holders are called for a meeting:**

1. The Fund Manager may call for a meeting of Unit Holders on his own initiative.
2. The Fund Manager shall call for a meeting of Unit Holders within (10) days of receiving a written request from the Custodian.
3. The Fund Manager shall call for a meeting of the Unit Holders within (10) days of receiving a written request from one or more of the unit holders who together or individually own at least 25% of the value of the units of the Fund.

**B) Procedures for convening a meeting of unit holders:**

1. The call for the unit holders' meeting shall be announced on the website of the Fund Manager and on the Market website, and by written notice to all unit holders and custodian according to the regulations set by the Authority at least ten days prior to the meeting and for a period not exceeding (21) days before the meeting. The notification will include the date, place, time and decisions proposed. The Fund

Manager must, if he sends a notification to unit holders after any meeting of unit holders, send a copy of it to the Authority.

2. The Fund Manager may amend the agenda of the unit holders meeting during the announcement period, provided that it is announced on its website and any other website available to the public according to the regulations set by the Authority and by sending a written notice to all unit holders and the custodian at least ten days prior to the meeting and for a period not exceeding (21) days before the meeting.
  3. If the unit holders agree to any of the proposed decisions at the unit holders meeting, and this necessitates amending the Terms and Conditions of the fund. The Fund Manager shall amend these Terms and Conditions in accordance with the approved resolution.
  4. The meeting of unit holders shall not be valid unless attended by a number of unit holders who collectively own at least 25% of the value of the units of the public fund.
  5. If the quorum mentioned in the preceding paragraph is not met, the Fund Manager shall call for a second meeting by posting on the website of the Fund Manager and the Market website and by sending written notice to all Unitholders and Custodian prior to the second meeting of not less than (5) days. The second meeting is valid regardless of the percentage of units represented at the meeting.
- C) A statement of voting rights of unit holders:**
1. Each Unit Holder may appoint a representative to represent him at the meeting of unit holders.
  2. Each Unit Holder may make one vote at the meeting of unit holders for each unit held by the meeting time.
  3. It is permissible to hold unit holders' meetings, participate in their deliberations and vote on their decisions by means of modern technology in accordance with the controls set by the Authority, provided that the announcement of this is on the website of the Fund Manager and the website of the market.

## 16. Unitholders' Rights

### A) List of rights of unit holders:

1. Obtain a copy of the Fund's terms and conditions or any update on it free of charge.
2. Obtain a summary of the unit holders' register (this summary should show all information related to the applicant owner only) for free upon request.
3. Exercise all rights related to units including but not limited to the right to vote in meetings of unit holders.
4. Receive a notification from the fund manager of the details of the fundamental changes to the fund, 10 days prior to the change taking effect
5. Recover units (in the open-end public fund) before any fundamental change takes effect without any redemption fees (if any).
6. Recover units (in the open-end public fund) before any non-fundamental change takes effect without any redemption fees (if any).
7. Receive immediate notification from the Fund Manager when he imposes a suspension or redemption of subscription of the Fund's units and explains the reasons for the suspension.
8. Receive immediate notification from the Fund Manager when he terminates the suspension or redemption of subscription of Fund Units.
9. Holders of affected units shall have the right to receive compensation from the Fund Manager for all assessment or pricing errors.
10. Issuing a special decision to dismiss any member of the Board of Directors of the Fund. This request shall be directed to the Fund Manager.
11. The Fund Manager shall comply with all requirements of the unit holders' meetings in accordance with Article (75) of the Investment Funds Regulations.
12. The Fund Manager shall comply with all requirements of reporting to the unit holders in accordance with Article (76) of the Investment Funds Regulations.
13. In the event of merger of funds, the Fund Manager shall comply with all requirements of Part 7 of the Investment Funds Regulations.
14. Receive an immediate written notice from the Fund Manager when he deposes the Custodian appointed by him.

15. Receive a notification from the Fund Manager upon termination of the Public Fund and receive a written notification of the details of the Fund termination plan and procedures no less than (21) days prior to the date on which the Fund is intended to be terminated, without prejudice to the Terms and Conditions of the Fund.
16. Obtain an updated copy of the Fund's Terms and Conditions in Arabic at no charge.
17. Obtain complaints handling procedures when they are filed (at no charge);
18. Any other rights of unit holders approved by the laws and executive regulations issued by the Board of the Capital Market Authority and the instructions of investment funds.

