



Fund Name

# AlAhli Sadaqqat Fund

## Terms and Conditions

The Fund is regulated by the Capital Market Authority  
Pursuant to its Investment Funds Regulations

The Fund with revised Terms & Conditions has been approved by  
The Capital Market Authority on  
18/12/1429 corresponding to 16/12/2008

The Fund was originally approved by  
The Saudi Arabian Monetary Agency on December 2001

### **Fund Manager**

NCB Capital Company  
Commercial Registration number 1010231474

### **Fund Manager Address**

NCB Capital Company  
Al Mather Street, P.O. Box 22216, Riyadh 11495,  
Kingdom of Saudi Arabia.  
Website address [www.ncbc.com](http://www.ncbc.com)

### **Custodian**

NCB Capital Company

### **Auditors**

Ernst & Young  
P.O. Box 1994 – Al-Nakheel Center  
Jeddah 21441, Kingdom of Saudi Arabia  
T: +96626671040  
Fax: +96626672129  
[Jeddah@sa.ey.com](mailto:Jeddah@sa.ey.com)

### **Fund Prospectus**

Investors should read these Fund Terms and Conditions carefully before taking any investment decision regarding the Fund. If you are in any doubt about the suitability of the Fund for investment or about any of the contents of the Terms and Conditions, you should contact an independent financial advisor. A person making an investment in the Fund does so entirely at his own risk and responsibility.

**Important:**

**if you are in any doubt about the contents of these Terms and Conditions you should consult your financial adviser.**

These Fund Terms and Conditions have been prepared in accordance with the rules contained in the Investment Fund Regulations (the "Regulations") issued by the Capital Market Authority (the "CMA") pursuant to Resolution Number 1-219-2006 dated 3/12/1427H, based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H.

NCB Capital Company ("NCB Capital"), as Fund Manager of this Fund, is responsible for the information contained in these Terms and Conditions. To the best of the knowledge and belief of NCB Capital (having taken all reasonable care to ensure that such is the case), the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Regulations to be included in it. NCB Capital accepts responsibility accordingly.

No person has been authorized by NCB Capital to give any information or to make any representations in connection with the offering of units in Funds ("Units") other than those contained in these Terms and Conditions and, if given or made, such information or representations must not be relied on as having been made by NCB Capital. The delivery of these Terms and Conditions (whether or not accompanied by any reports) or the issue of Units shall not, under any circumstances, create any implication that the affairs of NCB Capital have not changed since the date hereof.

Pursuant to Article 51 of the Regulations, the distribution of these Terms and Conditions and the offering of Units shall be eligible to all persons. However, NCB Capital requires that it is the responsibility of every person into whose possession these Terms and Conditions comes, or who subscribes for Units, to inform themselves about and to observe any restrictions that may be applicable to them on the grounds of nationality or residence. These Terms and Conditions do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

Potential Investors should not treat the contents of these Terms and Conditions as advice relating to legal, taxation, Shari'ah, investment or any other matters, and are recommended to consult their own professional and religious advisers concerning the acquisition, holding or disposal of Units.

By signing these Terms and Conditions, each Investor agrees that the Fund Manager will invest Subscription Monies on its behalf in accordance with the Terms and Conditions.

The Fund is considered a low risk investment fund that seeks to reduce the risk levels through conducting Murabaha based trade transactions with companies with sound financial positions, in addition the fund trade transactions are of a short term nature, the maximum maturity for any single transaction is 1 month.

These Terms and Conditions are dated, and are valid as at, 18/12/1429 corresponding to 16/12/2008. These Terms and Conditions may at any time be replaced by new Terms and Conditions or extended by a supplement issued by NCB Capital. Investors should, therefore, check with NCB Capital that these are the most recently published Terms and Conditions and that they have all (if any) supplements to it issued by NCB Capital.

NCB Capital was incorporated as a closed joint stock company in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231474 on 26/03/1428H, corresponding to 14/04/2007G. NCB Capital was authorised by the Capital Market Authority pursuant to Resolution No. 7-219-2006 dated 03/12/1427H, corresponding to 24/12/2006G, under Licence No. 37-06046, to carry out dealing, as principal and agent, and underwriting, managing, arranging, advising and custody, with respect to securities. NCB Capital was authorised by the Capital Market Authority to commence business on 10/6/1428H, corresponding to 25/06/2007G.

NCB Capital is a direct subsidiary of The National Commercial Bank, of Jeddah, Saudi Arabia.

The registered office of NCB Capital is Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.



# AlAhli Sadaqqat Fund

## Fund Facts

Currency	Saudi Riyal
Risk Category	Low Risk
Benchmark	Daily Average of 1 month Average Daily SAR Inter Bank (SAIBID)
Objectives	Provide income, competitive returns, capital preservation and monthly liquidity through investing in short term Murabaha and distribution of income to officially recognized local charities
Minimum Investment	SAR 1,000
Minimum Subsequent Subscription	SAR 1,000
Minimum Subsequent Subscription through Regular Investment Service (RIS) or alternative distribution channels	SAR 100
Minimum Redemption	SAR 1,000
Valuation Days	Valuation day
Subscription/ Redemption Days	Every Saudi Business day
Subscription / Redemption Request cut off time	Before or at 12 noon the 2nd day prior to the Dealing Day ( 2 days before the Dealing Day)
Subscription Fee	N/A
Management Fee	One Twelfth of 0.25% of the Fund Net Assets Value
Redemption Proceeds Payment Day	Made available to Investor within 3 days after the Valuation Day.
Other expenses	The Fund will not be charged for any other expenses
Offer Date	December 2001
Initial Unit Price	1 SAR



