



Frequently Asked Questions (FAQs) on Closed Investment Traded Funds

What are Closed Investment Traded Funds?

Closed Investment Traded Funds are publicly offered, closed investment funds traded on the Saudi Stock Exchange (Tadawul).

What is meant by a traded fund?

It means that the Fund's Units are traded on the Saudi Stock Exchange (Tadawul) like the shares of listed companies.

What is meant by a public fund?

It means that the Fund is offered to the public, including individuals and institutional investors.

How can an investor invest in Closed Investment Traded Funds?

Like investing in corporate shares, there are two ways to invest in Closed Investment Traded Funds:

1. When the Fund Manager offers the Units during the initial offering or subsequent offering phase (primary market). This is done through the receiving entities designated by the Fund Manager for subscription in the Fund (often a mix of banks and financial institutions).
2. After the listing of the Fund Units on Tadawul (secondary market), like for any shares listed on Tadawul.

Questions on Alkhabeer Growth and Income Traded Fund

What is Alkhabeer Growth and Income Traded Fund?

Alkhabeer Growth and Income Traded Fund is a closed-ended Shari'a compliant investment traded fund, established under the laws and regulations of Saudi Arabia and regulated by the Capital Market Authority (CMA).

What is the main investment objective of the Fund?

The Fund's investment objective is to increase the Fund's Net Asset Value by boosting the performance of the Fund's investments in the long term and generating current income to investors from the dividend distributions of the companies in which the Fund invests, in addition to part of the capital appreciation resulting from the growth of market value of the securities invested in. This is achieved by investing in a diversified portfolio of global equities, public and private equities, initial public offerings of companies, private placements, cash and cash equivalents.

What is target capital of the Fund?

The target capital of the Fund is SAR 1 billion.

The Minimum capital to incept the Fund is SAR 300 million.

What is geography of the Fund?

The Fund Manager may invest in local and international capital markets. The Fund Manager intends to geographically diversify the Fund's investments by investing in various stock markets, including the Kingdom of Saudi Arabia, the United States of America, the People's Republic of China, Japan, Switzerland, United Kingdom, France, Germany and Canada.

What are the target investment assets of the Fund?

The Fund Manager will concentrate on investing in a diversified portfolio of Shari'a compliant global and local public investment funds, initial public offerings, capital increases, private placements, cash and cash equivalents, in order to achieve a long-term growth and generate current income from the returns of shares and capital gains.

What is the Fund's Benchmark?

The Fund Benchmark is Alkhabeer Global Equity Index.

It is a Shari'a-compliant Index especially created for the Fund in collaboration with the index service provider Ideal Ratings (the "Index Service Provider"). The Index Service Provider will calculate the valuations of the companies that are included in the Index and will manage the Index on behalf of the Fund. The Index includes companies which are diversified by sector and size in the largest global capital markets, as well as the largest leading companies in the Kingdom of Saudi Arabia. The Index will be rebalanced by the Index Service Provider on a quarterly basis.

What is the expected performance of the Fund?

The assets invested in equities are exposed to fluctuation of prices and returns, providing an opportunity for generating profits in the long term.

The Fund's assets are diversified by geography, sector and company size, which contributes to the balance of risk-return due to non-concentration in a certain sector or company.

Equities have historically demonstrated their ability to achieve varying high growth rates – for example – the total annual return of Shari'a-compliant global equities was 14.39% over the past decade.

Can the Fund obtain financing?

The Fund Manager may obtain financing facilities or margin financing. Margin transactions are executed in favor of the Fund by the Intermediary, provided that such facilities or financing is/are 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.

What is the Fund's level of investment risks?

Investing in the Fund involves a high level of risk.

How long is the Fund's Term?

The Term of the Fund is 99 years, starting as from the Listing Date of the Initial Units on Tadawul, renewable for a similar term at the Fund Manager's discretion, subject to CMA's prior approval.

When is the Fund's Net Asset Value calculated and published?

The Fund Manager will evaluate the Fund's Net Asset Value per Unit on a daily basis. The Fund Manager will publish the Net Asset Value per Unit on the Business Day following the Valuation Day.

What is the dividend distribution policy?

Returns Distribution Policy:

The Fund Manager intends to distribute 100% of the net returns on the Fund's Investments on a semi-annual basis. The Fund will distribute the returns within 40 Business Days following the date of issue of the semi-annual and annual financial statements.

Capital Gains Distribution Policy:

The Fund Manager may, as it deems appropriate at its discretion, distribute up to 50% of the net realized capital gains on a semi-annual basis. The Fund will invest the retained capital gains with the investments of the Fund. The Fund will distribute the realized capital gains within 40 Business Days following the date of issue of the semi-annual and annual financial statements.

The Fund Manager will distribute the returns and/or gains subject to obtaining the Fund Board's approval.

