



FREQUENTLY ASKED QUESTIONS (FAQS) ON ALKHABEER GROWTH AND INCOME TRADED FUND

WHAT ARE CLOSED INVESTMENT TRADED FUNDS?

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

WHAT IS MEANT BY A TRADED FUND?

It means that the Fund's Units are traded on the Saudi 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.

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 inception the Fund is SAR 300 million.

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.



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 in the long term – 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.

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 THE FUND

The Fund provides various benefits and advantages to Unitholders:

ONE OF A KIND PRODUCT

The fund is the first of its kind in the region, as it provides the opportunity for Unitholders to invest in global markets through a diversified portfolio of stocks, funds, corporate offerings for public subscription, private offerings and benefit from dividends and periodic returns with the option to trade the Fund's units easily through the stock market (Tadawul).

DIVERSE SOURCES OF GROWTH AND RETURNS

Unitholders get the opportunity to benefit from a variety of sources of growth and returns by investing in different asset classes such as listed shares, initial public offerings and private offerings, in addition to public and private equity funds.

DISTRIBUTION OF RETURNS AND PROFITS

Unitholders get the opportunity to benefit from the Fund's periodic distributions of the returns of the companies in which the Fund invests, in addition to capital gains resulting from the growth in the market value of the invested securities. The Fund Manager aims to distribute %100 of the net returns generated from the distributions of companies whose shares are owned by the Fund, in addition to up to %50 of the net capital gains twice annually.

INITIAL PUBLIC OFFERINGS AND PRIVATE OFFERINGS

Unitholders benefit from doubling their opportunities to benefit from IPOs in local and international companies by investing in the Fund, as the upcoming companies provide significant shares of their shares expected to be listed in the stock markets for funds whose strategy includes subscription in initial offerings. In addition, from time to time, the Fund Manager has offers to invest in private offerings to contribute to companies that have a tendency and endeavors to offer their shares for public subscription. These opportunities are usually available at prices lower than the initial subscription prices, and this will maximize the value of the Fund's investment in those companies after their listing in the markets.

EFFICIENCY OF FUND MANAGERS

Investing in public and private equity funds depends on the selection of highly qualified and experienced fund managers as well as the appropriateness of the objectives and assets of the funds they manage with the objectives of the fund. The Fund Manager conducts in-depth studies to select the appropriate funds to achieve the desired investment objectives.

KEEPING PACE WITH MARKET GROWTH AND DIVERSIFICATION

Unitholders benefit from the opportunity to keep pace with the growth of the values and profits of companies in the global markets in the long term, and this occurs through the Fund's investment strategy, which is characterized by the diversity of its investments at the geographical, sectoral and stock levels.

LIQUIDITY

Investment closed-end traded funds are characterized by high liquidity, as units can be bought and sold in the Saudi Exchange (Tadawul) throughout the trading periods.

HIGH GOVERNANCE AND TRANSPARENCY

Governance and high transparency systems apply to closed-ended investment funds, as important developments and developments of the Fund are announced periodically, financial statements are provided to the public and other matters of interest to the investor and unit owner to make the appropriate investment decision.



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 Shaaban 1443H, corresponding to 13 March 2022G, and will continue for a period of 15 business days, up to 28 Shaaban 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 10.23 per Unit (Including subscription fees and value added tax).

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 & OPERATOR?

The Fund Manager & Operator is Alkhabeer Capital.



WHO IS THE LEAD MANAGER?

The Lead Manager is Aljazira Capital.





WHO ARE THE RECEIVING ENTITIES?

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

LEAD MANAGER AND RECEIVING ENTITY	RECEIVING ENTITIES		
 AL JAZIRA CAPITAL www.aljazaracapital.com	 SAUDI NATIONAL BANK (SNB) www.alahli.com	 ALRAJHI BANK www.alrajhibank.com	 RIYAD BANK www.riyadbank.com

HOW CAN I OBTAIN THE FUND RELATED DOCUMENTS?

A copy of the Fund's Terms and Conditions and the Subscription Application can be obtained by visiting Alkabeer Capital's website (www.alkabeer.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:

Alkabeer Capital

Toll Free Number: 800 124 7555

Email: gif@alkabeer.com

FOR FURTHER INFORMATION



FUND MANAGER

ALKHABEER CAPITAL

Toll Free Number: 800 124 7555

www.alkhabeer.com

CMA License No: 07074-37

CR No: 4030177445

DISCLAIMER

Alkhabeer Capital is regulated by the Capital Market Authority (CMA), and is licensed for the following activities of: Dealing, Custody, Managing Investments and Operating Funds, Arranging, and Advising with license no. 07074-37 and CR No. 4030177445. Headquartered in An Nuzhah District, Madinah Road, P.O Box 128289, Jeddah 21362. It provides innovative world-class investment Shari'a-compliant products and solutions to institutions, family groups and individual investors. This document is issued by Alkhabeer Capital for general information and information purposes only and does not constitute any offer to buy, subscribe or participate in any way in the Alkhabeer Growth and Income Traded Fund, nor does the document (or any part of it) constitute a basis and should not be relied upon to do the foregoing, or as a catalyst for the conclusion of any contract of any kind. Alkhabeer Capital shall not be liable for any loss that may arise from the use of this document or its contents or that may arise in connection with it. Prospective investors should carefully and carefully read the Terms and Conditions of Alkhabeer Growth and Income Trading Fund and its contents regarding investment risks and other documents before making a decision through Alkhabeer Capital's website www.alkhabeer.com. This investment is not a cash deposit with a local bank. The value of the investment and any other income generated can go high or low. This investment may not be suitable for all investors, and all investors wishing to invest should reach their decision in consultation with their financial and legal advisors, as well as assess all risks involved in the investment, nor can a guarantee be given that the targeted and expected results will be achieved. In addition, the past performance does not guarantee the future results of the Fund and the value of the securities, their prices and the income achieved may decrease or rise. Investors can get back less than the money they originally invested. Changes in currency exchange rates can have a negative impact on the value of securities, their prices, or the income derived from them. The investor's investment in the Fund is an acknowledgment by him of having been informed of and accepting the Terms and Conditions of the Fund. Alkhabeer Capital or its sister companies or investment funds managed by Alkhabeer Capital may own an investment position or share in the relevant securities or participate in providing advisory services to one or more of the aforementioned companies, and no expectations, opinions and statements regarding future possibilities mentioned in this document. All expectations, opinions and statements contained in this document are those of Alkhabeer Capital, as at the date of this document, and are subject to change without notice. The details provided in this document are, according to the information available to the Fund Manager, as on the date of obtaining the approval of the Capital Market Authority to offer and register the units of Alkhabeer Growth and Income Traded Fund, 7 February 2022, corresponding to 6 Rajab 1443. The investment in the Fund is subject to fees as mentioned in the Terms and Conditions. With regard to securities that are not immediately convertible to liquidity, it may be difficult for the investor to sell or exit them and to obtain reliable information about their value or the extent of the risks they are exposed to.
