

# Riyad FinancingFund IV

Tamweel Al Oula

JUNE-2024

# Fund Snapshot

Riyad Capital will create an investment fund, a closed-ended private fund established under the Capital Market Authority ("CMA") regulations



Fund Structure

Indirect Financing  
Fund



Counterparties

KSA based Finance  
Companies



Fund Management  
Fee

1.50% of AUM



Subscription Fees

**2.00%**  
of subscribed amount

Fund Size

**250M**  
SAR million  
(Upsize option)

Assigned receivables Principal

**120-130%**  
Target Security Coverage

Target annual Net Return

**~9.15%**  
After Zakat

Risk Profile

**Medium  
To High**

Up To



**5**  
Years

**Institutional,  
Qualified Clients & Retail**

# Fund Summary

General	<b>Fund Name</b>	Riyad Financing Fund IV – Tamweel Al Oula
	<b>Objective</b>	The Fund is a closed-ended private indirect financing fund that invests in the Kingdom of Saudi Arabia in third party financing businesses as approved by Shariah Committee of Riyad Capital, the fund aims to achieve income for investors through distribution of Profits.
	<b>Fund Manager</b>	Riyad Capital
	<b>Targeted Investors</b>	Qualified clients Institutional clients Retail clients up to (200) thousand Saudi Riyals
Financials	<b>Minimum Subscription</b>	SAR 1,000
	<b>Fund Size</b>	Up to SAR 250 million (with an option to upsize)
	<b>Leverage</b>	No leverage
	<b>Fund Life</b>	5 years
	<b>Net Target Return</b>	Around 9.15% after Zakat on the outstanding principal
	<b>Fund Currency</b>	SAR (Saudi Riyal)
	<b>Profit Payment</b>	Quarterly
	<b>Repayment of Principal</b>	Commencing from second year

# Fund Summary (cont'd)

<b>Fund Assets</b>	<b>Prospect Counterparties</b>	 <p><b>Tamweel Al Oula Company</b></p> <ul style="list-style-type: none"> <li>• Cashflows coverage of around 125 percent from receivable principal;</li> <li>• Profit portion of the assigned receivable portfolio</li> <li>• Proportional rights over all security / collaterals obtained from customers</li> </ul>	 <p><b>Ajil Financial Services Company</b></p> <ul style="list-style-type: none"> <li>• Cashflows coverage of around 125 percent; and</li> <li>• Proportional rights over all security / collaterals obtained from customers</li> </ul>
	<b>Fees &amp; Expenses</b>	<b>Subscription Fee</b>	Up to 2% of subscribed amount
<b>Management Fee</b>		Up to 1.5% p.a. of AUM	
<b>Zakat</b>		Financing Fund will pay zakat on behalf of investors in accordance with ZATCA regulations. Estimated impact of zakat is 1.01%, based on ZATCA methodology and zakat advisor's calculation for existing financing funds. This may change over time subject to ZATCA rules and zakat advisor	
<b>Custody Fee</b>		0.025% p.a. on the Total Asset Value of the Fund capped at SAR 250,000 (with fee to establish Fund's SPE capped at SAR 25,000)	
<b>Shariah Committee</b>		To be borne by the Fund at actuals (to be capped at SAR 100,000 annually)	
<b>Auditor Expenses</b>		Capped at SAR 30,000 annually	
<b>Zakat Advisor</b>		To be borne by the Fund at actuals (to be capped at SAR 40,000 annually)	
<b>Legal Fee</b>		To be borne by the Fund at actuals (to be capped at SAR 375,000)	
<b>Dealing Fees</b>		To be borne by the Fund at actuals	
<b>Other Expenses</b>		Including but not limited to the expenses of preparing information, reports and financial statements. All such expenses will be borne by the Fund and all such expenses are expected to be charged on actual basis. Expected to not exceed 0.20% annually from the NAV	

Fund can invest with with any other Counterparties, as per T&Cs

# Why invest with Finance Companies

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- ✓ **Regulated** by Saudi Central Bank (SAMA) with regular checks and supervision of portfolio and credit practises
- ✓ Established **Track Record** and availability of historical collection performance data
- ✓ On-going **Funding Requirements**
- ✓ **Satisfactory Credit History** and performance with banks
- ✓ **Diversification of Risk** through large customers base, types and sectors
- ✓ To **Capitalise** the credit, market knowledge and experience of Finance Companies
- ✓ **Satisfactory** track record, regulatory improvement and growth in business

