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BANK ALJAZIRA

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FUTURE INVESTMENT
متخصصون في الأوقاف والوصايا

Endowment Investment Funds

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بسم الله الرحمن الرحيم

In the name of Allah, Most Beneficent, Most Merciful.

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In order to spread science and knowledge, as well as to support endowments and the Islamic banking industry, BANK ALJAZIRA dedicates this book to you as a supporter and contributor to its publication

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CEO & MD of BANK ALJAZIRA

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Introduction

The endowment is deemed one of the sources of pride in Islam, one of the factors of civilizational excellence in times of prosperity, and a safe haven in times of adversity. Furthermore, the endowment is distinguished from other aspects of charity by its permanence, as it lasts longer and benefits generation after generation. However, when we contemplate the situation of endowments, we are saddened to see that some of these endowments have been disrupted and society no longer benefits from them. According to a study in a similar perspective, the issue of disrupted endowments necessitates financial solutions, and the type as well as diversity of assets are among the key factors for endowment sustainability.

Since investment funds offer a package of advantages that enhance the ability of endowments to be sustainable, such as diversification of assets, governance, professional management, the ability to predict, and addressing risks more effectively. This integrated study seeks to introduce the endowment sector to modern investment tools and motivate it to benefit from them. Therefore, this study focuses on investment funds, which are one of the most important modern investment tools.

In this context, this study provides readers with an overview of investment funds, their main types, and a breakdown by investment market. It also examines their structure and establishment procedures, as well as how investment decisions are made. In addition, it introduces the aspects through which the endowment can benefit from the investment fund tool. Along with displaying options that enable them to manage its investments through these funds. Furthermore, this study addresses endowment investment funds, clarifying their nature, reviewing their main characteristics, directing laws and regulations related to endowment investment funds, and covering procedural steps for establishing an endowment fund. While reviewing the reality of investment funds and provides forecasts for their future.

In addition, this study spares no effort in clarifying the jurisprudential adaptation, legal and statutory provisions that surround these funds, their work, management, investment methods and fields, rights and obligations, and precautions. As with all relevant legal and statutory aspects, which allow the practitioner to be aware of the aforementioned and can expand on its topics through the references mentioned at the end.

The research team also paid special attention to investigating ways to develop endowment investment funds, as well as preparation and implementation plans for development projects. Other important points that should be noted, so that the endowment sector can benefit from this product in preserving its assets, sustaining them, perpetuating their investment, and keeping their benefits according to their specified aspects.

In view of this, while proceeding in these scientific and field studies under the generous sponsorship of BANK ALJAZIRA, Future Investment hopes that this study will meet the expectations of the broad endowment sector everywhere. While we would be pleased to receive any notes and suggestions at the addresses listed on the cover of this book, as we will always welcome and appreciate any feedback and/or suggestions in this regard.

Endowment: Its Concept and Ruling

Endowment Concept in Language:

The word (Endowment) is derived from the verb endow, which refers to “a single origin that indicates staying in something, then it is measured against it.” It also comes in terms of language with multiple meanings, which are suitable for the purpose of the research, including two meanings:

- One of them is prevention, as the endowment means withholding; because the endower prevents the disposition of the endowed asset.
- The other is preservation, as the endowment is preserved from disposition in any aspect other than the one it is meant for.

Endowment Concept in Sharia:

The Sharia discourse has explained the endowment concept. As it was narrated that Omar Ibn Al-Khattab, may Allah be pleased with him, said: “O Messenger of Allah, peace be upon him, my hundred shares in Khaybar, I have never acquired property that is more beloved to me than them. I want to give it in alms, so the Prophet, peace be upon him, said: “Withhold its asset, and distribute its return.” Therefore, the basis of legal meaning and terminology of the endowment is withholding the asset and distributing its profits.

Withholding asset means: i.e., withholding the property, such as a house, trees, a vehicle, money, and in kind, because the endowment is in movable and real estate as well.

Distributing Profits means: i.e., distributing returns in any relevant aspect.

It is worth noting that some contemporary Western systems have benefited from the concept of endowment in Islamic Jurisprudence, as the Anglo-Saxon laws codified endowment under the name of (Trust).

Endowment Ruling in Islam:

Endowment is encouraged and urged by Islamic Sharia, as evidenced as follows:

First Evidence: consensus, which is one of the most apparent types of evidence for the legality and permissibility of endowment. The consensus was conveyed by a number of Muslim scholars. For example, Jabir bin Abdullah, may Allah be pleased with him, said: "I do not know anyone wealthy among the companions of the Messenger of Allah, peace be upon him, among the Muhajirun (immigrants) and Ansar (supporters), except that he withheld part of his property as an endowed charity that cannot be bought, bequeathed, or given away."

Abu Bakr Al-Khassaf, may Allah have mercy on him, said: "The companions of the Messenger of Allah, peace be upon him, did that and what they endowed from their property and money is a consensus that endowment is permissible."

Second Evidence: Abu Hurairah, may Allah be pleased with him, said that the Messenger of Allah, peace be upon him, said: "When a son of Adam (i.e., any human being) dies his deeds are discontinued, with three exceptions: continuous alms; or knowledge from which people benefit continuously, or a righteous child who supplicates for him/her". The continuous alms are the continuous and remaining charity by the endowment. Therefore, this indicates the permissibility of withholding and preservation.

Endowment Investment Ruling and Criteria

Endowment Investment means developing the endowed money/property or its yields with the aim of increasing its asset or revenue. However, investment here is not an inherent description of the endowed asset. Rather, it differs according to the endowed object, since some endowments can only be used by benefiting from their assets, such as the mosque, the cemetery, and the in kinds, for which there is no room for investing in them. This also includes what the endower stated to use without investing. For example, hospitals for the treatment of patients without a fee, with the exception of whether the investment is for the survival of the endowed asset.

Furthermore, there are endowments with various forms of utilization such as a house, livestock, palm trees, and the likes. As these can be benefited from by endowing on certain people, and they can be benefited from by investing and distributing their yields to the beneficiaries. Notwithstanding, there are some endowments that can only be benefited by investing, such as endowed money to benefit from its proceeds through Murabaha for those who see the validity of its endowment.

Endowment Investment Ruling in Islam:

There are different views on the matter pertaining to endowment investment due to the different means of investment, the nature of the endowed object, and the cases that are presented to the investment. Therefore, the statement about the investment ruling that takes place will be in the form of “Endowment Investment Funds”. Before clarifying this matter completely, it is better to explain that endowment investment funds are based on investment in the first place, while it is not possible to benefit from them except through investing in their assets. Since this type of endowment is considered an investment endowment, in contrast to other endowments in which this meaning may initially differ. The following views support the permissibility of investing in endowment funds:

- Investment is the requirement of the endowers when subscribing to the fund; hence, this condition must be acted upon and taken into account. As the conditions of endowers are essential.
- The endowment is a contract, where the basic factor in the contracts is the purpose and meanings, also the intention of the endower here is to endow the money to benefit from its return. Thus, it must be considered and taken into account.
- The permissibility of substitution or change in the endowment when the prevailing interest emerges; as replacement is deemed a form of investment.

In view of the foregoing, since endowments investment is dependent on interest, while most of its rulings are based on it, thus, the closest permissibility and legitimacy of it, taking into consideration the following legal controls.

Endowment Investment Criteria:

They are divided into two sections:

First Section: Sharia Controls for Investment Endowments:

1. The investment endowment in its establishment and investment shall be legitimate, away from the unlawful aspects of trading and financial transactions.
2. The investment must achieve a conducive interest or is most likely to achieve it.
3. The field of investment shall not include risks that could cause the loss of the endowment asset, or remove the property from the endowment ownership.
4. The investor shall avoid all aspects that fall under illegal investment.
5. The investment of endowment does not conflict with the interest of the beneficiaries of the endowment, and does not result in disrupting the right of any of them, unless the investment is a condition for the endower.
6. It shall consider the balance between achieving the social return and maximizing the profit for the benefit of the endowment beneficiaries.
7. Taking into account the conditions of endowers in the field of investment, and the endowment trustee has the right to disagree with it if that condition is one of those conditions that cause harm to the endowment, while the disagreement achieves a greater legitimate interest, and that is after the permission of the ruler or his deputy.

