



ALKHABEER CAPITAL

ALKHABEER GROWTH & INCOME TRADED FUND

Voting Rights Policy

2022



Voting Rights Policy – Alkhabeer Growth & Income Fund

1.0 Introduction:

As per Article 60 of the Investment Fund Regulations, the Capital Markets Authority (“CMA”) of the Kingdom of Saudi Arabia has stipulated that the Fund Manager must develop a Voting Rights Policy (“Policy”) in relation to the assets held by the Fund and it must be approved by the Board of Directors of the Fund. In addition, any voting rights attributed to the underlying assets of the Fund shall be made in accordance with the Policy.

2.0 Purpose:

The purpose is to provide a clear understanding of the Voting Rights Policy adopted by the Fund Manager in relation to the local market equities held by Alkhabeer Growth & Income Fund.

3.0 Persons/Departments Affected:

The following entities are affected by this policy:

- 3.1 Capital Markets Department
- 3.2 Operations Department
- 3.3 Compliance Department
- 3.4 Any external authorized agency that represents the Custodian or sub-Custodian of the Fund
- 3.5 Fund Board

4.0 The Policy:

- 4.1 Based on Article 60 of the Investment Fund Regulations, the Fund Manager has the right but not the obligation to exercise voting rights associated with the investments held by the Fund.
- 4.2 The Fund Manager will generally abstain from voting provided if the number of shares held in the Fund is less than 0.5% of the company total shares outstanding.
- 4.3 The Fund Manager does not have the intention to participate directly or indirectly in the management of the companies held by the Fund. Therefore, the Fund Manager does not intend to exercise any voting rights in general, except at the discretion of the Fund Manager and when deemed in the best interest of the Fund’s unitholders.

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4.4 If deemed in the best interests of the Fund's unitholders, the Fund Manager may at his discretion, exercise its voting rights attached to the Fund's underlying assets on major corporate actions after consultation with the Compliance Officer. In this case, the Fund Manager will maintain full records documenting the exercise of voting rights (including the reasons for exercising or not exercising voting rights in a particular way).

4.5 The Fund Manager reserves the right to vote against any resolution that goes against the interests of the unitholders of the Fund. The Fund Manager will only vote in the exclusive interest of the Fund's unitholders, without taking into consideration the interest of its other businesses.

4.6 A Fund's unitholder cannot require the Fund Manager to vote in any particular manner, or to abstain from voting, in any underlying companies held by the Fund.

4.7 In cases of conflict of interest, the Fund Manager will refer the matter to the Fund Board for guidance, reference and monitoring.

4.8 The Fund Manager or its representatives do not necessarily need to be physically present at the site of the company's annual meeting / extra-ordinary general meeting in order to exercise their right to vote and may voice their vote online or by proxy.

4.9 Agreements with an external Fund Custodian shall ensure compliance with item 5.1 below.

5.0 Responsibilities:

The Fund Manager needs to be informed of the upcoming corporate actions wherein voting is required and the below enumerates the responsibilities of the Operations Department and the Fund Manager in this regard.

5.1 Operations Department is responsible on informing the Fund Manager of all upcoming voting rights and proxies in relation to major corporate actions of the local equity shares of companies held by the Fund.

5.2 Operations Department is responsible for maintaining voting records for a period of ten years.

5.3 The Fund Manager after consultation with the Compliance Department is responsible to present any conflicts of interest that may arise between the Fund Manager and the Fund's unitholders to the Fund Board.

5.4 The Fund Manager has the right to delegate a representative to exercise the voting rights. The representative may be an employee of the Fund Manager's or an external authorized agency.

5.5 The Fund Manager shall be responsible for recommending amendments related to the Policy to the Fund Board

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5.6 The Fund Manager shall provide a summary of all voting actions, if any, to the Fund Board on an annual basis.

5.7 In any event that may lead to violating this Policy, the Fund Manager shall refer the matter to the Compliance Department for guidance, reference and monitoring.

5.8 In case of Policy violation, the Compliance Department in coordination with the Fund Manager shall advise the Fund Board of such violation.

6.0 Approval:

The Voting Rights Policy was approved by the Fund Board of Directors, following its review.