

SAB Invest MSCI Tadawul 30 Saudi ETF

Fundamental changes to the T&C

Article	Changes to the T&C		Reason for change/notes
Fund name	SAB Invest Saudi Quant ETF		To change investment policies and practices, the name has been changed in accordance with the revised policies.
Fund Benchmark	Standard & Poor's Saudi Domestic Shariah Compliant Equity Index (Total Return Index)		To change investment policies and practices, the index has been changed in line with the revised policies.
Fund objective	It aims to achieve long-term capital growth by investing in an investment portfolio that includes shares of companies listed on the Saudi Stock Market, according to the Standard & Poor's Saudi Local Equity Index, which are compliant with Sharia standards.		To change the fund's benchmark
Paragraph (3)-A Investment policies and practices	A. Investment Objectives of the Fund The Fund is an open-ended, publicly traded index fund that seeks long-term capital growth. It aims to achieve a performance level that tracks the performance of the Standard & Poor's Saudi Domestic Shariah Index (Total Return Index), with a tracking error of up to 3.00%. To achieve its investment objectives, the Fund will invest in securities included in the index using multi-factor models. The determination of the Fund's basket of stocks relies on the use of quantitative methods and mathematical algorithms that determine the optimal weighting distribution of the companies comprising the index tracked by the Fund. The basket is rebalanced monthly. Below are a set of controls used to determine the components of the basket: All securities in which the Fund invests will be listed on Tadawul. Investment may also be made in shares of the Saudi First Bank (SABB) or any of the Fund Manager's subsidiaries, affiliates, or shareholders. The Fund is an income-accumulating fund, where income will be reinvested, not distributed, to unit holders. The reinvestment of the Fund's income will be reflected in the value of the units.		The text has been amended to comply with the policies required to be amended so that the fund manager uses multi-factor models and the determination of the fund's basket of stocks depends on the use of quantitative methods and mathematical algorithms.
Controls used to determine the components of the basket (1) The factors used to determine the stocks that make up the basket and to determine their weights in the fund	a) Value-related factors b) Momentum-related factors	A variety of factors are used to determine the optimal components and weights of the quantitative methods model. A variety of value factors are applied, such as (1) price to book value (2) price to earnings (3) price to expected earnings (4) price to operating cash flows, and others. Various momentum factors are also applied, such as risk-adjusted momentum for different periods, such as 12 months and 6 months. The fund manager may adjust the weights of the basket based on the multi-	Determine the factors used to determine the basket and any other methods used to allocate assets, in accordance with the new policies followed by the Fund.

		factor model upon rebalancing, up to a maximum of 10% difference from the basket components based on the model, provided that it does not conflict with the controls below.	
Controls in place to determine the components of the basket (2) Investment field	Specific to index-component stocks	The fund invests only in the stocks that comprise the Standard & Poor's Saudi Domestic Share Index that comply with Shariah standards. The fund also aims to invest in a basket consisting of an average of 70 to 110 companies that comprise the benchmark index, with a minimum of no less than 70 companies invested in in all cases.	Description of the investment area according to the amended policies, as well as the number of shares held by the fund
Controls in place to determine the components of the basket (3) Average percentage of additional exposure to a specific sector	+/- 3.00%	The average additional exposure to a particular sector is set to not exceed 3.00% above or below the benchmark.	Determine the additional exposure ratio by sector to reduce the risk of deviation from tracking error.
Controls in place to determine the components of the basket (4) The additional exposure ratio per share	20 times the stock's weight in the benchmark index or 0.50% (whichever is lower) when rebalancing the fund.	Additional exposure to a single stock will not exceed 20 times its weight in the index or 0.50% more than its weight in the index.	Determine the additional exposure at the stock level to reduce the risk of deviation from tracking error.
Controls used to determine the components of the basket (5) Tracking Error Rate	Up to 3.00%	The deviation rate between the fund's performance and the benchmark's performance. We note here that the fund manager will take appropriate measures to correct any excess of the tracking error rate when it exceeds the maximum limit (3%). To clarify, the fund manager monitors the tracking error rate on a weekly basis, and if it is exceeded, he will correct that excess within 30 calendar days or at the next rebalancing date, whichever is sooner.	Determine the tracking error rate to be 3%, as well as the measures taken by the fund manager to monitor and adjust any exceedance of the mentioned rate.
Controls in place to determine the components of the basket (6) The percentage of additional exposure versus the benchmark index	%15 to 20%	The additional exposure ratio relative to the benchmark index will not exceed 20% in any case. This ratio represents the sum of the absolute differences between the fund's weights and the index's weights divided by 2. We also note that the "additional exposure ratio per share" mentioned above contributes to achieving the additional exposure ratio relative to the benchmark index.	Determine the additional exposure ratio versus the benchmark to reduce the risk of deviation from tracking error.
Paragraph (3)-b Investment policies and practices	The fund invests primarily in components of the Standard & Poor's Saudi Arabia Equity Index that comply with Shariah standards.		It has been modified according to the new benchmark, as the