# AlAhli Sadaqqat Fund

## Table of Contents

Fund Facts	
Table of Contents	1
Definitions	2
Terms & Conditions of the Fund	3
Terms & Conditions Specific to the Fund	3
1. Fund Name	3
2. Fund Manager's Head Office Address and further information	3
3. Commencement	3
4. Regulator	3
5. Date of issuance of these Terms and Conditions	3
6. Minimum Investment	3
7. Currency of the Fund	3
8. Fund Objectives	3
9. Principal Investment Strategies	3
10. Principal risks of investing in the Fund	3
11. Fees and Expenses	4
12. Fund Board	4
13. Fund Manager	5
14. Custodian	5
15. Auditor	5
16. Annual Audited Financial Statements	5
17. Characteristics of the Units	5
18. Confidentiality	5
19. Fund Shariah Board	6
20. Fund Manager Investment in the Fund	6
21. Subscription and Redemption Procedures	6
22. Valuation of the Assets of the Investment Fund	7
23. Winding up and Appointment of a Liquidator	7
24. Fund Termination	7
25. Reporting to Unitholders	7
26. Conflict of Interest	7
27. Voting Rights Policies	7
28. Changes to the Terms & Conditions	7
29. Complaints Procedures	7
30. Governing Law	7
31. Compliance with Regulations	7
32. Appendices	8
33. Fund Structure	8
34. Responsibilities	8
35. Islamic Shariah	8



# AlAhli Sadaqqat Fund

## Definitions

The Fund	Al Ahli Sadaqqat Fund.
Fund Manager	NCB Capital Company.
Board	The Board of Directors of the Fund, as set out at section 12 of the Terms and Conditions.
CMA	The Capital Market Authority of Saudi Arabia.
CML	Capital Market Law of Saudi Arabia, which was issued by Royal Decree No. (M/30) dated 2/6/1424 H (16th. June, 2003).
Regulations	Means the Investment Fund Regulations issued by the Capital Market Authority.
NCB Capital	NCB Capital Company, whose Commercial Registration number is 1010231474, and whose registered address is at Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.
Terms and Conditions	Means these Terms and Conditions Specific to the Fund.
Index	Daily Average of 1 month Average Daily SAR Inter Bank (SAIBID).
Saudi Riyal	Saudi Riyal.
Saudi Business Day	Means a day on which banks are normally open for business in Saudi Arabia, not including any official Saudi holiday.
Dealing Day	The day(s) on which subscriptions and redemptions will in the ordinary course be processed, and the net asset value per Unit will be calculated.
Valuation Day	The unit price will be fixed at SR1.00 per unit on every Subscription Day and the resulting net trading profits are then distributed to recognized charities and causes proportionally
Redemption Form	Form used to redeem units.
Subscription Fee	Fees charged for subscribing in the Fund.
Subscription Form	Form used for subscription in the Fund.
Subscription Monies	Means the gross amount paid by the Investor to the Fund Manager to invest in the Fund.
Switch Form	Form used for switching between AlAhli mutual funds.
Regular Investment Service (RIS)	A service that allows investors to subscribe a fixed amount to the fund on a monthly basis
Units	A Unit offers the investor the right to participate in the beneficial ownership of the assets of the Fund pro-rata to the number of Units held by the investor.
Custodian	Means the Custodian assigned for the Fund
Financial Year	Means the financial year of each Fund or as the context may require.
Investor	An investor in the Fund or person applying to invest in the Fund.
“Investments”	Means the assets, property, rights, and undertakings from time to time of each Fund.
“Investment Account”	Means an investment account held by Investors with NCB Capital.
“Net Asset Value”	Means the value of assets attributable to the Fund net of expenses divided by the number of Units outstanding, as determined by the Fund Manager.
“Register”	Means the register of Unitholders held by the Fund Manager or any party appointed by the Fund Manager to hold such register.



# AlAhli Sadaqqat Fund

## Terms and Conditions

### 1. Fund Name

AlAhli Sadaqqat Fund.

### 2. Fund Manager's Head Office Address and further information

The Fund Manager is NCB Capital Company, whose Commercial Registration number is 1010231474, and whose registered address is at Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

Information about the Fund can be found at the Fund Manager's website: [www.ncbc.com](http://www.ncbc.com).

### 3. Commencement

The Fund has already commenced accepting subscriptions on December 2001.

### 4. Regulator

The Fund is regulated by Capital Market Authority, established by the Capital Market Law, issued by Royal Decree No. (M/30) dated 2/6/1424 H (16th June, 2003).

NCB Capital Co. was authorised by the Capital Market Authority pursuant to resolution No 7-219-2006 dated 03/12/1427 H corresponding to 24/12/2006 G under licence No 37-06046, to carry out dealing, as principal and agent, and underwriting managing, arranging, advising and custody with respect to securities.

### 5. Date of issuance of these Terms and Conditions

The Fund's original Terms and Conditions were issued on December 2001, the CMA approval to continue offering the Fund has been granted on 18/12/1429 corresponding to 16/12/2008 and updated in April 2011.