# Investment Rationale

## High Target Return

- Target return of 9.15% after Zakat considered highly attractive
- No principal repayment in first year, allowing investors to enjoy return on original investment
- High yield over 5 year period allows strong profitability in current interest environment
- Alternate asset class and higher target return aligns with portfolio management strategy for institutional investors

## Risk Diversification

- The Fund will invest in third party financing businesses with underlying receivable portfolio comprising murabaha, tawarruq and ijarah financing to numerous obligors
- Diversified pool of receivables with hundreds of small loans to individuals/companies providing diversification benefit
- Over 50% will be loans to individual with ticket size between 10K – 500K

## Security Coverage

- Security coverage of will be **120-130%** from the principal portion of the assigned receivable pool. Added cover from the profits of the assigned receivable pool
- Non-Performing Loans ("NPL") for finance companies under Riyadh Capital's coverage has remained below 5%, considered satisfactory. Over coverage of 125% provides safety net against losses from NPL
- Additional security from promissory notes, guarantees, mortgage assigned by obligors providing additional cover for unexpected losses

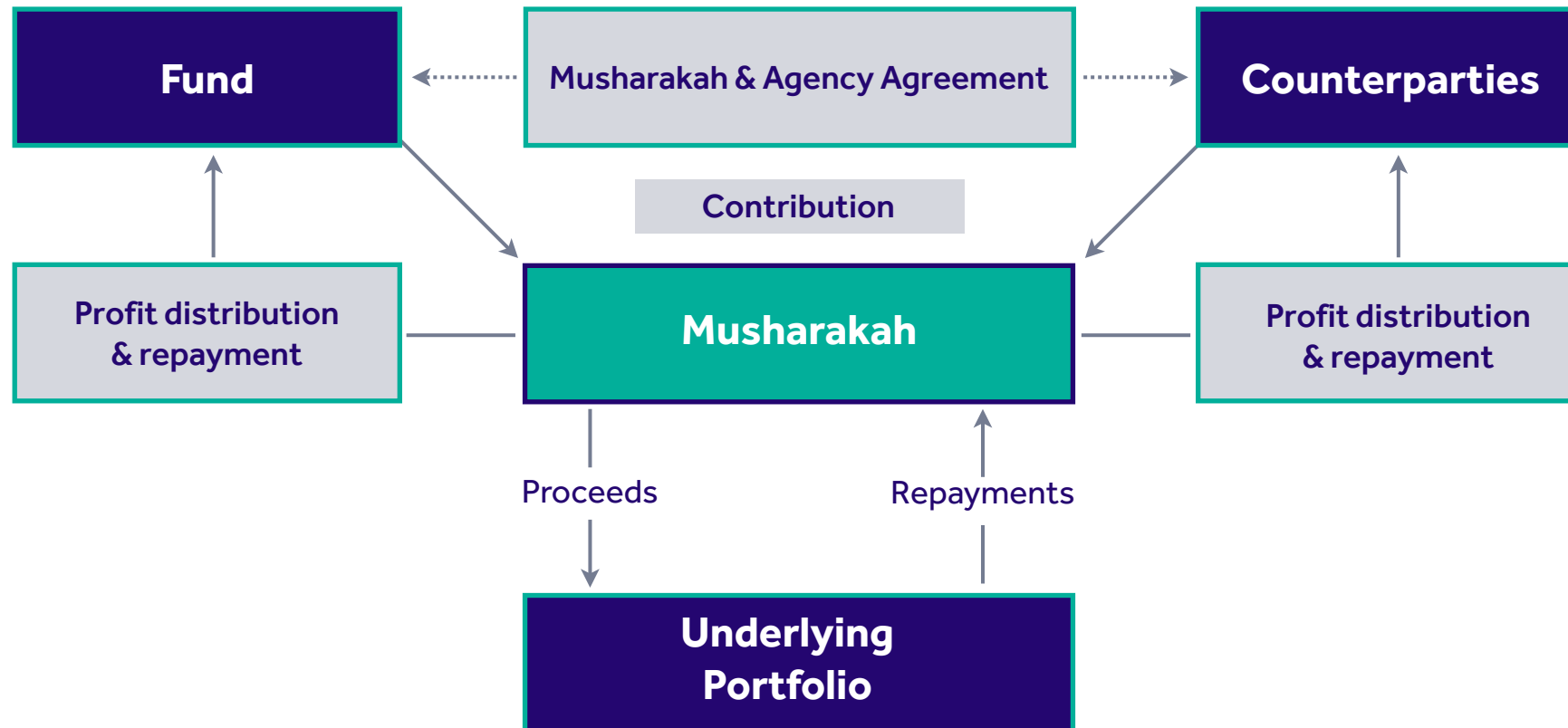
## Assured Cash flows

- The Fund will have agreed cash flows for a 5 year period with expected return of around 9.15% p.a. on the outstanding balance

Source: Riyadh Capital's receivable portfolio performance reports on Finance Companies

# Musharakah Structure Illustration

The Fund will invest in third-party financing businesses on Musharakah principles to generate profit



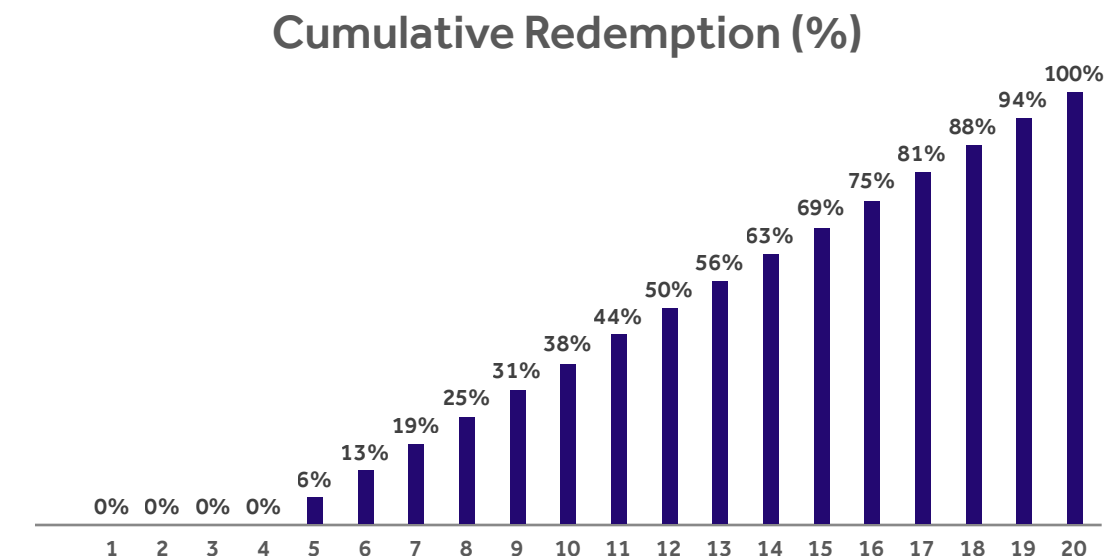
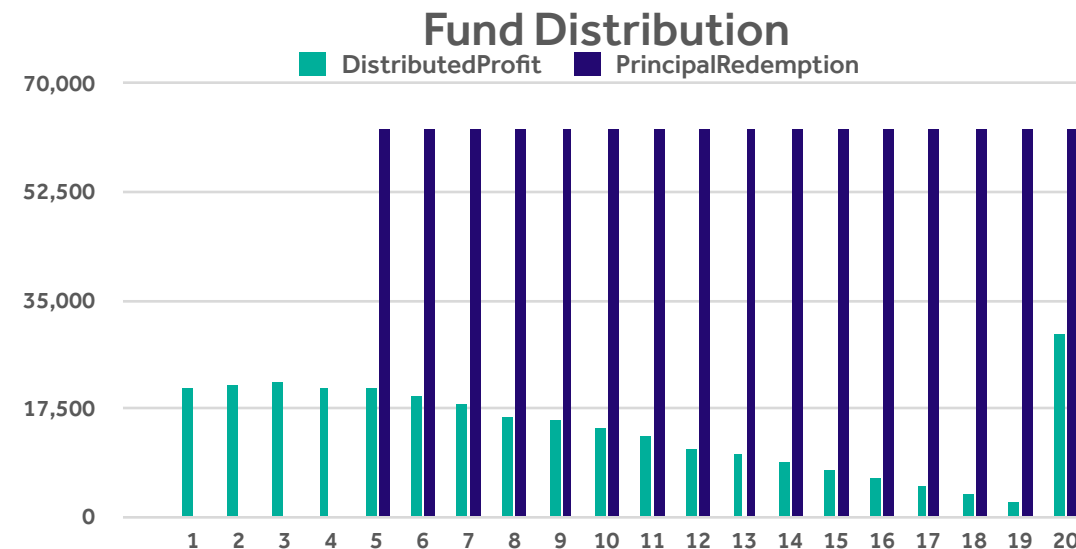
# Indicative Payment Schedule