Therefore, in Article (15) of the General Authority for Awqaf’s Law, the emphasis is on adherence to the condition of the endower, and not harming the endowment beneficiaries when investing the endowment assets. Moreover, Article (223) of Sharia Pleadings states that it is not permissible for the endowment trustee to sell, replace, or transfer the endowment except after obtaining permission from the court in which the endowment is located.

Second Section: Economic and Technical Criteria for Investment Endowments:

1. Proper planning for investment in huge endowments, and seeking the advice of specialists, while striving to achieve the highest level of profits after weighing risks and profits.
2. Attracting successful and highly qualified management that is compatible in its specialization with the nature of investment, under the supervision of people of trust and knowledge; in order to protect the endowment from the hands of abusers and aggressors.
3. Investing in projects that can be converted into cash when needed.
4. Diversifying the fields of investment projects.
5. Documenting contracts, in order to avoid ignorance or deception.
6. Being prompt to replace the field of investment and its form when the interest so requires.
7. Continuous follow-up and periodic performance evaluation, to ensure that the investment progresses according to its respective plan, and to take remedial measures at the earliest when necessary.

Endowment Investment Funds Origin

The Endowment Investment Funds term is one of the emerging terms in application and circulation. It is one of the applications of financial engineering in the endowment aspect. The origin of this model is taken from one of the most important contemporary investment tools, which is (investment funds).

The Investment Funds appeared in England in 1870 AD, which was in this field relied upon the Trust System. England is the oldest country known for the collective management of savings, and through there the idea of investment funds moved to the United States of America.

Then the currently existing conceptual idea of investment was formed in the United States of America in 1924 AD, when the first investment fund was established in Boston under the name of Massachusetts Investment Trust at the hands of Harvard University professors. Thus, the Investment Funds began to develop significantly, especially in the last two decades of the last century, until the number of investment funds reached, in mid-2005 AD, to about 56 thousand investment funds worldwide, with net investment assets exceeding $16.4 trillion.

As for the Arab world, the first investment fund was established in December 1979 AD in the Kingdom of Saudi Arabia. It was established by Saudi National Commercial Bank and was named: (Al-Ahly Short-Term Dollar Fund). After that, the investment funds continued to be established in Arab countries, where they spread and diversified. However, the Kingdom of Saudi Arabia, due to its leadership in this field, paid attention to investment funds, and was keen to protect its investors. Hence, the Kingdom of Saudi Arabia issued laws and regulations specifically for those funds, which in turn created reassurance among investors to invest in these funds.

Furthermore, there have been recent developments in creating models for endowments, as the General Authority for Awqaf, in cooperation with the Capital Market Authority, announced the launch of its first initiatives: (Endowment Investment Funds) in 2018. The first investment endowment fund was established in the Kingdom under the name: “Al-Inma and Wareef Endowment Fund” with endowing units for the benefit of King Faisal Specialist Hospital Charitable Foundation (Wareef).

Endowment Investment Funds Fact

Endowment Investment Funds Definition:

We already went through the explanation of the meaning of endowment in language and terminology, which deem unnecessary to repeat it again, so the statement here will be about the two words (funds) and (investment).

Funds Definition in Language:

The word (Funds) is the plural of Fund, where you keep valuable things.

Funds in Economic Terminology:

Funds in Economic Terminology are consistent with the linguistic meaning, which do not deviate from it, i.e. they are in the sense of a vessel, while the jurists used it in their books in the same linguistic sense.

Definition of Investment in Language:

(Investment): is derived from the verb "invest", and its plural is: Investments, which means fruits. It is used metaphorically in the growth of money, which is the closest meaning to the intent of the research.

Definition of investment idiomatically:

The investment concept in the jurisprudential terminology differs from its concept in the economic terminology. As investment in the terminology of jurists does not deviate from the linguistic meaning. However, present-day researchers have defined investment in the legal and Sharia terminology within close definitions, the best of which is "development of money, reform and multiplication by legal means."

As for investment in the terminology of economists, the opinions of economists differed between narrowing and broadening the concept of investment. One of the best opinions known is that “the development of money by operating it in commercial or production operations.”

Definition of Endowment Investment Funds:

It appeared from the foregoing in the individual definition that this term denotes the vessel in which endowment funds are kept, before defining them in view of the structure. It is better to explain the idea on which the endowment investment funds licensed by the General Authority for Awqaf, which are briefly based as followed:

- For a financial (institution/company) to form a collective endowment investment pool, in which the beneficiary (endowment bank) is determined, while it undertakes to prepare the fund's for offering so that it includes all the details about the fund's activity, objectives, conditions of subscription, rights and responsibilities of various parties, and all necessary information, to make a public offering. That is after submitting an application for the fund's initial license to the General Authority for Awqaf to obtain approval, which includes the contract concluded between the fund manager (one of the financial licensing authorities) and the beneficiary (a non-profit entity), which is then submit an application to establish the fund to the Capital Market Authority.
- Dividing the capital of endowment investment fund into (endowed) units of equal nominal value, so that the subscriber (endower) in the fund is considered as an approver of the endowment of its units, and the sum of units the participants provided constitutes the capital of the fund (endowed money).
- The financial institution that issued the fund, invests the funds of subscribers (endowers) collected within the areas previously specified in the offering prospectus, and distributes a percentage of net profits to the beneficiary entity (endowment bank) according to the period and manner stipulated, provided

that the term of fund is open as it is a perpetual endowment.

As for the definition of endowment investment funds, the researchers' definitions varied, but it can be defined as: "an investment pool consisting of endowed units (endowment fund), collected from the funds of subscribers (endowers), established and managed by a financial entity specialized in the field of investment (trustee). Then, the net profits are disbursed to a specific beneficiary (endowment beneficiaries) on a regular basis; and lastly, subject to a regulatory authority in the way it is established and managed (structure).

In short, they are investment pools that collect endowed capital from a group of investors and manage it according to an agreed-upon investment strategy.

Investment Funds Types suitable for Endowments

When establishing an endowment investment fund, three things must be considered:

1. Taking into consideration the endowment nature of the endowment investment fund.
2. Adherence to the legal controls related to investment endowments and ensure they are in place.
3. Adopt the statutory requirements that constitute this type of endowments, taking into account the mandates and powers of the Capital Market Authority in a manner that does not conflict with the supervision of the General Authority for Awqaf.

These matters should be considered as "Licensing Instructions for Endowment Investment Funds" referred to the same. As in the general provisions, Paragraph (b): "Unless it is stipulated in these instructions, the statutory provisions and requirements of public investment funds apply to the Endowment Investment Fund, even if it was offered in a private way, according to its type and to the extent that does not conflict with the nature of endowment fund". Therefore, all Endowment Investment Funds are subject to the statutory provisions and requirements contained in investment funds offered for IPO.

Types of Investment Funds:

Investment funds are divided according to the offering into:

1. **Public Funds:**

An investment fund established in the Kingdom of Saudi Arabia, and its units may be offered by the fund manager to investors in the Kingdom of Saudi Arabia in accordance with the provisions of Chapter 4 of "Investment Funds Regulations".

2. **Private Funds:**

An investment fund established in the Kingdom of Saudi Arabia, whose units are offered as a private offering to experienced investors, or if the minimum amount required to be paid from each offeree is not less than one million Saudi riyals or its equivalent, in accordance with the provisions of Chapter 5 of "Investment Funds Regulations".

3. **Foreign Funds**

An investment fund established outside the Kingdom of Saudi Arabia, whose units are offered as a private offering to investors in the Kingdom of Saudi Arabia, in accordance with the provisions of Chapter 6 of "Investment Funds Regulations".