### 6. Minimum Investment

The minimum initial subscription is SAR 1,000. Subsequent subscriptions must be in an amount of at least SAR 1,000 but need not to be in exact multiples of SAR 1,000. However subscriptions or switches to the fund through alternative distribution chan-

nels or Regular Investment Service can subscribe with amounts less than the required minimum subscription amount.

### 7. Fund Currency

The Fund is denominated in Saudi Riyal.

### 8. Fund Objectives

Provide income, competitive returns, capital preservation and monthly liquidity through investing in short term Murabaha and distribution of income to officially recognized local charities.

Fund Index: Daily Average of 1 month Average Daily SAR Inter Bank (SAIBID).

The Index measures the performance of Daily Average of 1 month Average Daily SAR Inter Bank (SAIBID). Investors can monitor the Index performance on the company's website.

### 9. Principal Investment Strategies

1. Purchase of goods and commodities and sell them at a mark-up on Shariah compliant short term deferred payment terms
2. Enter in a short term trade transaction that provides competitive returns and liquidity
3. Invest in other NCBC managed money market Funds
4. Invest in other Shariah compliant short term trade transaction at the manager sole discretion

The principal investment strategy that the Fund will employ in order to achieve its objectives is to offer Investors the opportunity to contribute income from their investment to officially recognized local charities meeting strict criteria set by the Fund, in support of the following local charitable causes:

- Support of orphans (20% of the income)
- Support of needy families (20% of the income)
- Support of education for the needy (20% of the income)
- Support of the handicapped

(20% of the income)

- Provision of healthcare services to the needy (20% of the income)

The Fund will be open for subscription and redemption on a monthly basis. The unit price will be fixed at SR 1.00 per unit on every Subscription Day and the resulting net trading profits are then distributed to the accounts of approved charities in proportions that ensure equal distribution to the approved causes.

Please refer to Investment Restrictions appendix for further details.

### 10. Principal risks of investing in the Fund

The Fund is considered to be a low-risk investment because the Fund trades only with companies that have a good reputation and a sound financial position. To further reduce risk, each of the Fund's transactions is of a short-term nature. The maximum tenor of any individual transaction does not exceed one month's duration.

An Investor must be aware that he or she may lose money if at the time of selling the units, the value of the units is less than what was originally invested.

There can be no assurance that any appreciation in the value of the Fund's underlying investments will occur. The value of the Fund's underlying investments and the income derived from them may fall as well as rise and Investors may not recoup the original amount invested in the Fund. There is no assurance that the investment objectives of the Fund will actually be achieved. Past performance is not a guide to future growth or rates of return.

Potential Investors should consider the following risk factors before investing in any Fund.

An investment in the Fund is subject to normal market fluctuations as well as other economic, political or financial developments.



# AlAhli Sadaqqat Fund

## Terms and Conditions

### A. Murabaha Trades Risk

These include changes in the financial conditions of counter party that negatively affect its ability to pay back to the Fund its obligations and or dues.

### B. Liquidity Risk

Liquidity of investments may be low in some periods and as a result this may increase the difficulty of valuing such investments. Reduced market liquidity may adversely affect the market price of the Fund's investments and the Fund's ability to dispose of particular investments to meet its liquidity requirements. This risk may be mitigated through utilizing the available cash portion of the Fund. However if total redemptions exceeds 10% of the Fund's Value, the Manager has the right to postpone such redemptions to the next Valuation Day. Such redemptions will be accounted for on a prorated basis.

An investment in an investment fund is not a deposit with any local bank sponsoring, selling, or otherwise affiliated with the investment fund. Unit holders bear a risk of loss of money in the investment fund, since the investment value may increase or decrease. Investors in the Fund are not certain to make a profit and may suffer a loss, and therefore may not recover their fully-invested capital. Subscribers should only invest in this Fund if they are able to sustain a loss.

Investors in the Fund should be aware of the risks in investing in the Fund and, if they are in any doubt as to the suitability of the Fund, should consult an independent financial advisor.

## 11. Fees and Expenses

### A. Management Fees

The Manager charges the Fund, on every Dealing Day, an annual management fee equal to One Twelfth of 0.25% "proportionate to the period" of the Fund's net asset value.

### B. Other Expenses

The Fund will not be charged for any other expenses.

Please refer to the attached Summary of Financial Disclosure.

## 12. Fund Board

The Fund Board consists of the following members who will serve for a period of three (3) years and will begin their duties following approval by the CMA;

### 1. Saad A. Al Fadly (Chairman)

Mr. Saad A. Al Fadly is the Chairman of the Fund Board and Chief of Staff joined NCB Capital in 2008, Saad has over 10 years of investment management and financial analysis experience. Previously, he had worked with Saudi Arabian Monetary Agency (SAMA), Investment Management Department, where he was directly involved in the asset allocation process and risk management decisions. He worked extensively with a wide range of asset classes such as fixed income, equities and hedge funds. At SAMA, he was responsible for monitoring the performance of the external portfolio managers. He then joined Morgan Stanley Saudi Arabia (MSSA), previously known as The Capital Group, from 2005 until June 2008. He led several investment banking transactions in MSSA. Saad holds an MS in Financial Economics from Boston University and a BS in Accounting from King Saud University and is a level-3 CFA candidate

### 2. Hamed M. Fayez (Member)

Mr. Hamed Fayez is a Fund Board Director and Head of Asset Management joined NCB Capital in 2009, Mr. Fayez has over 10 years of experience in finance, joined from Goldman Sachs, where he most recently was the CEO of Goldman Sachs Saudi Arabia, as well as the Head of the Investment Management Division in Saudi. Prior to that, he worked for some of the leading international and local financial institutions including Credit Suisse, the National Commercial Bank Treasury and Merrill Lynch. Mr. Fayez has a diverse financial experience as the scope of his work varied from Asset Management and Wealth

Management to Sales and Trading. Mr. Fayez graduated from The Johns Hopkins University in Baltimore with a double major in Mathematical Sciences and Economics and a minor in Business and Entrepreneurship.