**B) Policy of the Fund Manager in respect of voting right associated with any assets of the public Fund that it manages:**

In accordance with inside Falcon's regulations of voting rights, in cooperation with the Board of Directors of the Fund, Conformity, Compliance and Risk Management group, this system will be followed in case of voting. The Fund Manager will also make voting decisions within the framework of this system by consulting the Conformity, Compliance and Risk Management group.

### 17. Unitholders' Liability

Except for the unit holder's loss of his investment in the Fund or part of it, the unit holder is not responsible for the Fund's debts and obligations, and unit holders are responsible for paying zakat on their invested units.

### 18. Units Characteristics

All units are of one class, and their holders have equal rights and are treated equally by the Fund Manager, as each unit represents an equal common share in the Fund's assets.

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

- A) This Fund shall be subject to all provisions governing the change in the Terms and Conditions of the Public Investment Funds and the approvals and notices set forth in the Investment Funds Regulations:
- The provisions regulating changing the Terms and Conditions of the Fund are divided into two parts according to the Investment Funds Regulations, based on the quality of the information to be changed in accordance with Articles 62 and 63, respectively, as follows:

**First: The approval of the Authority and the Unit Holders on the fundamental changes**

1. The Fund Manager must obtain the approval of the unit holders in the Fund for the proposed basic change through an ordinary Fund resolution.
2. The Fund Manager must obtain the approval of the unit holders in the Fund for the proposed fundamental change, which is the change in the maturity or termination date of the closed public Fund through a special resolution for the fund.
3. The Fund Manager must, after obtaining the approval of the unit holders, obtain the approval of the Authority on the proposed basic change for the public fund.

**The term "fundamental change" means any of the following cases:**

- A significant change in the objectives, nature or category of the Public Fund.
- A change that may have a negative and material effect on the unit holders or on their rights in relation to the closed public fund.
- The change that has an impact on the degree of risk of the Public Fund.
- Voluntary withdrawal of the Fund Manager from the position of Fund Manager.
- Any change that would normally cause Unitholders to reconsider their participation in the Closed Public Fund.
- Any change that leads to an increase in payments from the assets of the closed public Fund to the Fund Manager or any member of the fund's board of directors or any affiliate of any of them.



- Any change that introduces a new type of payment shall be made from the assets of the Closed Public Fund.
  - Any change that substantially increases the other types of payments that are paid from the assets of the closed public fund.
  - A change in the maturity or termination date of a closed public fund.
  - Increasing the total value of the closed public fund's assets by accepting contributions in cash or in kind or both.
  - Any other cases decided by the Authority from time to time and reported to the Fund Manager.
4. The Fund Manager must obtain the approval of the fund's board of directors before making any fundamental change.
  5. The Fund Manager must announce the details of the basic changes on his website, the market website and any other website available to the public according to the regulations set by the Authority (10) days before the change takes effect.
  6. The details of the basic changes must be stated in the Public Fund reports prepared by the Fund Manager.

#### **Second: Notifying the Authority and unit holders of any non-fundamental changes**

1. The Fund Manager must notify the Authority and announce that on its website, the market's website and any other website available to the public according to the controls set by the Authority about any non-fundamental changes in the public Fund that it manages 10 days before the change takes effect.
2. The Fund Manager must obtain the approval of the fund's board of directors before making any non-fundamental change.
3. For the purposes of the Investment Funds Regulations, "non-fundamental change" means any change that does not fall within the basic changes.
4. The details of the non-fundamental changes must be stated in the Public Fund reports prepared by the Fund Manager.

#### **B) A statement of the procedures to be followed for notification of changes in the Terms and Conditions of the Fund:**

1. The Fund Manager must announce the details of the fundamental changes on his website, the market website and any other website available to the public according to the controls set by the Authority (10) days before the change takes effect.
2. The Fund Manager must notify the Authority and announce that on its website, the market's website and any other website available to the public according to the controls set by the Authority about any non-fundamental changes in the public Fund that it manages 10 days before the change takes effect.

## **20. Termination and liquidation of the Investment Fund**

- A) **Cases requiring the termination of an Investment Fund, and the relevant procedures in accordance with the provisions of the Investment Funds Regulations:** If the Fund Manager notices that the amount of the fund's assets under management is insufficient to justify the permanent operation of the fund, or in the event of any change in the law, regulation or any other circumstances in which the Fund Manager deems it an appropriate reason to terminate the fund, the Fund Manager shall notify the Capital Market Authority and notify the unit holders in writing of his desire to terminate the fund, for a period of no less than 21 days from the date on which the Fund is intended to be terminated if the Fund Manager wishes to terminate the fund.