		investment field is specified by it.
Paragraph (3)-c Investment policies and practices	The Fund invests in components of the Standard & Poor's Saudi Arabia Equity Index that comply with Shariah standards. The Fund may invest its cash in short-term money market instruments, such as Murabaha transactions, at the Fund Manager's discretion and within the framework of the Fund's investment objectives.	Modified according to the new benchmark
Paragraph (3)-d Investment policies and practices	The Fund will follow an investment strategy that applies a multi-factor quantitative approach model, while maintaining sufficient liquidity to cover the Fund's expenses and liabilities. The Fund will also ensure that the tracking error does not exceed 3.00% (under Item A of Paragraph 3 for a detailed explanation of the strategy).	Modified in line with the new strategy
Paragraph (3)-d Investment policies and practices	No, deleted	It was deleted as the tracking error rate according to the new strategy was covered in previous paragraphs.
Paragraph (3) - Types of securities that cannot be included in the Fund's investments	The fund's asset weights will be reviewed on a monthly basis.	Modified in line with the new strategy
Paragraph (3) - Investment policies and practices	The fund uses the Standard & Poor's Saudi Domestic Shariah Compliant Index (Total Return Index). The index value is calculated based on the free float capitalization of the companies that comprise the index. The index includes most companies listed on the Saudi stock market, as well as exchange-traded funds (ETFs) and real estate investment trusts (REITs). A number of companies are excluded based on several factors, such as the liquidity or size of their shares. The index is a total return index, meaning that the value of any dividends is included in its value. Information on the index is available on the provider's website.	The change was made in accordance with the change in the fund's benchmark index according to the new strategy.
Paragraph (9) in return for services, commissions and fees	Benchmarking Fees Maximum of 10,000 paid annually	Modified according to the new benchmark fees
Paragraph (32) Additional information requirements for certain types of funds	The fund's performance compared to the benchmark is affected by several factors. For example, but not limited to, the maximum tracking error is 3%, which does not guarantee the accuracy or consistency of the fund's performance with the benchmark. The fund also incurs additional costs mentioned in these terms and conditions, leading to performance differences compared to the benchmark, which does not include these costs. The maximum tracking error is 3% and may arise primarily as a result of the fund's policies and strategies. We note here that the fund manager will take appropriate measures to correct any tracking error exceeding the maximum (3%). For clarification, the fund manager monitors the tracking error on a weekly basis. If it exceeds this maximum, it will correct the excess within 30 calendar days or at the next rebalancing date, whichever is sooner. The fund uses the Standard & Poor's Saudi Domestic Shariah-compliant Index (Total Return Index). The index value is calculated based on the free float capitalization of the companies comprising the index. The index includes most companies listed on the Saudi Stock Exchange, as well as exchange-traded funds (ETFs) and real estate investment trusts (REITs). A number of companies are excluded based on several factors, such as the liquidity or size of their shares. The index is a total return index, meaning that the value of any dividends is calculated into its value. Information on the index is available on the service provider's website. The components of the stock basket that comprises the fund will also be available on the fund manager's website and the market's website. The fund manager will immediately select an alternative benchmark if the service provider suspends the index calculation.	Modified in line with the new strategy