### 3. Tamim G. Sharief (Member)

Mr. Tamim AlSharief is a Fund Board Director and Head of Wealth Management Western Region of NCB Capital. During his 13 years of experience with NCB group, Tamim was assigned to several significant positions and tasks in both banking & investment sector. Tamim's vast experience includes serving on several key committees of NCB Group; currently he is a member of the Wealth Management Performance Committee and Product Development Committee. He holds a bachelor degree in Finance & Accounting from King Abdulaziz University. He is certified as a designated Financial Planner & Wealth Management from Dalhousie University in Canada in association with SAMA. He has also participated in several executive education and leadership programs of INSEAD University.

### 4. Hicham C. Hatoum (Member)

Mr. Hatoum is a Fund Board Director and Head of Investment Banking Division at NCB Capital. Mr. Hatoum has over 17 years of banking experience with over 8 years at NCB Group. Prior to joining NCB Capital he worked at NCB as Head of Structured Finance and at Samba as Head of Structured Finance (Western Region). He also worked at the National Bank of Kuwait (Lebanon) as Head of Corporate Banking. Mr. Hatoum was responsible for several IPOs and Rights Issues in various industries. Mr. Hatoum holds a Master of Science Degree from California State University in Computer Science and Engineering

### 5. Dr. Abdulraouf Banaja: (Independent Director)

Dr. Banaja is a Fund Board Director. He is currently the Senior Vice Executive President for Investment and Finance at ALAWWAL Financial Services Co. Attained his PhD in Economics from the University of California Santa Barbara in 1981. Dr. Banaja worked as an Associate Professor at King Saud



# AlAhli Sadaqqat Fund

## Terms and Conditions

University as well as a consultant to the Ministry of Finance and the Saudi Arabian Monetary Agency. He also served in various senior banking positions at financial institutions, such as SAAB, Gulf International Bank and the National Commercial Bank

### 6. Aladdin R. Sami: (Independent Director)

Mr. Sami is a Fund Board Director; he is the Vice President and Chief Investment Officer of Zahid Group Holding. Mr. Sami sits on the board of Ajil Financial Services, Jordan National Bank, Arab International Hotels, Arabian Vehicles Industries, and SATLUB among others. He holds a bachelor degree in Economics from Cairo University, and masters in International Financial Management from the American University, Cairo. He started his career in 1977 with Cairo Barclays Bank, Cairo, and in 1979 moved to Saudi Hollandi Bank before joining Zahid Group.

The Fund Board's duties include, but are not limited to, the following:

- 1) The approval of all Funds' material contracts, reports and decisions.
- 2) Overseeing, and where appropriate, ratifying any conflict of interest the Fund Manager has identified in accordance with the Investment Funds Regulations.
- 3) Meeting at least twice annually with the Fund Manager's Compliance Officer and the anti money laundry and anti terrorist finance officer to ensure the Fund Manager's compliance with all applicable laws and regulations.
- 4) The approval of any recommendations made by an appointed liquidator.
- 5) The responsibility to ensure completeness, accuracy and compliance with the Regulations of the Terms and Conditions.
- 6) Ensuring the Fund Manager carries on his obligation in the best interest of the unitholders, in accordance with the Terms and Conditions of the Fund and with the Regulations.

- 7) To act in the best interests of the investment Fund and its Unitholders and carry out its duty of loyalty and duty to exercise reasonable care.

All the above Fund Board members are also Members in the following Fund Boards;

1. AlAhli Asia Pacific Trading Equity Fund
2. AlAhli Diversified Saudi Riyal Trade Fund
3. AlAhli Diversified US Dollar Trade Fund
4. AlManarah Conservative Growth Fund
5. AlManarah Medium Growth Fund
6. AlManarah High Growth Fund
7. AlAhli Emerging Markets Trading Equity Fund
8. AlAhli Europe Trading Equity Fund
9. AlAhli National Investment Fund
10. AlAhli Saudi Riyal Murabaha Fund
11. AlAhli Saudi Trading Equity Fund
12. AlAhli GCC Trading Equity Fund
13. AlAhli Global Trading Equity Fund
14. AlAhli Healthcare Trading Equity Fund
15. AlAhli Short Term Dollar Fund
16. AlAhli International Trade Fund
17. AlAhli Small Cap Trading Equity Fund
18. AlAhli Saudi Riyal Trade Fund
19. AlAhli Euro Murabaha Fund
20. AlAhli US Trading Equity Fund
21. AlAhli Global Real Estate Fund
22. AlAhli Saudi Mid Cap Equity Fund
23. AlAhli US Dollar Sukuk and Murabaha Fund
24. AlAhli Saudi Dynamic Trading Equity Fund (A)

### 13. Fund Manager

The Fund Manager is NCB Capital. The head office address of the Fund Manager is at, Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

The Fund Manager was authorised by the CMA pursuant to resolution No 7-219-2006 dated 03/12/1427 H corresponding to 24/12/2006 G under licence No 37-06046, to carry out dealing, as principal and agent, and underwriting managing, arranging, advising and custody with respect to securities.