B)

#### **Procedures for liquidating an Investment Fund:**

The Fund Manager must follow the following procedures for terminating the Fund in accordance with the provisions of Article (22) of the Investment Funds Regulations:

- The Fund Manager must complete the stage of selling the fund's assets and distributing the dues of unit holders to them before the end of the fund's term.

- For the purpose of terminating the fund, the Fund Manager must prepare a plan and procedures for terminating the Fund in the interest of the unit holders, and the approval of the fund's Board of Directors must be obtained on this plan before taking any action in this regard.
  - In the event that the Fund Manager wishes to terminate the fund, he must notify the Authority and announce on its website, the market's website or any other website available to the public, according to the controls set by the Authority, no less than 21 days before the date on which the public Fund is intended to terminate, without prejudice to Terms and Conditions of the fund.
  - The Fund Manager must notify the Authority and the unit holders in writing of the end of the Fund within (10) days from the end of the Fund term in accordance with the requirements set forth in the Investment Funds regulation
  - The fund manager must terminate the fund immediately if the fund manager notices that the amount of the fund's assets under management is insufficient to justify the permanent operation of the fund, or in the event of any change in the law, regulation or any other circumstances that the fund manager considers to be an appropriate reason to terminate the fund and notify the Authority Unitholders in writing within (5) days from the occurrence of the event that requires the termination of the Fund.
  - The Fund Manager must abide by the Fund termination plan and procedures approved by the fund's Board of Directors.
  - The Fund Manager must treat all unit holders equally during the Fund termination process.
  - The Fund Manager must distribute the entitlements of the unit holders to them immediately upon the expiry of the fund's term without delay and in a manner that does not conflict with the interest of the unit holders and the fund's Terms and Conditions.
  - For the purpose of terminating the fund, the Public Fund Manager must announce on his website, the market's website or any other website available to the public, according to the regulations set by the Authority, about the expiry of the fund's term.
  - The Fund Manager must provide the unit holders with a report on the termination of the Fund within a period not exceeding (70) days from the date of completion of the termination of the fund, including the final audited financial statements of the Fund for the period following the last audited annual financial statements.
- C) **In the event of the expiry of the fund's term, the Fund Manager shall not charge any fees deducted from the fund's assets.**

## 21. Fund Manager

**A) Name, duties and responsibilities of the Fund Manager:**

The Fund Manager is Yaqeen Capital , which is an entity authorized under the Regulations of Financial Market Institutions, Yaqeen Capital in its capacity as a Fund Manager, the Fund Manager (Yaqeen Capital ) manages the Fund wisely and fairly in order to achieve the investment objectives of the Fund included in this prospectus, and in all cases takes into account the interests of the unit holders under the Terms and Conditions of the fund.

The Fund Manager shall abide by the controls set forth in paragraph (3) ("The investment objectives of the investment Fund") of this prospectus, as well as the relevant controls contained in Article (41) ("Investment Restrictions") contained in the Investment Funds Regulations.

The Fund Manager shall also observe the Shariah controls for investment, and periodically checks that all the fund's investments comply with the Shariah standards and controls approved by the Shariah Board of the Fund under the supervision of the fund's Shariah Board, along with informing the fund's Board of Directors in a timely manner of any material violations.

As part of its duties, the Fund Manager shall ensure that sufficient liquidity is available to meet any potential redemption requests.

**B) License number and date issued by the Capital Market Authority:**

License No. 37-06020, dated 29/04/1427 AH to carry out the services of dealing as principal, agent, underwriting, managing Investment Funds and private portfolios, arranging, advising and custody in securities.

**C) The registered address and main office of the Fund Manager:**

Kingdom Saudi Arabia  
Olaya Main Road, Al Wurud District  
Yaqeen Company Building,  
Tel: 800 429 8888

**D) The address of the Fund Manager's website and any linked website that contains information about the Investment Fund:**

The Fund Manager's website: [www.yaqeen.sa](http://www.yaqeen.sa)  
Saudi market website (Tadawul): [www.saudiexchange.com](http://www.saudiexchange.com)

**E) The paid-up capital of the Fund Manager:**

A Saudi closed joint stock company with a paid-up capital of 150 million Saudi riyals

**F) A summary of the Fund Manager's financial information with an explanation of the revenues and profits for the previous fiscal year:**