Example: Indicative Payment Schedule for invested Principal of 1 Million  
 (Only for indication purposes, actual distribution to vary)

Expected Cashflow Schedule:

Q	Total Profit	Distributed Profit	Reserves	Principal Redemption	Total Distribution	Total Quarterly Return*	Quarterly Return Distribution*
1	23,111	<b>20,800</b>	2,311	-	<b>20,800</b>	<b>9.24%</b>	<b>8.32%</b>
2	23,700	<b>21,330</b>	2,370	-	<b>21,330</b>	<b>9.48%</b>	<b>8.53%</b>
3	23,889	<b>21,500</b>	2,389	-	<b>21,500</b>	<b>9.56%</b>	<b>8.60%</b>
4	22,990	<b>20,691</b>	2,299	-	<b>20,691</b>	<b>9.20%</b>	<b>8.28%</b>
5	23,159	<b>20,844</b>	2,316	<b>62,500</b>	<b>83,344</b>	<b>9.26%</b>	<b>8.34%</b>
6	21,771	<b>19,594</b>	2,177	<b>62,500</b>	<b>82,094</b>	<b>9.29%</b>	<b>8.36%</b>
7	20,403	<b>18,363</b>	2,040	<b>62,500</b>	<b>80,863</b>	<b>9.33%</b>	<b>8.39%</b>
8	18,108	<b>16,297</b>	1,811	<b>62,500</b>	<b>78,797</b>	<b>8.91%</b>	<b>8.02%</b>
9	17,346	<b>15,612</b>	1,735	<b>62,500</b>	<b>78,112</b>	<b>9.25%</b>	<b>8.33%</b>
10	15,785	<b>14,207</b>	1,579	<b>62,500</b>	<b>76,707</b>	<b>9.18%</b>	<b>8.27%</b>
11	14,407	<b>12,966</b>	1,441	<b>62,500</b>	<b>75,466</b>	<b>9.22%</b>	<b>8.30%</b>
12	12,360	<b>11,124</b>	1,236	<b>62,500</b>	<b>73,624</b>	<b>8.79%</b>	<b>7.91%</b>
13	11,372	<b>10,234</b>	1,137	<b>62,500</b>	<b>72,734</b>	<b>9.10%</b>	<b>8.19%</b>
14	9,800	<b>8,820</b>	980	<b>62,500</b>	<b>71,320</b>	<b>8.96%</b>	<b>8.06%</b>
15	8,394	<b>7,555</b>	839	<b>62,500</b>	<b>70,055</b>	<b>8.95%</b>	<b>8.06%</b>
16	6,707	<b>6,037</b>	671	<b>62,500</b>	<b>68,537</b>	<b>8.59%</b>	<b>7.73%</b>
17	5,397	<b>4,857</b>	540	<b>62,500</b>	<b>67,357</b>	<b>8.63%</b>	<b>7.77%</b>
18	3,814	<b>3,433</b>	381	<b>62,500</b>	<b>65,933</b>	<b>8.14%</b>	<b>7.32%</b>
19	2,414	<b>2,172</b>	241	<b>62,500</b>	<b>64,672</b>	<b>7.72%</b>	<b>6.95%</b>
20	865	<b>29,358</b>	0	<b>62,500</b>	<b>91,858</b>	<b>5.54%</b>	<b>187.89%</b>
<b>Total</b>	<b>285,793</b>	<b>285,793</b>	-	<b>1,000,000</b>	<b>1,285,793</b>	<b>9.15%</b>	-