The Fund Manager also manages various other investment Funds.

### 14. Custodian

NCB Capital is the Custodian to the Fund. The portfolio's securities where applicable may be held by one or more internationally recognized securities custodians appointed by the Manager.

### 15. Auditor

The Auditors to the Fund are Messrs. Ernst & Young, the address of whom is at P.O. Box 1994, Al-Nakheel Centre, Jeddah 21441, Kingdom of Saudi Arabia.

Tel: +96626671040,  
Fax: +96626672129  
E-mail: Jeddah@sa.ey.com

### 16. Annual Audited Financial Statements

The Fund's independent audited annual financial statements will be made available within 90 days after the Fund's fiscal year, without any charges to the Unitholders and customers, upon request made to the Manager. In addition, the semi annual financial statements reviewed by the external auditors will be available for Unitholders within 45 days from the date of the financials. Such statements will be available by both electronic mail and regular mail.

### 17. Characteristics of the Units

There shall be only one class of Units in the Fund.

### 18. Confidentiality

Strictest confidentiality shall be observed at all times in the handling of the business of the Fund and the Fund's Investors. This shall not be construed as limiting the access of the



# AlAhli Sadaqqat Fund

## Terms and Conditions

Fund's regulatory Authority (CMA) to the Fund's records for the purposes of regulatory supervision.

### 19. Fund Shariah Board

The Shariah Board consists of the following members:

**1. Sheikh Abdullah Bin Suleiman Al-Maniya (Chairman)**

Member of the Senior Ulema Board and formerly was Judge of the Cassation Court in Makkah Al Mukarramah.

**2. Sheikh Dr. Abdullah bin Abdulaziz Al Musleh (Member)**

Rector of Al-Imam Muhammad Bin Saud Islamic University and he is the Director General of the Panel of Scientific Miracles in the Quran and Sunnah.

**3. Sheikh Dr. Muhammad Al-Ali Al Gari (Member)**

One of the world's most distinguished scholars in Islamic economics and he is a former Professor of Islamic Economics at King Abdulaziz University in Jeddah.

### 20. Fund Manager Investment in the Fund:

The Fund Manager may at its discretion participate in the Fund as an Investor. The Fund Manager reserves its right to reduce in part or in whole its participation whenever it deems appropriate, However the Fund Manager investment balance in the Fund was SR 256,845 as of December 2010.

### 21. Subscription and Redemption Procedures

The Fund is open for subscription and redemption on a monthly basis.

#### A. Subscriptions

All subscriptions paid in Saudi Riyal must be made at or before 12 noon on the 2nd day before the Dealing Day in order to commence participation in the Fund from the Dealing Day. However, Fund Manager reserve the right to extend subscription, redemptions or switches time limit through

alternative distribution channels (telephone and internet) to 4:00 PM on the 2nd day prior to the Dealing Day. Other forms of subscription payments such as cheques and transfers may require additional time for clearing and collection and participate in the Fund only from the Dealing Day following receipt by the Fund. Applications made after 12 noon or 4: PM for (telephone and internet) will participate in the Fund from the following Dealing Day.

If the Dealing Day falls at the beginning of an official Saudi Holiday, it will be invested in the Fund the following Dealing Day.

#### B. Redemptions

Redemption is allowed on every Dealing Day provided that a written notice is received at or before 12 noon on the 2nd day prior to the Dealing Day. Redemption proceeds (which are determined as described in clause # 22 below) are made available on the third Saudi Business Day after the Dealing Day. Redemption of units must be for minimum value of SAR 1,000. However, redemption transactions made through alternative distribution channels such as the Call Centre, or the Internet may carry lower amounts.

If the Dealing Day falls on a non Saudi business day, it will be redeemed on the following Dealing Day. Redemption amounts are made available to the investor in a period of not more than three days after the dealing in which redemption has been made.

The Investor should be aware that where prevailing conditions in any part of the financial markets or any state of affairs exists which renders the disposal or valuation of assets in the Fund impractical or impossible, at the Manager's sole discretion, subscription/redemption and the days set thereupon may be temporarily suspended or amended by the Manager after obtaining the CMA approval.

#### C. Subscription Procedures

The Investor is required to sign

a copy of these Terms & Conditions and complete an Investment Account Application Form and Subscription Form. If the Investor already has an investment account with the Company, an Application Form is not required. These forms should be submitted with payment to a designated staff and a copy will be returned to the Investor as a receipt. The Investor is required to provide identification in the form of a valid identity card (citizens of Saudi Arabia), an Iqama (non-Saudi residents), a passport (for GCC citizens), or a signed board resolution, stamped with the company seal and a copy of the company's commercial registration for (Corporate Investors).

The Fund shall not be available for subscription in the United States and units in the Fund shall not be open to subscription by U.S. persons and entities.

#### D. Rejection of Application

The Fund Manager reserves the right to reject any application / subscription if he believes that such subscription may result in a violation of CMA's regulations and/or applicable regulations including the Terms and Conditions of the Fund.