	Public Funds	Private Funds
Subscription\ Investors Group	Unlimited group of investors	Limited group of investors
	Prospectus is publicly announced	Prospectus is not announced to public
	Subject to general regulations	Subject to investment companies› regulations in a manner that does not conflict with the general regulations
Structuring	Flexible financial structure	Minimizing cash withdrawal by investor decisions
	Prospectus restrictions can be facilitated to reach a broader investor base	Regulatory restrictions
	Equality in dealing with investors	Giving some advantages to some investors
	Presence of a secondary market	Investors can request an issue premium
Investment Strategy	Secondary market allows for long term strategies	Highly sensitive strategy to liquidity requirements
	Timeline does not affect the displayed price	Timeline for investing in opportunities is the key factor

Table No. 1: Comparison between public and private investment funds

	Public Funds	Private Funds
Profile	Available and known to all investors	Not known by a large segment of investors
	Business model is publicly available for public viewing	Business model privacy
	Investment opportunity is available to all, including international investors	Investment opportunity is available to a limited number and often within a specific geographical area
Reporting & Transparency	Reports according to specific controls and within specified periods	Reports are flexible and for a limited number of investors
	Some advantages can be beneficial during the specified exit periods	Some advantages can be beneficial upon early exit
	Reports are compatible with market requirements	Increase disclosure requests from the market on private funds
Secondary Market	Transfer of ownership is faster and easier	Lengthy negotiations to transfer ownership of assets & financial instruments
	Liquidity is managed through the secondary market	Liquidity is self-managed
	Prices are clear and announced in the market	Pricing is not clear

Continued, Table No. 1: Comparison between public and private investment funds

In the above context, investment funds are divided according to the policy and objective that the investor seeks to achieve as follows:

1. **Growth Funds:** their main objective is to invest in assets where market value is expected to increase during the period of investment in order to lead to the growth of the Fund's capital, whose aim is not to obtain a regular return.
2. **Income Funds:** their main objective is to invest in assets that have a distinguished record of cash distributions, in order to achieve periodic returns for investors.
3. **Income & Growth Funds:** they achieve investment goals by combining periodic return and capital growth for which they are called balanced funds. The composition of the securities portfolio in these funds usually includes fixed-income securities, and ordinary shares that usually represent the largest proportion.

Investment funds are divided according to the possibility of increasing their issuance of documents or according to the movement of capital to:

1. **Open-End Funds:** Funds with variable capitals, whose units increase with the creation of new units or decrease with the investors' recovery of some or all of their units. Such funds open the way for investors to enter and exit without significant restrictions. Therefore, the sums invested in these Funds are not specified. The units of open-ended funds do not have a market value that is evaluated by supply and demand. As there is no room for bargaining in them, rather their value is determined by dividing the net asset value of the fund by the number of units. While most of the funds operating in the Kingdom of Saudi Arabia are of these type, for example: (equity funds, money market funds, and debt instrument funds).

2. **Closed-End Funds:** Funds that issue investment units in exchange for their entire capital once for IPO upon incorporation. While the number of documents they issue is fixed and does not change except in exceptional cases. Examples of these types of funds include (Real estate investment funds and capital protection funds).

Investment funds are divided according to the assets that they consist of, and the amount invested in them into several sections, the most important of which are:

1. **Common Shares Funds:** mainly invest in shares of companies listed in financial markets, whether local, international, or regional.
2. **Goods and Commodities Funds:** buy goods and commodities traded in global markets with cash and then sells them on credit to financial institutions through various sale contracts in commodity trading such as: Murabaha, Salam, and Istisna'.
3. **Real Estate Funds:** invest in real estate assets to develop them (primarily/ structurally); then sell or develop them with the aim of leasing them for a specific period of time, after which they are then sold. While A specific percentage of the net profits of the fund is distributed in cash to the unit owners. These funds are considered a closed-purpose fund as per Article 6 of Real Estate Investment Funds Regulations.
4. **Precious Metals and Gold Funds:** engaged in investing in shares of gold and precious metals companies. They have organized markets for trading in this type.
5. **Debt Instruments Funds:** invest in debt instruments such as Sukuk and bonds, while their returns and risks vary according to the credit level of the entity issuing the Sukuk or bond.

Funds are divided according to their risk acceptance into:

1. **Defensive Funds:** include investors who are not willing to take risks, therefore, these funds have a low degree of risk.
2. **Offensive Funds:** bring together investors who want to achieve high profits, while taking high risks, therefore, these funds usually contain ordinary shares, while the profits are obtained as a result of changes in the market prices of ordinary shares. This policy is used in the event that there are indicators of economic prosperity.
3. **Balanced Funds:** include investors who want to achieve appropriate capital gains, while bearing a limited and reasonable amount of risk, and achieving an appropriate degree of security. Therefore, they combine the two previous policies, as the management of these funds divides the capital into two parts:
   A. Securities with high profitability and high risk, like regular shares.
   B. Semi-fixed income securities that do not change with market fluctuations, like bonds, and preferred shares.

Investment funds are divided according to the fund's ownership into:

- **Private Property Funds:** they are privately owned by individuals and institutions that have contributed to the fund in order to achieve profits, while they have specific rights and duties according to the law or contract.
- **Endowment Funds:** their ownership is for Allah, the Almighty, while the aim of shareholders in the fund is to seek reward from Allah through the benefit of society. Trustees (managers) are delegated to supervise the fund for investment and charitable purposes. The endowers and the beneficiaries have the right to hold the trustees accountable in the event of their negligence.

Investment funds are divided according to the Sharia Compliance:

- **Funds that have Sharia Compliance:** These funds are characterized by policies and declared commitment by the investment plan management, while considering Sharia controls in their investments. Moreover, they disclose the level of their commitment to these controls in their reports.
- **Funds that have no Sharia Compliance:** These funds lack the commitment to significant Sharia policies, or that those policies are not binding or unclear.

Fund Structure:

1. **Public Fund Structure**: an investment fund established within the country, whose units may be offered by the fund manager to investors in the Kingdom of Saudi Arabia in any way other than a private offering.

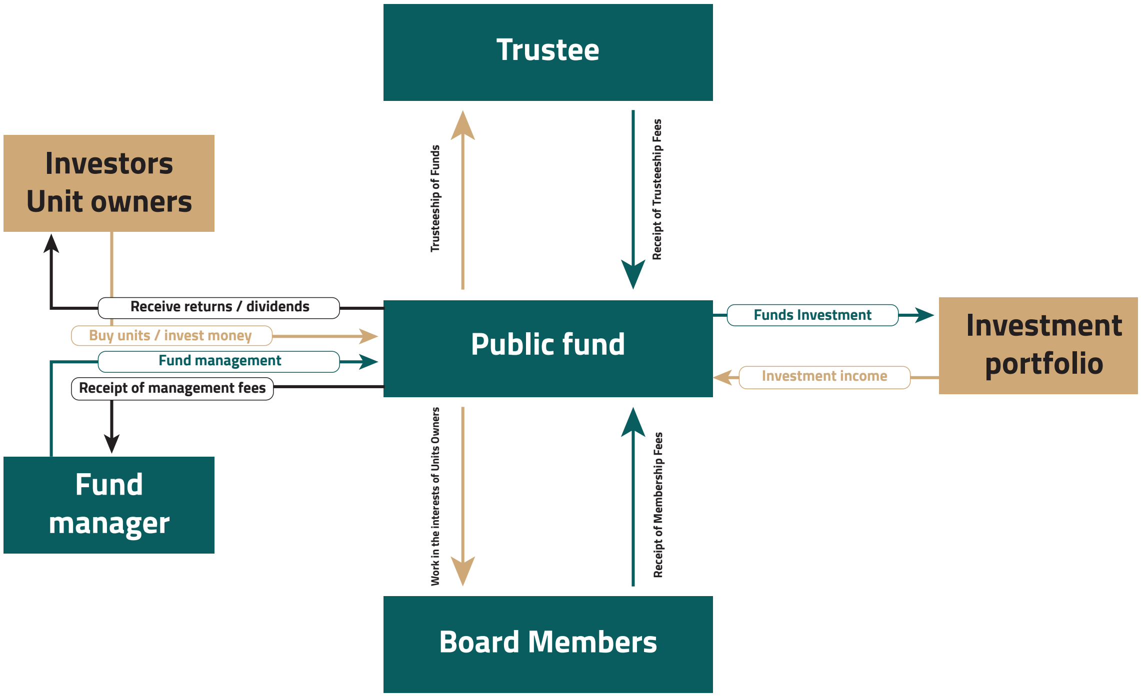

Figure 1: Public Fund Structure

2. **Private Funds Structure:** a partnership between a group of investors to achieve mutually agreed upon investment goals, where an investment manager implements the investment plan. Private funds usually establish entities with special visions to invest through.