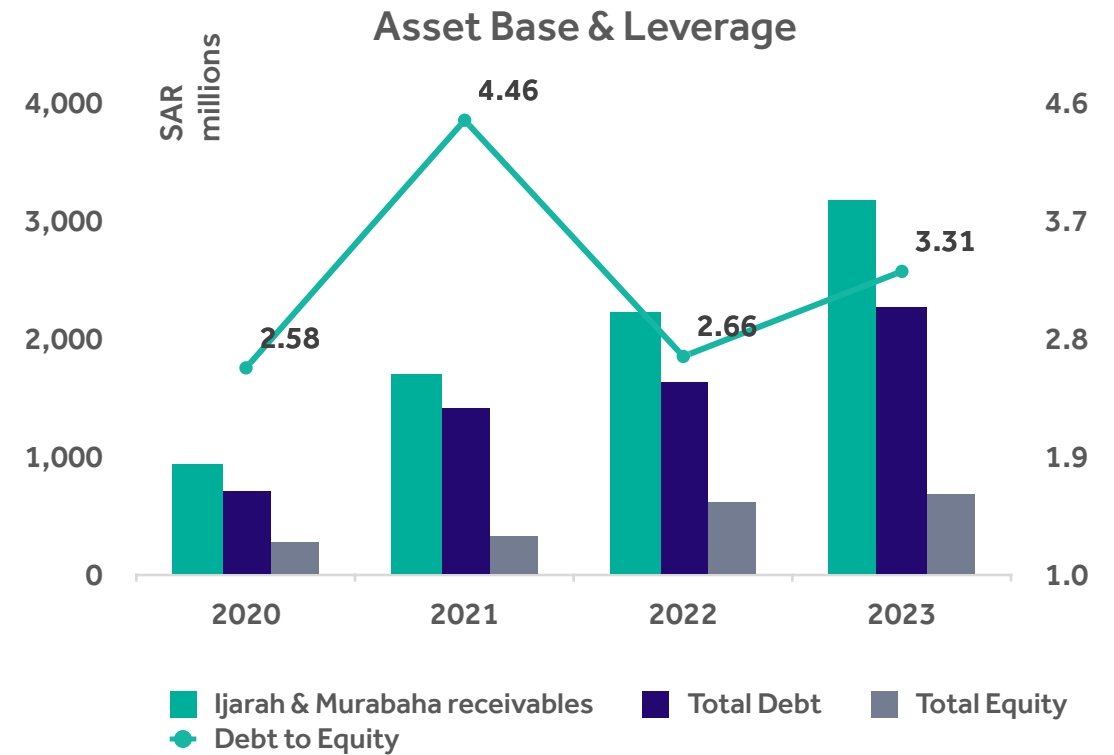
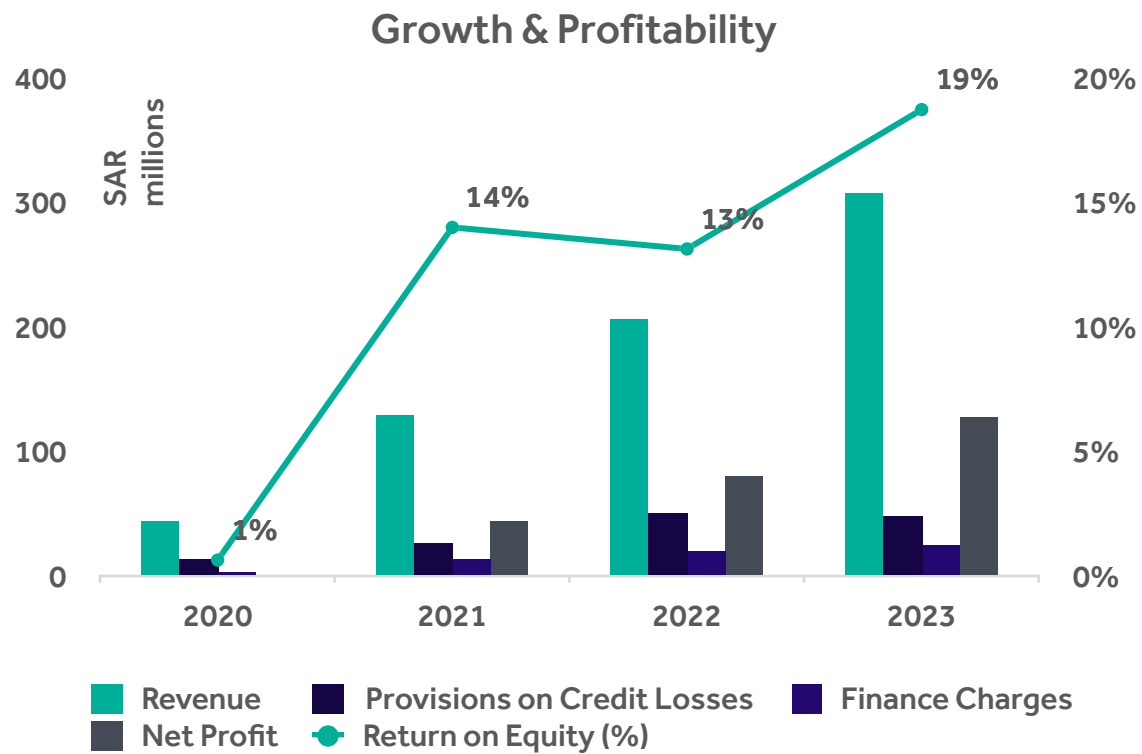
\*Annualized  
 Source: RC, Counterparties