#### E. Redemption Procedures

Application for redemption will be made by the Investor in whole or in part at any time by completing and submitting a Redemption Form provided at designated branches of the Fund Manager. For identification purposes, an Investor's valid Saudi Identification Card, passport, or Iqama, must be made available and its number noted on the Redemption Form. The Investor must specify whether the redemption is complete or partial. In case of a partial redemption, it is important to note that should the Investor's balance decline on Dealing Day (due to decline in unit price), the redemption process will not be executed. This is, without liability to the Fund Manager. In such case, the Inves-



# AlAhli Sadaqqat Fund

## Terms and Conditions

tor must submit a new redemption request in the next dealing day.

### F. Redemption by the Manager

Upon obtaining permission from the CMA, the Manager reserves the right to affect complete or partial redemption of units held by any Investor with notice thereafter to the Investor and without assigning any reason therefore, and without any liability to the Manager.

### G. Switching Procedures

A switch between two AlAhli Funds is considered a single transaction made up of two separate components: redemption and subscription. The redemption portion of the transaction is processed first in accordance with the "Redemption" clause above. The subscription portion of the transaction will then be processed in accordance with the "Subscriptions" of the other Fund. To request a switch, the Investor is required to complete a Switch Form and submit it to the designated staff along with a valid identification card

### 22. Valuation of the Assets of the Investment Fund

The unit price will be fixed at SR1.00 per unit on every Subscription Day and the resulting net trading profits are then distributed to recognized charities and causes proportionally

### - Temporarily suspension of Valuation and subscription and redemption from the Fund

The Investor should be aware that where prevailing conditions in any part of the financial markets, or any state of affairs, renders the disposal or valuation of assets in the Fund impractical or impossible, the Manager has sole discretion temporarily to suspend, or amend the terms and procedures for, all subscriptions and/or redemptions and the applicable days for subscriptions and redemptions, after obtaining CMA approval. Such temporary suspension period or amendment if applicable will be reviewed by CMA.

### 23. Winding up and Appointment of a Liquidator

In line with the Investment Funds regulations, the CMA shall have the power to appoint a replacement Fund manager or a liquidator or take any other measure it deems necessary.

### 24. Fund Termination

The Fund Manager retains the right to terminate any Fund without penalty to any party involved by giving not less than 60 days' written notice to Investors after obtaining the approval of the CMA. In such case, the relevant Fund's portfolio shall be liquidated and the net proceeds shall be distributed to the Investors pro rata to their holdings of Units.

### 25. Reporting to Unitholders

The Manager will issue a confirmation to each Investor when such Investor subscribes or redeems units in the Fund. A statement detailing each Investor's position is issued every three months or as determined by the Manager (how ever not more than 3 months). Statements to Investors are sent to the mailing address shown on the Application Form, unless notification of a change of address has been provided in writing. Any discrepancies must be brought to the attention of the Company within sixty (60) days of the date of issuance of such statements and confirmations, after which the statements issued by the Manager will be final and conclusive and the Manager shall not be liable to Investors in connection with any discrepancy. The Manager shall not be liable for any consequences arising from statements or confirmation advices that are held by the Company on the instructions of the Investor.

### 26. Conflict of Interest

The Fund Manager and other companies within the NCB Capital group may, from time to time, act as fund managers or advisers to other funds or sub-funds, which follow similar investment objectives to those of the Funds. It is therefore possible that the Fund Manager may in the course of its business have potential conflicts

of duty or interest with one or more of the Funds. The Fund Manager will, however, have regard in such an event to its obligations to act in the best interests of the relevant Unitholders so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise.

### 27. Voting Rights Policies

After consulting with the Compliance Officer, the Fund Board approves the general policies of practising the Fund voting rights. As a policy, the Manager may practice the voting rights (if any) for the securities held by the Fund's.

### 28. Changes to the Terms and Conditions

These Terms & Conditions shall remain in effect until such time as they are materially amended by the Manager, subject to prior approval of CMA and written notice being given to the Investors before 60 days.

### 29. Complaints Procedure

A copy of the Fund Manager's policies and procedures for handling customer complaints is available upon written request being given to the Fund Manager.

### 30. Governing Law

These Terms & Conditions are governed by the laws of the Kingdom of Saudi Arabia. If an Investor is subject to the laws of a jurisdiction other than that of Saudi Arabia, then it is the Investor's responsibility to conform to those laws without any obligation on the part of the Fund or the Manager.

Any disputes involving investors will be subject to the exclusive jurisdiction of the Committee for the Resolution of Securities Disputes (CRSD) in Saudi Arabia.

### 31. Compliance with Regulations

The Terms and Conditions comply with the Investment Funds Regulations issued by the CMA and contain a full,



# AlAhli Sadaqqat Fund

## Terms and Conditions

true and plain disclosure of all material facts of the Fund.

### 32. Appendices

The following appendices are an integral part of the Terms and Conditions:

- Investment Restrictions
- Summary of Financial Disclosure
- Fund's Shariah Criteria Disclosure
- Fund's Historical Performance

### 33. Fund Structure

Funds established prior to 10/6/1428H, corresponding to 25/06/2007G, were established by The National Commercial Bank (CR No. 4030001588) with the registered address of King Abdul Aziz Street, P.O. Box 3555, Jeddah, 21481, Saudi Arabia.