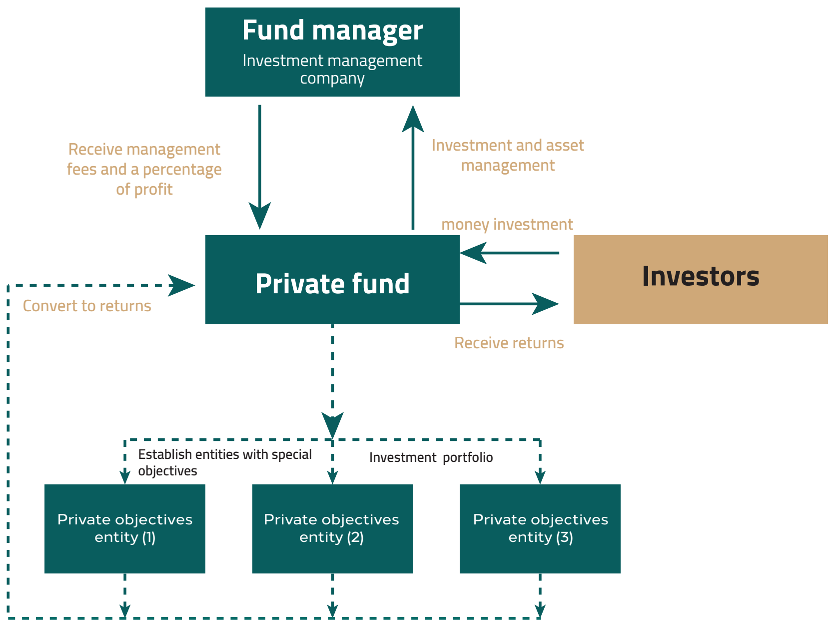

Figure 2: Private Fund Structure

Endowment Funds Reality and Future

History and Reality:

- The investment funds in the current concept were established in 1924 AD, and ever since then they have grown to become one of the most capital-acquiring tools, with a volume of more than 50% of global deals.
- The volume of global transactions related to funds in the mid-1990s was $30 billion. In 2010, it rose to more than $1 trillion.
- 32 funds ranging in size from $5 to $10 billion were established between 2007 and 2012, while the number increased to 75 funds between 2013 and 2018, of which 19 funds were established in 2018.
- As for the funds that exceed $10 billion, 18 of them were established between 2007 and 2012, while 25 funds were established between 2013 and 2018.
- There are varying interest in the endowment funds around the world, due to the maturity of the third sector and the support of the legislative environment for it. Table No. (2) shows endowment funds that were established between 2007 and 2018.
- In 2018, 300 funds collected $124 billion, which is the sixth year in a row that the volume of investment exceeded $100 billion dollars.
- Investors received $212 billion in revenues in 2017, which is slightly less than the record number of $270 billion in 2016.
- The industries and chemicals, technology, communications and media, and business services markets realized the first three ranks in the volume of funds invested in them over the past six years.

Country	Number of New Funds
United States of America	49
India	42
Japan	25
Taiwan	24
Korea	15
Canada	13
Nigeria	3
South Africa	2
United Arab Emirates	1
Kingdom of Saudi Arabia	1
Multiple Geographical Regions	1

Table No. 2: Endowment Funds established between 2007 and 2018

- Endowment (Trust) Funds of international universities are keen to diversify their assets, as shown in Table No. (3)

Asset Category	Harvard	Yale	Princeton	Stanford	MIT	Chicago	Pennsylvania
Shares of developed global markets	22%	11.3%	12%	29.6%	20.3%	10.8%	40%
Emerging Market Equities	11%	2.7%	11%	7.4%	5.7%	2.7%	5.2%
Hedge Funds	15%	15%	25%	18%	23%	23%	22.7%
Private Equity	16%	35%	23%	12%	25%	21%	8.9%
Real estate	10%	22%	23%	16%	12%	9.5%	5.4%
Goods	15%	7%	0%	7%	4%	10.5%	3.6%
Securities with returns equivalent to inflation	3%	0%	0%	0%	4%	2%	0%
Global fixed income instruments	8%	4%	6%	10%	6%	19.5%	14.2%
Cash	0%	3%	0%	0%	0%	10%	0%

Table No. 3: Global endowment funds and their assets

- These universities, through the investment strategy of their funds, aim to achieve an annual return in the long-term equivalent to the volume of annual spending supported by the fund while preserving the purchasing power of the fund's capital.
- To achieve this, these funds invest in diversified portfolios of different asset classes and markets, as shown in the table above.

- The universities' endowment funds have achieved remarkable returns over long term (2001- 2016)[1].

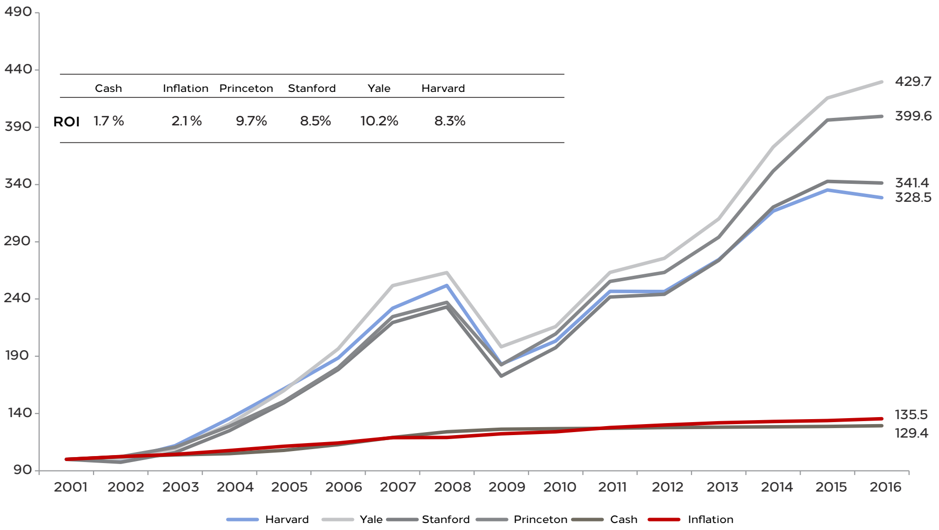

Figure No. 3: Investment returns over the past 15 years, 2001-2016

- By investing in diversified portfolios, university funds have achieved remarkable annual return, as the annual rate of the funds presented above was approximately 9.2% per annum until 2016.
- On average, the return on these funds exceeded the level of inflation and return on cash by approximately 7.5% annually.
- The number of public and private funds in the Kingdom of Saudi Arabia in 2018 was 542 funds, of which 249 were public funds, and 293 were private funds, while the number of public and private funds in 2017 was about 577 funds.

(1) Fund Reports, Bloomberg

- The assets of public investment funds in the Kingdom of Saudi Arabia were SAR 840 billion ($223.91 billion) by 2017. They are expected to increase to SAR 1.5 trillion ($399.84 billion) by 2020; while it generates between 4%-5% in average annual total shareholder returns. The value of public and private funds in the Kingdom of Saudi Arabia increased by 15% in 2018, compared to 2017.
- 6 Endowment Funds were licensed at Kingdom of Saudi Arabia in 2020.