Statement of financial position (000) Saudi riyals	Yaqeen Capital
Description	<b>Dec-22</b>
Assets	319,377
Liabilities	97,085
Shareholders' equity	222,292
Net liabilities and shareholders' equity	319,377

Income statement (000) Saudi riyals	Yaqeen Capital
Description	<b>Dec-22</b>
Total sales	99,032
Expenses	(82,715)
Net income	3,818

**G) The basic roles and responsibilities of the Custodians in relation to the Investment Fund:**

- The Fund Manager must act for the benefit of the unit holders in accordance with the provisions of the Investment Funds Regulations, the Financial Market Institutions Regulations, the Terms and Conditions of the Fund and the decisions of the Shariah Board.
- It is the responsibility of the Fund Manager to abide by all the principles and duties stipulated in the Financial Market Institutions Regulations, including the duty of trust towards unit holders, which includes working to achieve their interests and exercising reasonable care.
- The Fund Manager shall be responsible for the following:**
  - The Fund Manager shall manage the Fund wisely and fairly in order to achieve the investment objectives of the Fund included in this memorandum, and in all cases takes into account the interests of unit holders within the framework of the fund's Terms and Conditions.
  - The Fund Manager shall abide by the controls set forth in paragraph (2) ("investment policies and practices") of this memorandum, as well as with the relevant controls contained in Article (41) ("investment restrictions") contained in the Investment Funds regulations.
  - The Fund Manager shall also take into account the Shariah standards for investment, and periodically checks that all the fund's investments comply with the Shariah standards and controls approved by the Shariah Supervisory Committee of the fund, and informs the fund's Board of Directors in a timely manner of any material violations.
  - As part of his duties, the Fund Manager ensures that sufficient liquidity is available to meet any potential redemption requests.

- H) **Business activities or interests of the Fund Manager that are of material importance, or that may conflict with the activities of the Investment Fund.**
- I) It is possible for the fund manager to invest in securities issued by the fund manager as long as they meet the conditions of the investment field. In this case, the fund manager will present the conflict of interest to the fund's board of directors for approval before investing in the security issued by the fund manager.
- J) **The Fund Manager has the right to appoint a sub-Fund Manager if he deems it necessary.**
- K) **A statement of the provisions regulating the dismissal or replacement of the Fund Manager:**  
The Authority shall have the right to dismiss the Fund Manager and take any action it deems appropriate to appoint an alternative Fund Manager for the Fund or to take any other measure it deems appropriate in case of any of the following cases:
1. If the Fund Manager ceases to exercise management activity without notice to the Authority in accordance with the list of authorized persons.
  2. In the case of revocation of the license of the Fund Manager to exercise management activity or its withdrawal or suspension by the Authority.
  3. In the case of a request to the Authority from the Fund Manager to cancel his license to exercise management activity.
  4. If the Authority considers that the Fund Manager has violated – as the Authority deems material – the obligation of the law or its executive regulations.
  5. In the case of the death, deficit or resignation of the investment portfolio manager who manages the fund's assets, with no other person registered with the Fund Manager able to manage the assets of the funds managed by the portfolio manager.
  6. Any other case that the Authority considers – on reasonable grounds – that it is of fundamental importance.

## 22. Fund Operator

- A) **Name of the Fund operator:** Yaqeen Capital performs the tasks assigned to the Fund operator according to the Investment Funds regulations.
- B) **License number issued by the Capital Market Authority, and its date:** The company is licensed by the Capital Market Authority under license number 06020-37 issued on 29/04/1427 AH corresponding to 05/27/2006 AD.
- C) **The address of the Fund Operator:**  
Yaqeen Capital  
Olaya Main Road  
PO Box 884 Riyadh 11421  
Tel: 8004298888  
Fax: +966 (11) 4617268
- D) **Basic roles and responsibilities of the Fund operator:**
- The Fund Operator is responsible for operating the Fund.
  - The Fund Operator maintains books and records related to the operation of the fund.
  - The Fund Operator prepares and updates the register of unit subscribers and keeping it in the Kingdom in accordance with the requirements of the Investment Funds regulation.
  - The Fund Manager is responsible for evaluating the Fund's assets completely and fairly and calculating the price of the Fund's units.
- E) **The Fund Operator may assign one or more third parties or any of its affiliates licensed to practice the activity of operating the funds to work as a sub-operator of the fund.**
- F) **The tasks assigned to the Fund operator by a third party:** Not applicable, with the possibility of appointing the Fund Operator one or more third parties or any of its affiliates licensed to practice the activity of operating the funds to work as a sub-operator of the fund.