# About Tamweel Al Oula Company

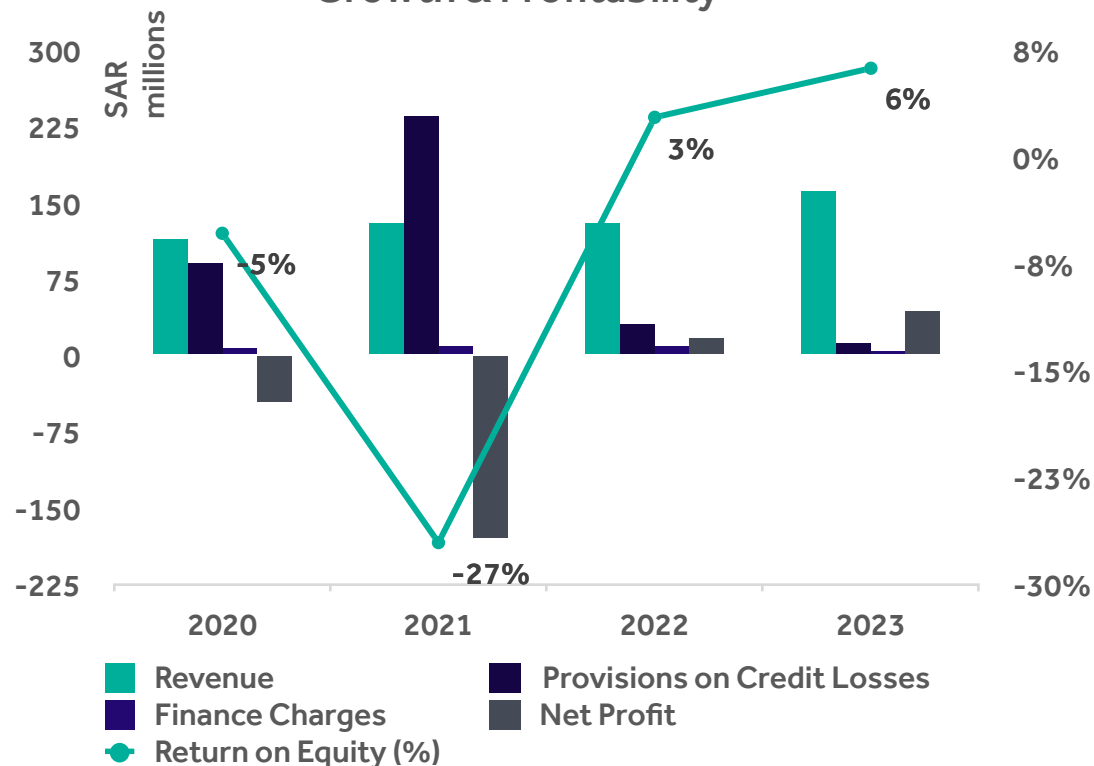
- Tamweel was registered in July 2015 as a closed joint stock company and is regulated by SAMA. The company is part of the Kifah group, of Al Afaleq family, a well known business group since 1970.
- Tamweel provides Financing solutions to retail, SME & Corporate borrowers.
- The Company has recorded consistent high growth, low NPL ratios and favorable market reputation.
- Tamweel is part of all three Financing Fund with satisfactory account conduct and timely repayment.