Future Expectations:

- McKinsey Global "Private Market Review 2019", estimates that at least $4 trillion in annual investments are required until 2035 to keep pace with economic growth, while certainly a large part of these investments will be paid by funds.
- Economic growth is expected to be uneven in consistency and timing: it is the slowest in terms of percentage in developed markets and the fastest in developing markets.
- According to estimates by PricewaterhouseCoopers's "Private Equity Trend Report 2019", expects that fund assets to rise from $84.9 trillion in 2016 to $145.4 trillion by 2025.
- Funds that invest in infrastructure achieved an average growth of 27.5% from 2016 to 2020, but this growth is expected to decrease to 15% after 2020; hence, it is expected that the size of its assets will increase from $600 billion in 2016 to reach $3.4 trillion in 2025.

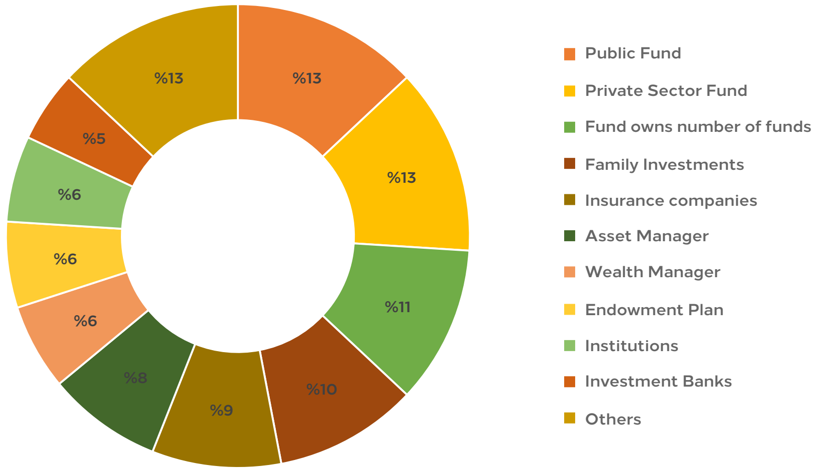

Figure No. 4: Investment returns over the past 15 years, 2001-2016

- Alternative funds are expected to grow by 8.7% from 2020 to 2025.
- Innovative assets and endowment institutions are expected to crowd out traditional financing methods. As endowments are expected to provide 6% of the investment funds financing.
- It is expected that the regulatory environment in the Kingdom of Saudi Arabia will improve, along with the issuance of new legislation that will enhance the growth of the sector.
- It is expected that endowment funds, which take greater care of diversity, will emerge, whether in the field of investment, geographical distribution or investment opportunities.
- It is also expected that endowment funds, which will invest in areas that achieve Sharia purposes in their investments, in addition to their disbursement aspects, will emerge as well.

Potential Endowments Benefit from Investment Funds

The aspects of endowments benefit from investment funds lie in several matters:

First: Investing the surplus funds of endowment or what has been allocated from it for investment in these investment funds. At that time, the units are not considered an endowment themselves in place of cash, but rather the asset of cash amount is endowed, as stated in the International Islamic Fiqh Academy Resolution No. (181).

Second: Endowing some units in a non-endowment investment fund, so that the profits collected by the subscribers are spent on the entity that they specified. Therefore, units, in these forms, are considered an endowment themselves aside from the rest of the fund.

Third: Establishment of an endowment investment fund in which all units are endowed, where its proceeds are spent on the entity specified according to the IPO document or what is stipulated by the subscribers, while it is subject to the supervision of the General Authority for Awqaf.

Accordingly, endowments and charitable organizations can benefit from investment funds, including:

1. Establish a special investment fund to develop endowment money.
2. Participate in a public or private investment fund.
3. Establish an endowment investment fund, the proceeds of which will be spent to a specific charitable entity - this type is subject to the instructions of the General Authority for Awqaf.
4. Establish an investment fund and endowing its units for a specific disbursement(s).

Procedures for establishing an investment fund:

Funds are established in collaboration with an investment house, according to the following:

First: Investment Planning:

1. Determine the client's investment status by identifying the client's financial position, nature of financial flows, the timeline for investment, Sharia controls, and the client's preferences between profitability, growth, level of risk, and type of markets.
2. Develop investment criteria that determine the level of acceptable return, the potential level of risk, and liquidity and diversity of assets.
3. Test the investment plan according to the historical performance of the markets.
4. Design the investment strategy by defining objectives, standards, and indicators of the plan.

Second: Develop the foundations for fund's governance by defining powers, responsibilities, and mechanisms of control and transparency.

Third: Fund Structure:

1. Design of the fund structure.
2. Choose the fund manager, who must be a person authorized to engage in fund management activity.
3. Complete the fund structure by the fund manager.

Fourth: Fund Approval:

1. Verify that the fund has completed the statutory requirements.
2. Obtain approval of the Capital Market Authority.

Fifth: Investment Rounds.

Sixth: Implementation and follow-up of the investment plan.

Investment Philosophy through Funds:

Investment philosophy in funds differs from the philosophy of traditional investments in a number of aspects, most notably:

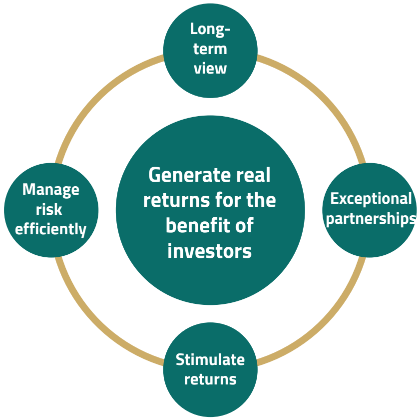

Figure No. 5: Investment philosophy in funds

Long-Term View: One of the main competitive advantages of the funds is the management of capital with a strategy that invests in the opportunities generated by the long term. As economic changes and fluctuations generate opportunities that funds can invest in more efficiently than traditional strategies.

Exceptional Partnership: Funds, as a result of professional management and large size, should obtain exceptional opportunities, partnerships, and returns that shareholders cannot obtain alone.

Manage Risk Efficiently: As a result of professional management and the ability to diversify thoughtfully, the funds provide specific levels of risks and returns to a greater degree than traditional investments.

Using Returns-Stimulating Factors: Every market has opportunities, challenges, and an economic cycle that it goes through. However, good management of fund works to invest in the opportunities that exist in each market, and to reduce the challenges, by making investment decisions that make the fund achieve greater returns than the markets in which it invests.

Investment Decision:

Investment decision in the fund requires reviewing several points, the most important of which are:

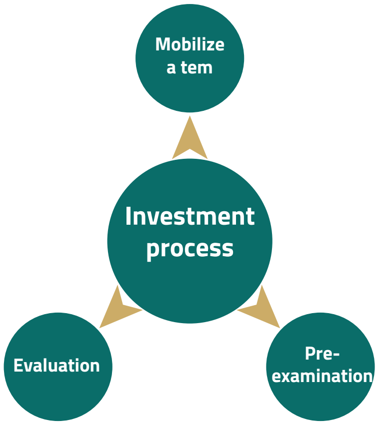

Figure No. 6: Investment decision in the fund

1. The team managing the fund shall have these characteristics:
   - Financial expertise.
   - Deep and thorough expertise in the market in which it will invest.
   - Composed of homogeneous personalities from all disciplines needed by the work.
   - Team members have enough free time.
   - Team has no conflicting interests with the business.
   - Team understands the legal and Sharia controls that they are required to abide by.

2. Pre-Examination:

   Examining the documents provided by the fund comprehensively and thoroughly to ensure that the idea matches expectations as well as comparing the opportunity presented by the fund with other available opportunities.

3. Direct Evaluation:

   Discussing the investment manager and inquiring about matters that were not mentioned in the documents, ensuring full understanding of the declared strategy, owned assets, and discussing potential risks.

Difference between Endowment Investment Funds and similar Funds

Difference between Endowment Investment Funds and Endowment Funds:

Endowment Funds “is the collection of cash money, from a number of persons by donation or shares, in order to invest this money, then spend it or spend its proceeds and yields on a public interest that achieves benefit for individuals and society.”