## 23. Custodian

- A) **Name of the custodian:** Albilad Capital Company.
- B) **License number issued by the Capital Market Authority, and its date:** Albilad Capital is a Saudi company with one person, closed joint stock, licensed by the Capital Market Authority under License No. 37-08100, dated 29/04/1427 AH to carry out the services of dealing as principal, agent, underwriting, managing Investment Funds and private portfolios, arranging, advising and custody in securities.
- C) **The registered address and business address of the custodian:**  
 King Fahd Road, Al Olaya  
 PO BOX, 140 Riyadh 11411  
 Tel No. 920003636  
 Fax: + 966 (11) 2906299
- D) **The basic roles and responsibilities of the Custodians in relation to the Investment Fund:** Keeping the assets of the fund and carrying out administrative services related to keeping records, issuing financial positions, evaluating the net asset value and issuing the net asset value of the fund unit.
- E) **The custodian is not entitled to appoint a sub-custodian.**
- F) **Tasks assigned to a third party by the custodian in relation to the Investment Fund:** Not applicable.
- G) **A statement of the provisions regulating the dismissal or replacement of the custodian:**  
 The Authority may dismiss the custodian appointed by the Fund Manager or take any measure it deems appropriate in the event of any of the following cases:
1. The custodian stops carrying out custodian activities without notifying the Authority of that in accordance with the Financial Market Institutions Regulations.
  2. Cancelling the custodian's license to practice custody activity, withdrawal or suspension by the Authority.
  3. Submitting a request to a custodian authority to cancel his license to practice custodian activity.
  4. If the Authority considers that the custodian has fundamentally breached, according to the Authority, the obligations of the Law or its executive regulations.

In this case, the Fund Manager will appoint a replacement custodian and transfer custodian responsibilities to the new custodian within 60 days of his appointment.

The Fund Manager may also dismiss the custodian by written notice if it reasonably considers that the removal of the custodian is in the interest of the unit holders. In this case, the Fund Manager will appoint a replacement custodian within (30) days of the custodian receiving the written notification. The Fund Manager's website and the market's website will immediately disclose the appointment of a replacement custodian.

## 24. Fund Board

- A) **The names of the members of the fund's Board of Directors, with mentioning the type of membership:**
1. **Mr. Ahmad Ibrahim Alshabanah (Chairman of the Board of Directors of the Fund - Non-Independent)**
  2. **Dr. Abdul Karim bin Hamad Al-Nujaidi (Independent Member)**
  3. **Mr. Muhammad Bin Misfer Al-Maliki (Independent Member)**
  4. **Dr. Muath Bin Howaimel (Independent Member).**

- B) **Qualifications of the Fund Board Members:**

**Mr. Ahmad Ibrahim Alshabanah (Chairman of the Board of Directors of the Fund - Non-Independent)**

Deputy CEO of Yaqeen Capital, holds a master's degree in business administration from the Swiss Business School and a bachelor's degree in business administration from King Faisal University. More than twenty two years of experience in the banking and investments, experience in treasury, Money Market and foreign exchange trading, his most prominent previous experiences: He worked at Alawwal Bank (SABB) and Gulf International Bank. He also held the position of Treasury Manager at Yaqeen Capital, then he joined the Asset Management from 2017 until November 2022.

**Dr. Abdul Karim bin Hamad Al-Nujaidi (Independent Member)**

He holds an Executive MBA from King Fahd University of Petroleum and Minerals in 2011 and a Ph.D. in Linguistics from Oklahoma Stillwater State University, Oklahoma Stillwater, USA in 2003. He has experience of more than 32 years, and he is currently a board member of Abdullah Al Othaim Markets Company, a board member and a member of the Nominations and Remunerations Committee of the Arab Group for Education and Training Holding Company, Member of the Board of Directors, Chairman of the Nominations Committee and member of the Risk Committee in Aljazira Takaful Company and previously the CEO of Maharah for Human Resources and CEO of the National Gas and Industrialization Company.