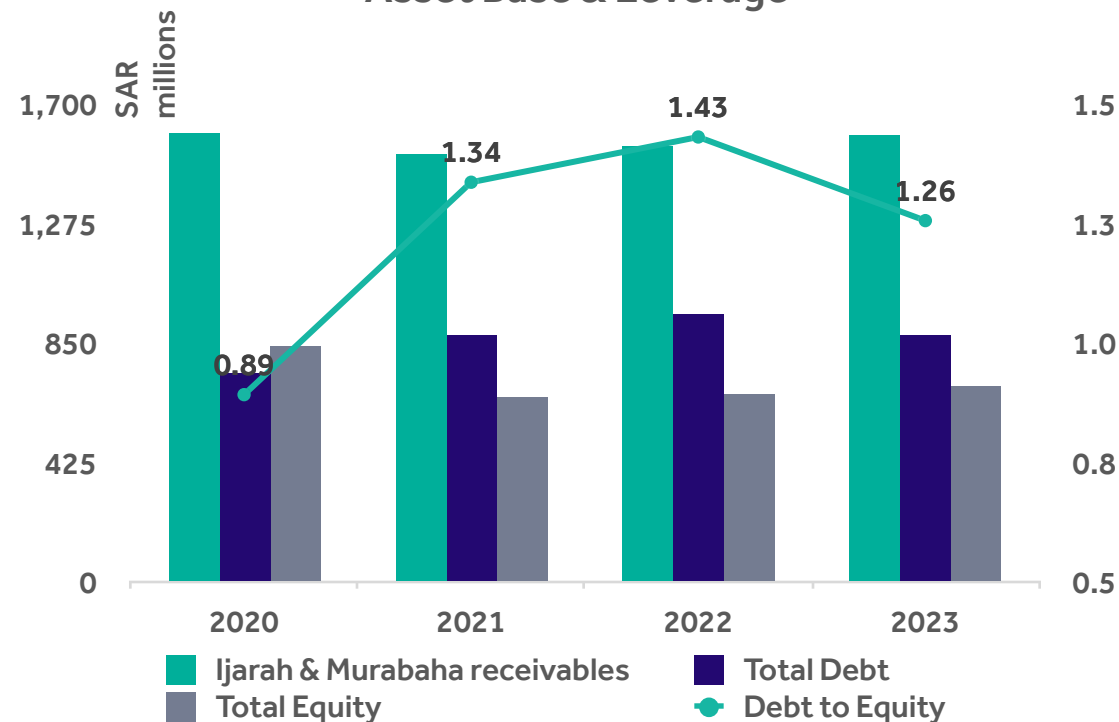
# About Ajil Financial Services Company

- Ajil is registered in September 2008 as a closed joint stock company and is regulated by SAMA. The company is owned by Riyadh Bank and Zahid Group
- Ajil provides Financing solutions to retail, SME & Corporate borrowers
- The Company has recorded consistent high growth, low NPL ratios and favorable market reputation
- Ajil is part of Riyadh Financing Fund III with satisfactory account conduct and timely repayment and nil Past Dues

### Growth & Profitability



### Asset Base & Leverage



For More Detailed information and  
Investment Risk In the Fund Please Read the  
Fund's Terms & Conditions.

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Thank You