Accordingly, there is a great similarity between the endowment fund and the idea of endowment investment fund, and the essential differences between the two funds can be summarized as follows:

1. **Fund Components:** the components of endowment funds are cash only, while endowment investment funds are cash or in-kind financial units.
2. **Creation and Formation:** Endowment funds are established by the state, General Secretariat of Endowments, Endowment Department, or an endowment institution etc., in accordance with the approved laws, in which their board of directors consists of a number of persons with competence. As for the endowment investment funds, they are established by a financial institution/company with knowledge and investment experience in accordance with the regulations and licenses required for the establishment of endowment investment funds. For instance, the “Licensing Instructions for Endowment Investment Funds” issued by the General Authority for Awqaf, and the “Investment Funds Regulations” issued by the Capital Market Authority. Fund management is entrusted to the fund manager who is supervised by the fund’s board; as the endowment investment fund is only done through a specific organizational structure in the way it is created and managed.

3. **Supervision:** the endowment funds are mostly supervised by the General Secretariats of Endowments or the endowment institution that established them. Unlike the endowment investment funds, the General Authority for Awqaf, in cooperation with the Capital Market Authority, is the entity that supervises offering funds that aim to collect funds from all endowers, and approves their terms and conditions.
4. **Administration:** the administration of endowment differs between the two funds in terms of management. In endowment funds, the board of directors is the trustee of endowment, while as for endowment investment funds, the fund manager or board of directors is the trustee of the endowment.
5. **Investment or Non-Investment:** Some researchers have argued that it is necessary for the endowment fund to be free of the description of investment, as it is a pool for collecting funds and spending them on charitable causes, without investing them. However, this is not accurate, as most endowment funds are based on investment and development and are managed as an investment portfolio. While endowment investment funds are based on investment, which is part of their essence.
6. **Method of Subscription:** the subscription to endowment funds is made by collecting donations to them through the endowment administration in the state or the endowment institution licensed to do so. While the method of subscribing to endowment investment funds is through preparing an IPO and inviting people to subscribe through a financial (institution/company) licensed by the General Authority for Awqaf and the Capital Market Authority.

7. **Disclosure and Governance:** Endowment funds are not often subject to disclosure and governance in a statutory and binding manner, unlike endowment investment funds. As they are subject to disclosure, governance, and internal and external control over them, as stated in the "Instructions for Licensing Endowment Investment Funds" and "Investment Funds Regulations."

Item	Endowment Funds	Endowment Investment Funds
Components	Money only	Monetary or in-kind units
Supervision	General Authority for Awqaf	General Authority for Awqaf + Capital Market Authority
Administration	Board of Directors	Fund Manager or Board of Directors
Investment	Possible	Essential
Subscription Method	Donation	Subscription
Subject to Governance	No	Yes

Table No. 4: Difference between endowment investment funds and endowment funds

Difference between Endowment Investment Funds and Endowment Investment in Investment Funds:

The idea of (Endowment Investment Funds) is taken from (investment funds), and the substantial differences between them can be summarized as follows:

1. Endowment Investment Funds are a modern form of (cash endowment) that cannot be benefited from except by investing it. Regarding investing the endowment in investment funds, it is one of the means of developing endowments by sharing the endowment with what has been allocated of it for investment.
2. All units of the investment fund in endowment investment funds are endowed, as it is one of the forms of the collective endowment. Unlike the investment of the endowment in investment funds, where the units in it are not endowed, but the endowment is the cash that is invested. Thus, the investment fund is more general than the endowment investment fund in this regard.
3. The relationship of the fund manager in endowment investment funds with the fund is mostly an administration and investment relationship. However, in the investment of endowment in investment funds, the fund manager has no direct relationship with the endowment, rather an agent on behalf of the participants in the investment.
4. The General Authority for Awqaf as well as the Capital Market Authority oversee the endowment investment funds, while the investment of endowments in investment funds is not directly subject to the authority of the General Authority for Awqaf.

Item	Investment Funds	Endowment Investment Funds
Investment	Optional	Essential
Fund Units	Invested cash is the endowment only	All of them are endowed
Fund Manager	Investor only	Trustee and investor
Supervision	Not directly subject to the authority of the General Authority of Awqaf	General Authority of Awqaf + Capital Market Authority

Table No. 5: Difference between endowment investment funds and investment funds

Endowment Investment Funds Characteristics and Advantages

First: Characteristics:

1. **Do not have a Fixed Term:** Since the units are endowed and permanent, they are open funds that do not have a specific period.
2. **All Units of the Fund are Endowed:** This is the most prominent characteristic of this type of funds. As the profits of this fund do not revert to the subscriber, but are disbursed to the (non-profit entity) specified in the subscription (at least 50% of the net profits).
3. **Fund Units are nonnegotiable:** Units in endowment investment funds are not transferred from one subscriber to another because they are endowed. The provision for these characteristics is set out in the "Licensing Instructions for Endowment Investment Funds" issued by the General Authority for Awqaf, when defining the endowment investment fund, as follows: "An investment fund that has no fixed period, and all of its units are endowed and may not be traded."
4. **Subscriber cannot redeem the Units Value:** Redemption is one of the methods of trading units in investment funds to exit from the fund. This characteristic does not apply to endowment investment funds, as stipulated in the "Licensing Instructions for Endowment Investment Funds" Sixth: Endowed Units, Paragraph (c) Endowed units may not be traded or recover their value, because they are endowed.
5. **Number of Units in the Fund is not specified and can be increased at any time:** As it is a type of open funds, the capital invested in it is not specified, therefore, it is not traded. Since the number of shares is variable and not fixed.

The information notes of the “Inma Wareef Endowment Fund”, “Al Inma Enayah Endowment Fund” and “Al Inma Orphans Care Endowment Fund” stipulate in Paragraph (8) (Units Characteristics): “Fund manager may issue an unlimited number of units, all of which are of one class and endowed for the same purpose. While its owners enjoy equal rights and are treated equally by the fund manager....”

Second: Advantages:

1. **Professional Management Specialized in Investment.**
   They are managed by people who are specialized and qualified in investment methods, economic activity, and risks, which in turn would achieve a high return.
2. **Enabling the Public to participate in huge Endowments:**
   The general public with average income can participate in supporting charitable projects with huge capital and affordable value.
3. **Ease of Subscription:**
   The subscription in these funds is not restricted to its maximum extent, as the subscriber (endower) can add any new amounts and for the periods it deems appropriate.
4. **Investment Diversification and less Risk:**
   Given the diversification of risks and their distribution over different and diversified investment fields, so that this diversification leads to achieving stability in return and protection for capital.
5. **Appropriateness of the Ability of Subscribers:**
   The investment units in the fund are of different categories. They are large and small, thus are commensurate with the capabilities of all subscribers.

6. **Developing and Achieving Financial Sustainability for Non-Profit Entities:**
   Through endowment investment funds, any non-profit organization (endowment entities/ associations/civil institutions) can achieve financial sustainability in accordance with the “Licensing Instructions for Endowment Investment Funds.” This characteristic has a significant impact on supporting the endowments sector.
7. **Governance and Transparency:**
   The endowment investment funds are considered among the most regulated and controllable investment endowments, as several government institutions (General Authority for Awqaf/Capital Market Authority) assume the tasks of supervision and control over these funds, hence their documents are very clear and transparent in disclosing their performance. The price of document is announced through the evaluation of the fund’s net assets, which allows the subscriber (endower) to have a permanent and continuous update on the fund’s returns.
8. **Achievement of Sharia Purposes:**
   Endowers can invest in areas that achieve Sharia purposes, such as preserving religion, life, reason, honor, and money, so the same investment will have a charitable return, such as employment, education, preserving morals, environment, and health in a manner that does not conflict with achieving profitable returns.