**Mr. Muhammad Bin Misfer Al-Maliki (Independent Member)**

He holds a master's degree in business administration from Al-Faisal University in 2013. He has more than 30 years of experience in the financial sector in financial markets, banks, business and construction supervision, business and business supervision, construction, investment, board of directors, member of the board of directors and a member of the management committee And nominations and rewards in Kwara Finance, and a member of the audit committee of the "The Riq" project of the Public Investment Fund, a member of the board of directors and a member of the nominations and rewards committee of the Saudi Real Estate Company, and a member of the board of directors and a member of the audit committee of the Saudi Al-Benj Industrial Company for Industrial and Agricultural Investment (Sapenko ), a member of the Board of Directors, a member of the Board of Directors, a member of the Board of Directors, and a member of the Board of Directors of Al Anson Trading Company.

**Dr. Muath Bin Howaimel (Independent Member)**

He holds a Ph.D. in finance from Swansea University - the United Kingdom, a master's degree in finance and investment management from Sacred Heart University - the United States, a bachelor's degree in finance, and a number of related professional certificates. He has experience in the financial industry. His most prominent experiences include financial research supervision and banking operations in several countries from the Hawk Center. He is also currently an assistant professor in finance, a member of the board of directors of the College of Business, a member of the study materials development committee at Shaqra university, and he is also a member of the audit committee at Al-Medawa Specialized Medical Company.

**C) Roles and Responsibilities of the Board of Directors of the Fund:**

1. Approve all contracts, resolutions and material reports to which the Fund is a party.
2. Adopt a written policy regarding voting rights relating to the Fund's assets.
3. Supervise and, if appropriate, approve any conflict of interest disclosed by the Fund Manager in accordance with the Investment Funds Regulations.
4. Meeting at least twice a year with the compliance and conformance(Compliance and Conformance Committee) officer with the Fund Manager, the money laundering and terrorist financing reporting officer to ensure that the Fund Manager complies with all applicable laws and regulations.
5. Approve any recommendation made by the liquidator in case of his appointment.
6. Ensure that the Terms and Conditions of the Fund, the Memorandum of Information and any other document of the Investment Funds Regulations are complied with.
7. Ensure that the Fund Manager carries out its responsibilities to the benefit of the unit holders in accordance with the Terms and Conditions of the Fund and the provisions of the Investment Funds Regulations.
8. Review the report evaluating the performance and quality of services provided by the parties concerned with providing essential services to the Fund in order to ensure that the Fund Manager carries out its responsibilities in the interest of the unit holders in accordance with the Terms and Conditions of the Fund.

9. Evaluate the Fund Manager's mechanism of dealing with risks related to the fund's assets in accordance with the Fund Manager's policies and procedures regarding monitoring risks related to the Fund and how to deal with them.
10. Act in honesty and in the interest of the Investment Fund and its unit holders.
11. Record the minutes of the meetings that show all the minutes of the meetings and the decisions taken by the Board.
12. Review the report that includes all complaints and the measures taken in respect of them, in order to ensure that the Fund Manager is carrying out his responsibilities in a manner that serves the interests of Unit Holders in accordance with the Terms and Conditions of the Fund and what is stated in the Investment Funds Regulations.

**D) Details of the remuneration of the members of the fund's Board of Directors:**

Board remuneration is payable to the independent directors in the amount of 3,000 Saudi riyals per meeting, with a maximum of 5,000 Saudi riyals per month if more than one meeting is held per month.

**E) There is no actual or potential conflict between the interests of a member of the fund's board of directors and the interests of the fund, and any member must disclose to the fund board of any conflict of interest in the event of voting on any decision taken by the fund board member may have a direct special interest or not directly into it.**

**F) The members of the fund's Board of Directors are members of the boards of directors of other funds managed by the Fund Manager as described below:**

Fund name	Ahmad Ibrahim Alshabanah	Abdul Karim bin Hamad Al-Nujaidi	Muhammad Bin Misfer Al-Maliki	Muath Bin Howaimel
Yaqeen Petrochemical ETF	✓	✓	✓	✓
Yaqeen Saudi Equity ETF	✓	✓	✓	✓
Yaqeen IPO Fund	✓	✓	✓	✓
Yaqeen SAR Murabaha Fund	✓	✓	✓	✓
Yaqeen Gold Fund	✓	✓	✓	✓
Yaqeen Murabaha Fund	✓	✓	✓	✓
Yaqeen Arar Hills Fund	✓	✓	✓	✓
Yaqeen Income Generating Fund	✓	✓	✓	✓