All Funds established on or after 10/6/1428H, corresponding to 25/06/2007G, have been established by NCB Capital (CR No. 1010231474) with the registered address of Al Mather Street, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia.

Each Fund will have a specific portfolio of securities to which that Fund assets and liabilities are attributable. So far as the Unitholders are concerned each Fund will generally be treated as a separate entity. Unitholders' liability is limited to the principal amount invested.

Each Fund will be charged with the liabilities, expenses, costs and charges of the Fund Manager attributable to that Fund in accordance with the Terms and Conditions.

Further details of the Units in respect of each Fund are set out in the Fund Specific Terms and Conditions. For a list of the Funds visit NCB Capital online at: [www.ncbc.com](http://www.ncbc.com).

New Funds may be established by NCB Capital from time to time, subject to their compliance with the Regulations. If a new Fund is introduced, new Fund Specific Terms and Conditions will be prepared to set out the required information in relation to such a Fund.

Notwithstanding such delegation the Fund Manager will remain responsible for any functions so delegated.

The duties of a Registrar include maintaining a registrar of all Unitholders.

### 34. Responsibilities

#### 34.1 Fund Manager's Responsibilities

The Fund Manager is responsible for the overall management of each Funds' Investment and related activities. The Fund Manager may also enter into arrangements with other institutions for the provision of investment, custodian or other administrative services.

#### 34.2 Investor's Responsibilities

Acceptance of the Terms and Conditions by each Investor constitutes such Investor's authorizations to the Fund Manager to invest the Subscription Monies in the relevant Fund and confirms such Investor's acceptance that the risk inherent in the relevant Fund resides with such Investor, and not with the Fund Manager.

#### 34.3 Money Laundering

As a result of legislation in force in Saudi Arabia to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. Accordingly, in certain circumstances Investors may be asked to provide proof of identity in a form satisfactory to the Fund Manager when buying, selling, switching, or redeeming Units and, until satisfactory proof of identity is provided, the Fund Manager reserves the right to refuse to sell, redeem or switch Units or to delay processing and/or withhold any payments due to Investors in respect of their investment and to discontinue any deals it is conducting on behalf of those Investors.

The Fund Manager also reserves the right to request additional information or proof of identity, in order to validate any element of a transaction and to comply with any relevant money laundering regulations.

### 35. Islamic Shariah

The Fund is structured as a Shariah Compliant Fund. The Fund has appointed a Shariah board as described above.



# AlAhli Sadaqqat Fund

## Investment Restrictions

Pursuant to Article 39 of the Regulations the following investment restrictions apply to the investment fund unless an investment fund is established and approved by the Authorities as a specialized investment fund (as defined in Article 42) or Funds of Funds or money market funds (as defined in Article 43 and 44) or an specific waiver has been obtained from the Authorities:

1. An investment fund may not acquire Units of another investment fund if the total Units of the acquired investment fund owned by the acquiring investment fund would exceed ten (10) per cent of the acquiring investment fund's Net Asset Value or ten per cent of the Net Asset Value of the acquired investment fund at the time of such acquisition.
2. An investment fund shall not hold in excess of (5) five per cent of the issued securities of any issuer.
3. The exposure of an investment fund to a single issuer shall not exceed (15) fifteen per cent of its Net Asset Value.
4. An investment fund may not hold more than (10)ten per cent of its Net Asset Value in any class of security issued by any single issuer, with the exception of securities issued by the Government of the Kingdom and the sovereign debt of OECD countries or countries that are members of the Gulf Cooperation Council; and
5. An open-ended investment fund may not invest more than (10) ten per cent of its Net Asset Value in illiquid investments.
6. An investment fund may not lend to any person, but it may acquire debt instruments in conformity with the fund's investment objectives as set out in the terms and conditions of the fund.
7. An investment fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for any obligation or indebtedness of any person.
8. An investment fund may not acquire any asset that involves the assumption of any liability that is unlimited.
9. The maximum borrowing of an investment fund must not exceed(10) ten per cent of its Net Asset Value except in the case of borrowing from its fund manager or an affiliate to meet redemption requests pursuant to Article 49 of these Regulations.
10. The portfolio of an investment fund may not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or securities which can be converted into cash within (5) five days out of the fund's portfolio.
11. There can be no assurance that any appreciation in the value of the Fund's underlying investments will occur. The value of the Fund's underlying investments and the income derived from them may fall as well as rise and Investors may not recoup the original amount invested in the Fund. There is no assurance that the investment objectives of the Fund will actually be achieved. Past performance is not a guide to future growth or rates of return.



# AlAhli Sadaqqat Fund

## Summary of Financial Disclosure (For the period ended Dec 2010)

Fund Currency	Saudi Riyal
Annual Fund Management Fees	0.02%
Maximum Subscription Fees	None
* Any other expenses incurred on behalf of the Fund such as custody, Shariah audit, data processing, regulatory fees, external accounts audit and other similar charges as permitted under the Regulations	None
Charging Mechanism	All expenses will be charged proportionate to the period.

\* All expenses charged to the Fund will be disclosed in the annual and semi annual financial statements of the Fund.



# AlAhli Sadaqqat Fund

## Fund's Shariah Criteria Disclosure

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### Shariah Principles

All Investments and Investment Strategies employed by the Fund Manager must be in compliance with the Shariah Compliance guidelines issued by the Fund Shariah Committee.