Regulating Endowments in the Kingdom of Saudi Arabia

The history of endowment regulation in the Kingdom can be divided into the following:

First Phase: The Early Foundation of the Kingdom:

After the unification of the regions of the Kingdom of Saudi Arabia in (1351 H/1932 AD) at the hands of King Abdulaziz, may Allah have mercy on him, during that period the administrative system for all state institutions had not yet been formed, including the supervision of endowments. Therefore, "the judges were solely responsible for the endowments across the Kingdom…". Moreover, "King Abdulaziz issued several decisions and decrees to regulate the endowments, and the affairs of the state continued to be managed according to those instructions and departments…."

Second Phase: Completion of building the Kingdom based on the Modern State Standards:

The features of caring for endowments are represented in two aspects:

1. Establishing a special department that supervises endowment affairs.
2. Issuing a number of laws and regulations concerned with regulating endowment affairs.

The endowments in the Kingdom passed through several ministries and agencies that assumed its competence and responsibilities, namely:

- **First:** the establishment of the Ministry of Hajj and Endowments in 1381H/1961 AD, by Royal Decree No. (430) on 09/10/1381H- 16/03/1962 AD, as it took charge of organizing and managing endowment affairs.
- **Second:** The Supreme Endowments Council Regulation issued in 1386 H/1966 AD, by Royal Decree No. (R/35), dated 18/07/1386 H- 01/11/1966 AD.

- **Third:** Issuance of a regulation regulating charitable endowments in 1393 H/1973 AD, according to the Cabinet Resolution No. (80), dated 29/01/1393 H-05/03/1973 AD, and it is the executive regulations of the Supreme Endowment Council that determined the course of work, which was limited to the first part (listing, scrutiny, and registration).
- **Fourth**: Establishment of Ministry of Islamic Affairs, Endowments, Dawah, and Guidance in 1414 H/1993 AD, by Royal Decree No. (A/3), dated 20/01/1414 H-10/07/1993 AD, so that the endowments were separated from the Ministry of Hajj, the Endowment Department in the Ministry was assigned to Ministry's Undersecretary for Endowment Affairs to control the endowments of mosques, counting them, and developing the investments of their resources.
- **Fifth:** General Authority's Law for trusteeship of the funds of minors and the similar cases: This law was issued by Royal Decree No. (M/17), on 13/03/1427 H- 11/04/2006 AD. The Authority is an institution with an independent legal personality linked to the Minister of Justice. The fourth and fifth chapters of this law dealt with endowments, where the title of the fourth chapter was: (civil endowments), and fifth chapter was: (money management and investment). This law clarified that the Authority is concerned with a number of matters related to endowments, such as preserving public charitable endowments until the purchase of alternative, administering all private endowments, which do not have an trustee, and the right to supervise the appointed trustees if the court entrusts them with that.

- **Sixth:** Establishment of the General Authority for Awqaf and cancelation of the undersecretary of the Ministry of Islamic Affairs, Endowments, Dawah, and Guidance for Endowment Affairs in 1431 H/2010 AD, according to Cabinet Resolution No. (160), dated 13/05/1431 H-27/04/2010 AD, the General Authority for Awqaf is an independent legal personality linked to the Prime Minister, which aims to enhance the role of endowments in economic, social development and social solidarity.
- **Seventh:** Issuance of the Law of General Authority of Awqaf, by Royal Decree No. (M/11), dated 26/02/1437 H,-08/09/2015 AD, which consists of (25) articles, in which the law clarifies the functions of the Authority, its tasks and objectives, the structure of its board of directors, its most prominent work, as well as Governor's work and responsibilities, and ways to develop endowment work.

These are the most important historical stages through which the endowment regulation in the Kingdom of Saudi Arabia went in brief.

Rules and Regulations related to Endowment Investment Funds

The most Important Regulations related to Endowment Investment Funds:

First: General Authority for Awqaf Law:

It stipulates that the Board of Directors of the General Authority for Awqaf shall take the necessary decisions to achieve its objectives within the limits of the provisions of the law. As in Article (7), Paragraph (7) in the same article states that the Authority: “approves the establishment of endowment investment funds and portfolios”, indicating Licensing Instruction of Endowment Investment Funds and a statement of the Authority’s relationship with the funds.

Second: Sharia Procedure Law:

The Saudi Regulator in the Sharia Procedure Law issued by the Royal Decree No. (R/1), dated 22/01/1435 H- 25/11/2013 AD, and its executive regulations issued based on the decision of His Excellency the Minister of Justice No. (39933,) dated 19/05/1435 H-20/03/2014 AD, some articles related to the endowment.

Then, there is a matter that is well explained; It is that the investment units issued by investment funds were considered as securities. Therefore, the judicial reference competent to adjudicate their disputes related to the provisions of the fund is the “Committee for Resolution of Securities Disputes,” in accordance with Article (25) of “Capital Market Law.”

Third: Capital Market Law:

The Capital Market Law issued by Royal Decree No. (R/30), dated 02/06/1424 H- 31/07/2003 AD, is considered the basic law for regulating the work of the Capital Market Authority. As chapter six of which is devoted to the definition of investment funds, as well as a statement of the Authority's competence to regulate the work of investment funds managed by banks. It also includes the definition of finance funds, as well as a statement of the role of each of the Capital Market Authority, banks, portfolio managers, investment advisors and everything related to the establishment of investment funds.

The most Important Regulations related to Endowment Investment Funds:

Instructions for approving the Establishment of Endowment Investment Funds:

They were issued by the General Authority for Awqaf, which aims to regulate the issuance of the Authority's approval of applications for the establishment of endowment investment funds. It clarified the general provisions of establishment and requirements for approval. This regulation also refers to the provisions governing the meetings of the Association of Endowers, the duties of relevant departments, and some statutory issues related to the work of the fund.

Second: Investment Funds Regulations:

It was issued by the Board of the Capital Market Authority pursuant to Resolution No. (1-219-2006) on 03/12/1427 H-24/12/2006 AD, based on the Capital Market Law, which then was amended by the Board of the Capital Market Authority Resolution No. (1-61-2016), dated 16/08/1437 H-23/05/2016 AD; the resolution aims to "regulate the establishment and registration of investment funds, offer their unit, management, operations, and supervise all activities related to them in the Kingdom." It includes licensing requirements, the mechanism for establishing, registering investment funds, and offering their units, management, operations, supervision, the duties of the fund manager, as well as policies investment, etc.

Third: Real Estate Investment Funds Regulations:

It was issued by the Board of the Capital Market Authority pursuant to Decision No. (1-193-2006) on 19/06/1427 H- 15/07/2006 AD, based on the Capital Market Law, “this resolution aims to regulate the establishment of real estate investment funds in the Kingdom and the offering of its units, managing, protecting the rights of its owners, and applying the rules of disclosure and transparency.”

Fourth: Securities Business Regulations:

It was issued by the Board of the Capital Market Authority pursuant to Decision No. (2-83-2005) on 21/05/1426 H-28/06/2005 AD, based on the Capital Market Law, which indicated the activity of securities, when a person is considered a practitioner of securities business in the Kingdom, the licenses necessary to do so, and the activities excluded from the license from the Capital Market Authority.

Fifth: Authorized Persons Regulations:

It is issued by the Board of the Capital Market Authority pursuant to Decision No. (1-) 83-2005) on 21/05/1426 H-28/06/2005 AD, based on the Capital Market Law, which was then amended by the Capital Market Authority Board Resolution No. (3-85-2017), on 27/12/1438 H-18/09/2017 AD in which the resolution aims to regulate authorized persons and registered persons, define the procedures and conditions for obtaining a license, and conditions for continuing the license or registration. As well as clarifying the rules of conduct that authorized persons must abide by while carrying out their work, in addition to the rules and provisions for doing business, laws, control procedures, and provisions related to funds and assets of clients”.

Establishment and Management of Endowment Investment Funds

Conditions for Establishing Endowment Investment Funds:

All endowment investment funds are subject to the statutory provisions and requirements contained in publicly offered investment funds. As stated in the "Licensing Instructions for Endowment Investment Funds"; "Unless it is stipulated in these instructions, the statutory provisions and requirements of public investment funds apply to the endowment investment fund - even if it is privately offered - according to its type and to the extent that does not contradict the nature of the Endowment Investment Fund".