## 25. Shariah Supervisory Committee

**A) Names of the members of the Shariah Supervisory Committee, and their qualifications:**

The Shariah Board of Yaqeen Capital will play the role of the Shariah Board of the Fund to ensure that the Fund adheres to Shariah regulations. The Shariah Board of Yaqeen Capital is composed of the following members:

**Sheikh/ Abdullah bin Suleiman Al-Manea - Chairman of the Authority**

He is a member of the Council of Senior Scholars in the Kingdom of Saudi Arabia since its inception, an advisor to the Royal Court, a member of the Shura Council and a former judge of the Court of Cassation in Makkah. He is a member of the Islamic Fiqh Academy, a member of the Shariah Council of the Accounting and Auditing Organization for Islamic Financial Institutions, and the head and member of several Shariah committees in Saudi and Gulf banks. He wrote many books on Islamic banking.

**Sheikh Dr. Muhammad bin Ali Al-Qari bin Eid – Member**

He holds a master's and PhD degrees in economics from the University of California. He is a professor of Islamic economics at the former King Abdulaziz University in Jeddah, and an expert at the Fiqh Academy of the Muslim World League. Dr. Al-Qari is a member of several Shariah Boards of Islamic Banking in many banks around the world.

**Sheikh Dr. Abdul Rahman bin Abdulaziz Al-Nafisah - Secretary and member of the Authority**

He holds a Bachelor's degree in Sharia, a Master's and a Ph.D. in Islamic economics, more than 15 years of experience in the field of Shariah supervision, and Islamic financial transactions, a collaborating lecturer at Imam Muhammad bin Saud Islamic University, a member of a number of Shariah boards in the Kingdom of Saudi Arabia, has published researches and multiple participations in the field of Islamic finance.

**B) A statement of the roles and responsibilities of the Shariah Supervisory Committee:**

1. Studying and reviewing the fund's investment objectives and policies and the fund's documents to ensure their compliance with the Shariah standards.
2. Advising the Fund Manager on issues related to Shariah compliance, if requested by the Fund Manager.
3. Giving advice in determining the legal criteria necessary for selecting securities, companies or any other investments in the primary market or the secondary market in which the Fund is expected to invest.
4. Periodic monitoring of the extent to which the Fund's investments conform to Shariah standards.
5. Expressing the Shariah opinion on the extent to which the Fund's business conforms to the Shariah standards for inclusion in the Fund's annual audited report.
  - The Fund Manager abides by the standards and recommendations issued by the Shariah Supervisory Committee and ensures that they are applied in all the fund's investments at all times.

**C) The remunerations of the members of the Shariah Supervisory Committee shall be borne by the Fund Manager on behalf of the fund.**

**D) The standards applied to determine the legality of the assets intended for investment and the periodic review of those assets and the procedures followed in the event of non-conformity with the Shariah standards.**

The following are the Shariah controls approved by the Shariah Board of Yaqeen for selecting company shares:

- Objectives of the company:
  - It is not permissible to deal in shares of companies involved in one or more of the following activities:
    - Dealing with the interest rate or illegal financial instruments, including the prohibited activities of conventional banks.
    - Producing, distributing and marketing prohibited goods such as smoke and the like, alcohol, drugs, pigs and their meat, and meat not slaughtered according to Shariah, and the gambling industry, resorts, hotels and restaurants with prohibited activities.
    - Producing and publishing media and publications that call for pornography.
    - Derivatives including futures instruments, options, carry contracts and conventional preferred shares.
- Dealing in currency futures contracts.
- Securities issued by companies whose sources of income are related to the following sectors:
  - Conventional banks, insurance companies or activities related to interest rates.
  - Production and distribution of alcohol products.
  - Production and distribution of weapons.
  - Gambling.
  - Production and distribution of pork or any related illegal activities.
  - Hotels and resorts that provide illegal services.
  - Production and distribution of liquor and drugs and the like.



The committee reviews periodically and in the event that one of the fund's assets does not comply with the Shariah standards, the Fund Manager will liquidate this asset, taking into account that the unit holders will not be harmed as a result of the liquidation of the asset.

### Tax & Zakat Advisor

:a) Name of Tax and Zakat Advisor

Baker Tilly Company

:b) The registered address and working address of the tax and zakat consultant

Kingdom of Saudi Arabia, Riyadh, Othman Bin Affan Branch Road, Al Taawun District

c) Description of the basic roles and responsibilities of the tax and zakat advisor in relation to the investment fund: review and submit the zakat returns of the fund at the end of the fiscal year

Registration with the Tax and Zakat Authority for each fund •

Providing a tax and zakat certificate from the Chartered Accountant (CPA) to investors upon their request to know the Zakat base account for their investment, as they issued the certificate that is not mandatory on the fund manager

### 26. Auditor

A) **The name of the auditor:** KPMG ).