Are the Fund's fees subject to Value Added Tax (VAT)?

In general, all fees payable to the Fund Manager and service providers are subject to value added tax (VAT). As such, fees will be increased by an amount equal to the VAT when VAT is paid by the Fund.

What are the benefits and advantages of Alkhabeer Growth and Income Traded Fund?

The Fund provides various benefits and advantages to Unitholders:

<p>Unique Product</p> <p>The first product of its kind in the region that allows the opportunity to invest in global and local equities with the option to trade Fund Units with ease in the Stock Exchange.</p>	<p>Outstanding Investment Opportunities</p> <p>Potential investment in initial public offering and the pre-IPO stage in local and international markets, allowing transactions which are not available to ordinary investors.</p>
<p>Specialized Asset Managers</p> <p>Working with managers who are specialized in listed equities, with outstanding track records in achieving stable performance and resilience throughout the stages of the business cycle in the face of different financial crisis.</p>	<p>Sector/Geographic Diversification</p> <p>The Fund invests in various geographies and sectors, and as such, it benefits from diversification.</p>
<p>Growth Potential</p> <p>Fund investments grow with time given the capital gains that are realized in global and local equities.</p>	<p>Stable Distributions</p> <p>The Fund provides investors with current income given the low interest rate climate prevailing today. Realized returns may be increased using low-cost credit facilities.</p> <p>The Fund will distribute 100% of its net realized returns on a semi-annual basis, and up to 50% of its net capital gains semi-annually.</p>

Questions Related to Subscribing to the Fund's Initial Offering

When will the Fund's Initial Offering Period start?

The Offering Period will start on **10 Shaban 1443H**, corresponding to **13 March 2022G**, and will continue for a period of 15 business days, up to **28 Shaban 1443H**, corresponding to **31 March 2022G**. The Fund Manager may at its discretion, and subject to CMA's prior approval, extend the offering period for 20 business days or cancel the offering and refund the subscription amounts to investors in Saudi Riyal without any deduction, within five business days after the date of cancellation of the offering.

Who can invest in the Fund?

Subscription in the Fund Units is available to the following categories of investors:

1. Natural persons holding a Saudi nationality, or the nationality of another GCC Member State;
2. Establishments, companies, investment funds and other legal entities incorporated and existing in the Kingdom of Saudi Arabia and the GCC;
3. Foreigners residing in the Kingdom of Saudi Arabia;
4. Target foreign investors permitted to invest in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, issued by the Board of the Capital Market Authority; and
5. Other investors permitted to hold listed equities in the Saudi Stock Exchange (Tadawul).

What is the target Subscription Price Per Unit during the Initial Offering?

SAR 10 per Unit.

What are the Minimum and Maximum Subscription Amounts in the Initial Offering?

The minimum cash Subscription Amount in the Fund is SAR 1,000. There is no maximum Subscription Amount.

Who is the Fund Manager?

The Fund Manager is Alkhabeer Capital.

Who is the Lead Manager?

The Lead Manager is AlJazira Capital.



Who are the Receiving Entities?

The Receiving Entities of Alkhabeer Growth and Income Traded Fund Offering Subscription Applications are:

Lead Manager/Receiving Entity	Receiving Entities
 الجزيرة كابيتال ALJAZIRA CAPITAL الجزيرة للأسواق المالية	 SNB  مصرف الراجحي Al Rajhi Bank  بنك الرياض riyad bank

How can I obtain the Fund related documents?

A copy of the Fund's Terms and Conditions and all other documents (Subscription Application, Fund's Executive Summary and Fund's Information Summary) can be obtained by visiting Alkhabeer Capital's website (www.alkhabeer.com), or by visiting the websites of the Receiving Entities.

What is the process of subscribing in the Fund?

Subscription Process

Investors can subscribe in the Fund through any of the Receiving Entities via any of the channels they provide (for example via website, phone banking or ATM).

General Conditions for Subscribing in the Fund

1. Submission of IPO Form
2. The Subscriber shall read and agree to the Terms and Conditions.
3. The Subscriber shall have a bank account IBAN in the name of the Subscriber. The Subscriber shall transfer the subscription amount from that bank account, and oversubscription shall be refunded to it after allocation.

Does subscription require attendance in person?

No. The Subscriber does not have to attend in person and may subscribe via the website of a Receiving Entity.

Is it possible to subscribe without having a portfolio with a Receiving Entity?

It is possible to subscribe by visiting the Fund Manager's website. The aforementioned Fund subscription general conditions must, however, be satisfied.

When will be Fund Units be traded on the Saudi Stock Exchange (Tadawul)?

The Fund Units will be listed within 20 business days after the end of the Offering Period.

Who is the contact person to answer any other questions?

For replies to any queries, please contact the Fund Manager:

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