

Private Portfolios

The private portfolio is an investment container in which the customer's in-kind investments, such as the commodities, securities, investment units, sukuk, etc. are maintained.

- **Types of Private Portfolios:**
 1. Stock Portfolios.
 2. Commodities Mudarba Portfolios.
 3. Balanced Portfolios.

General sharia controls of Private Portfolios:

- **Mortgage of Private Portfolios:**

Private portfolios owned by a customer may be put as a mortgage for the company against its debt due from customers, whether these portfolios belong to the company or to others, provided that the activity and business of these funds is permissible by sharia.
- **Zakat:**

Every investor must pay out his zakat by himself, after the passing of one lunar year (hawl).

A) Stock Portfolios:

- **Management of the Stock Portfolios:**

Al- Rajhi Capital "Fund Manager", for fees are to be agreed upon with the customer, will manage and operate the Portfolio - as a financial entity separate from the company's assets- in the equities of local, regional or global companies pursuant to the objectives, strategies and risks agreed upon between the two parties.

- **The sharia rules of the Stock Portfolios:**

The Company, "Portfolio Manager", shall abide by the following regulations:

1. The company may charge fees in return of its work, in terms of a percentage of the total assets of the Portfolio.
2. The company, as the Portfolio's manager, shall bear the expenses related to its work as a lessee, and the Portfolio shall not bear such expenses.
3. The Portfolio shall bear the expenses related to the redeemed monies and transfers, remunerations of the consultative bodies, accounting and auditing fees, the registration charges, and the brokers' commissions, and the like.
4. In its management of stock portfolios, the Company must adhere to the sharia rules issued from the Sharia Board regarding the investment and trading in equities.
5. The Company must exclude the illicit element from the profits of the joint stock companies which have prohibited revenues as per sharia rules.

B) Commodities Mudarba Portfolios:

- **Types of commodity portfolios:**
 1. Commodities Mudaraba portfolios - Riyal.
 2. Commodities Mudaraba portfolios - Dollar.

- **Management of Commodities Mudaraba portfolios :**

Al Rajhi Capital “Fund Manager”, in its capacity a mudarib (the investment manager), undertakes the management and operation of the portfolio- as a financial entity independent from the company assets- through purchasing of commodities and goods available in the global markets, and selling them for a deferred payment after searching for the best buyers in terms of profit, financial solvency and investment risks, in accordance with the objectives, strategies and risks agreed upon, between the two parties.

- **Profit and Loss Account:**
 - 1- If profit is generated, the share of the fund manager “The Mudareb” in the generated profit, is calculated based on a percentage of the net profit after deducting the operating expenses of the Portfolio. The remainder of profits, will be paid to the investor.

 - 2- If losses are incurred, the Portfolio manager, ‘the Mudareb” will lose his efforts and work, and he will not bear any liability for any money losses, unless it becomes evident that he has transcended or neglected performing his duties. The financial losses shall be borne by the investor.

C) Balanced Portfolios

- **Management of the Balanced Portfolio**

The Company "Fund Manager", undertakes the management and operation of the Portfolio - as a financial entity separate from the company assets- through allocating its investments in one or more of the equity funds and Commodities Mudaraba funds; based on the status of the financial markets, investment rates, the portfolio's objectives and strategies, as well as the risks, as agreed upon between the two parties.

- **The sharia controls of the commodities portfolio:**

The company "the Portfolio Manager" shall comply with the following rules:

1. The Portfolio's assets in which the company invests, shall be owned by it, and its ownership of these assets should have been implemented according to one of the forms that are approved by the Sharia Board
2. Investments of these Portfolios must be in properties (assets) such as goods and the like, and not investing in currencies, gold or silver.
3. The Portfolio shall bear the actual expenses, such as the transfer costs and any services contributing to the performance of the Portfolio, and audit fees. The company- the Mudareb- is not entitled to charge any excess amounts, whether being a percentage or a lump sum.
4. The Portfolio Manager "the Mudareb", shall bear the salaries wages and fringe benefits of the Fund employees, which shall not constitute part of the Fund's operational expenses.

Balanced portfolios:

Sharia rules of the Balanced portfolios:

The Company "Portfolio Manager", shall abide by the following regulations:

1. The Portfolio assets in which investments are made, shall be owned by the company, and its ownership of these assets should have been implemented according to one of the forms that are approved by the Sharia Board.
2. The Company must comply with the investment percentages in Equity funds and Mudarba commodity funds, agreed upon between the Company and the customer.