B) **Registered address and business address of the auditor:**

KPMG Tower  
Riyadh Front – Airport Road, P.O.Box 92876,  
Tel: +966 11 874 8500  
Fax: +966 11 874 8600

C) **A statement of the primary roles and responsibilities of the auditor:** The auditor reviews the initial and annual financial statements of the Fund.

D) **The provisions regulating the replacement of the auditor of the Investment Fund:**

In the event that the fund manager wants to appoint or change fund Auditor, he must obtain the approval of the fund's board of directors. The members of the board of directors shall have the right to refuse to appoint the Auditor or direct the fund manager to change the appointed Auditor, in any of the following cases:

1. Existing and important allegations about the auditor's professional misconduct related to the performance of his duties.
2. If the auditor of the Public Fund is no longer independent.
3. If the auditor of the public Fund is no longer registered with the Authority.
4. If the fund's Board of Directors decides that the auditor does not have sufficient qualifications and experience to perform the audit tasks satisfactorily.
5. If the Authority, at its sole discretion, requests a change of the appointed auditor in relation to the Public Fund.

## 27. Fund Assets

- A) The assets of the Investment Fund are held by the custodian for the benefit of the Investment Fund.
- B) The custodian must separate the assets of each Investment Fund from its own and from the assets of its other clients. These assets must be independently identified by registering the securities and other assets of each Investment Fund in the name of the custodian for the benefit of that fund, and the investment assets of the Fund should be registered in the name of a company affiliated with the custodian, and all necessary records and other necessary records that support the performance of contractual obligations should be kept.
- C) The Fund Manager acknowledges that the assets of the Investment Fund are collectively owned by the unit holders (common ownership). The Fund Manager, Fund sub-manager, Fund operator, custodian, sub-custodian, advisor or distributor has no interest in, or claim in, the assets of the fund, unless the Fund Manager, Fund sub-manager, Fund operator, custodian, sub-custodian, advisor, or distributor owns units in the fund, within the limits of his ownership, or if such claims are permitted under the provisions of the Investment Funds Regulations and disclosed in these Terms and Conditions.

## 28 Handling Complaints

The Fund Manager states that the procedures for handling complaints will be provided upon request, free of charge. Unit holders can also write to the Fund Manager in the event of any complaint that may arise at the following address:

Yaqeen Capital  
 Compliance Officer  
 Kingdom Saudi Arabia  
 Olaya Main Road, Al Wurud District  
 Yaqeen Company Building,  
 Tel: 8888 429 800  
 Website: [www.yaqeen.sa](http://www.yaqeen.sa)  
 Email: [Addingvalue@yaqeen.sa](mailto:Addingvalue@yaqeen.sa)

## 29. Other information

- A) The policies and procedures that will be followed to address the conflict of interest and any potential or actual conflict of interest will be provided upon request free of charge.
- B) The judicial authority competent to consider any dispute arising from or from investing in Investment Funds is the Securities Dispute Resolution Committee.
- C) List of documents available to unit holders:  
 The list includes the following documents:
  - Terms and Conditions of the Fund.
  - The contracts mentioned in the Terms and Conditions.
  - The financial statements of the Fund Manager.
- D) There is no other information, to the knowledge of the Fund Manager and the board of directors, that was not included in the prospectus of the Terms and Conditions.
- E) There are no exemptions from the restrictions of the Investment Funds Regulations approved by the Capital Market Authority, except for those mentioned in the investment policies and practices.

## 30. Additional information requirements for certain types of Funds

Not applicable.

### 31. Unitholder Declaration

By signing this Terms and Conditions, I/we acknowledge that I/we have obtained a copy of this prospectus containing the Terms and Conditions of Yaqeen Saudi Equity Fund and its annexes. I/we have also reviewed it, understood and approved it, and I am aware that the financial summary of this prospectus is updated annually, and accordingly I/we have signed it:

Investor's name: \_\_\_\_\_

Investor account number: \_\_\_\_\_

Investor's signature: \_\_\_\_\_

Date: ... /... /....

**On behalf of Yaqeen Capital:**

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

Job title: \_\_\_\_\_

Office address: \_\_\_\_\_

Date: ... /... /....