### Shariah Compliant investments

1. Shariah compliant Murabaha; which represents purchase of goods and commodities and sell them at a mark-up on Shariah compliant pre defined and accepted deferred payment terms
2. Shariah compliant Murabaha Funds managed by other investment houses which has Shariah committee acceptable to the Fund's Shariah committee
3. Shariah compliant Sukuk; which are participation securities that grant the investors (the owner of the Sukuk) a share of a shariah compliant asset, project or its benefits along with the cash flow and related risks (for example the Sukuk that are based on Ijara, Murabaha and Istisnaa ), such Sukuk has Shariah committee acceptable to the Fund's Shariah committee
4. Shariah compliant Sukuk Funds managed by other investment houses which has Shariah committee acceptable to the Fund's Shariah committee
5. in general the Fund can invest in shariah compliant Sukuk, Murabaha trades, Trade finance and investment funds



# AlAhli Sadaqqat Fund

## Fund's Shariah Criteria Disclosure

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### Investment's Instruments

The following instruments or any derivatives thereof may not be held in the Fund:

- \* Futures
- \* Forwards
- \* Preferred Stock
- \* Options
- \* Swaps
- \* Short Sales
- \* Any other instruments that involve the payment or receipt of interest.

### Periodic Review

The Fund will be reviewed on quarterly basis.

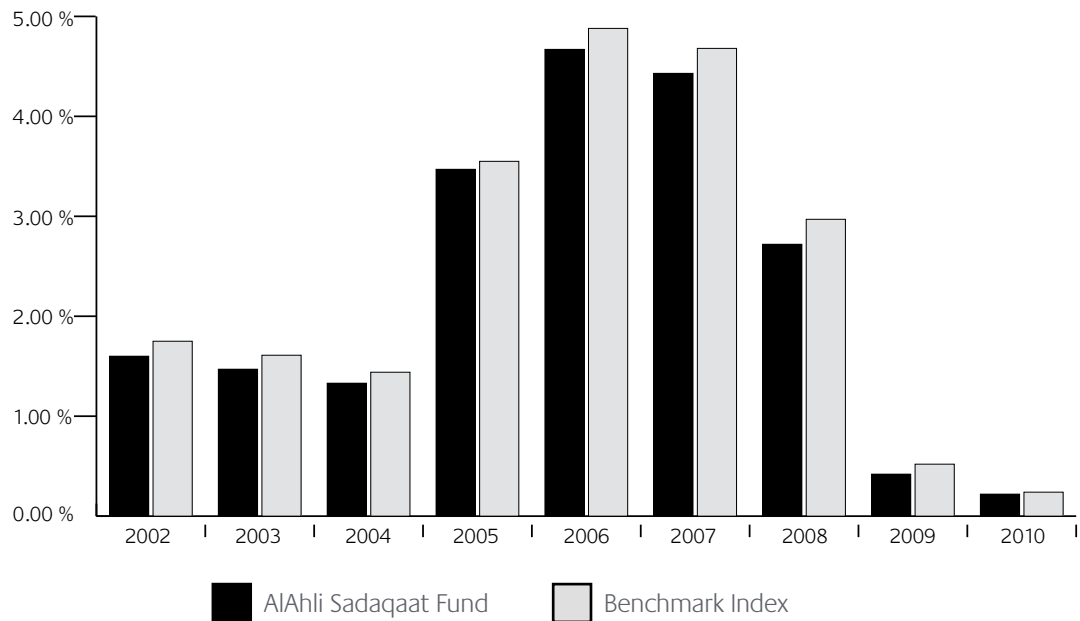


# AlAqli Sadaqqat Fund

## Fund's Historical Performance

Fund Performance compared to the index up to December 2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010
The Fund (%)	1.60	1.47	1.33	3.47	4.67	4.43	2.72	0.42	0.22
Benchmark Index (%)	1.75	1.61	1.44	3.55	4.88	4.68	2.97	0.52	0.24



Annual Fund Performance as of 31 December 2010

	1 Year	3 Years	5 Years	10 Years
The Fund (%)	0.22	1.12	2.49	N/A
Benchmark Index (%)	0.24	1.24	2.66	N/A

Past performance of the fund or the benchmark index does not guarantee future results.



# AlAhli Sadaqqat Fund

## Terms and Conditions

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The Fund has been approved by CMA. Investors should refrain from investing in investment Funds that have not been registered with CMA, but registration does not imply protection from loss. If a person has any doubt about the suitability of the Fund, he should contact an independent financial adviser. A person making an investment in the Fund does so entirely at his own risk.

This Fund is not a Bank time deposit. Investment value may go down as well as up. Investors in the Fund are not certain to make a profit and may suffer a loss and therefore may not recover their fully invested capital. Subscribers should only invest in this Fund if they are able to sustain a loss which could be substantial.

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In signing this document, I/We hereby declare that I/We have read and understood the above Terms & Conditions and the related appendixes, that I/We agree to them and that a copy has been provided to me/us.

\_\_\_\_\_

Full Name

\_\_\_\_\_

Nationality

\_\_\_\_\_

ID Number (Saudi ID, Iqama or Passport)

\_\_\_\_\_

Date

\_\_\_\_\_

Investment Account Number

\_\_\_\_\_

Signature

Two copies of this Terms & Conditions are to be signed; one for the Investor and one to be retained by the Manager.