Furthermore, the "Instructions for Licensing Endowment Investment Funds" issued by the General Authority for Awqaf, and "Investment Funds Regulations" issued by the Capital Market Authority have indicated the basic conditions and requirements for licensing the endowment investment fund, which includes:

1. The Fund Manager and the beneficiary entity submit an application for the initial licensing of the fund to the General Authority for Awqaf to obtain its approval to license the fund, including the contract concluded between the fund manager and beneficiary entity. Prior to that, the following must be fulfilled when submitting a fund licensing application to the Authority:
    - The minimum amount for establishing the fund shall not be less than ten million Saudi riyals.
    - The value of the fund's investments shall not be less than 75% of the total value of the fund's assets.
    - The percentage of dividends distributed to the beneficiary entity shall not be less than 50% annually of the Fund's net distributable profits.

2. After the General Authority for Awqaf approves the initial license, the application for establishing the fund shall be submitted to the Capital Market Authority, provided that the application includes the following documents:
   - Filling out Form No. (1) (Application for establishing a public fund)
   - Submission Documents Checklist.
   - Draft Fund Terms and Conditions (with a checklist of Fund Terms and Conditions).
   - Draft information memorandum (with the disclosure checklist of the information memorandum).
   - Draft summary of the main information (according to what was stated in Appendix (3) of the Investment Funds Regulations).
   - Copy of the personal identity proof of the fund board members.
   - Subscription form.
   - Details of the investment decision-making mechanism, specifying the names of any jointly registered persons.
   - Risk management policies and procedures of the relevant fund.
   - Acknowledgment by fund manager of the existence of the administrative systems to be adopted with regard to the operational aspects related to the investment funds.
   - Acknowledgment by the fund manager stating that all members of the Board of Directors of the Fund meet the qualification requirements contained in the "Investment Funds Regulations", and that the independent board members meet the definition of an independent board member contained in the "List of Terms Used in the Regulations of the Capital Market Authority and its rules".

- Other supporting documents.
- Financial consideration.
- Soft copies of the required documents.

Procedures for Establishing Endowment Investment Fund:

First: Choosing a Fund Manager:

The Fund Manager is an institution licensed by the Capital Market Authority that sets the investment plans, & policies, which then are implemented. It prepares the subscription brochure, reviews terms & conditions of the fund, offers the fund's units for subscription, and writes periodic reports.

Second: Submitting an Application to Establish an Endowment Investment Fund:

After the General Authority for Awqaf approves the initial license for the fund, the application for the establishment of the fund is submitted to the Capital Market Authority in accordance with the previous conditions. While the applicant must be a person authorized to practice management activity, while the application includes the approval of the General Authority for Awqaf, and preliminary information about the fund (name, category, objectives, policies, names of board members, etc.). As well as information about the fund manager (name, license number, organizational structure, name of portfolio manager, name of compliance manager, etc.), information about the custodian (name, authorization number, organizational structure, etc.), statement of the fund’s terms and conditions, information memorandum (containing an economic feasibility study), and an acknowledgment of the validity of information.

Third: Receipt and Review of the Application:

The Investment Funds Department at the Capital Market Authority receives the applications for the establishment of new funds, which contain the previous conditions, then studies the application to ensure that the necessary conditions are met, and presents the appropriate suggestions. As Article (31) clarifies the measures taken by the Capital Market Authority regarding the submitted application, within (5) days from the day following its receipt of the approval request regarding the completion or incompleteness of the application, along with a statement of the documents and information provided.

Fourth: Issuing the Decision regarding the Application:

After the Capital Market Authority has finished examining the application and ensuring that the required conditions and documents are met, the Authority issues any of the following decisions within a period not exceeding (30) days from the date of completion of the application, as stipulated in Paragraph (c) of Article (31) of “Investment Funds Regulations”, namely:

1. Approval of the application, and sending a written notice thereof to the applicant.
2. Approval of the application with the conditions, restrictions which deems appropriate, and sending a written notice to that effect to the applicant.
3. Rejection of the application, and sending a written notice of that to the applicant with a statement of the reasons

Fifth: Marketing the Fund to the Public:

In order for the fund to succeed, it is necessary to convince the donors of the mission of the beneficiary entity, and the feasibility of subscribing to the fund. This requires a campaign to draw the attention of the public, and introduce them to the mission of the entity and the fund, convincing them to subscribe, explaining the subscription mechanism, as well as receiving and interacting with their inquiries.

Sixth: Subscription to the Fund:

Donors request units in the Fund through the means adopted in the financial market.

Initial starting points and determinants for the Establishment of an Endowment Fund:

1. Identify the type of the fund, whether it is public or private.
2. Determine the type of endowment: shares or money.
3. Prepare an agreement to open an endowment account that specifies the legal requirements based on which the fund manager will make its decisions.
4. Determine the endowment trustee who is the reference in any matter related to the funds of the fund.
5. Organizational arrangement with the relevant departments (Capital Market Authority, General Authority of Awqaf, Competent Court, Social Development).
6. Determine the appropriate risk level for investment.
7. Identify endowment disbursements.

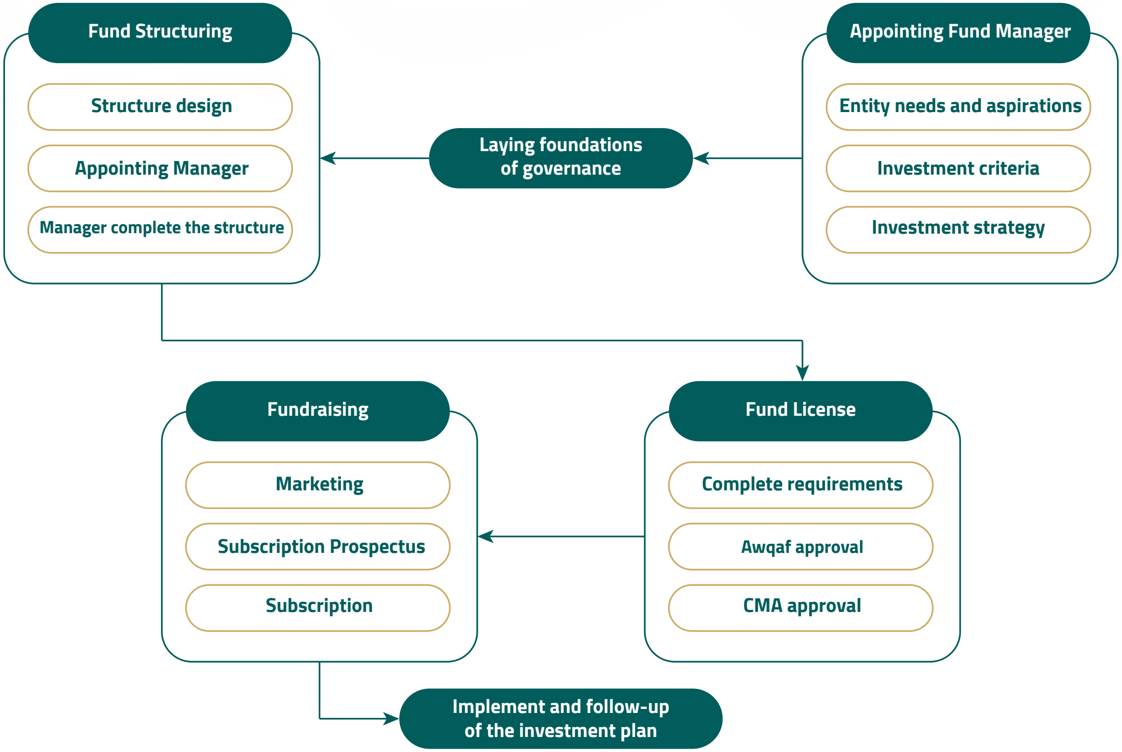

Figure No. 7: Procedures for Establishing Endowment Investment Fund

Management of Endowment Investment Funds

The Required Licenses for Investment Fund Manager:

The Investment Fund Manager means: “a legal person who manages the assets of the investment fund, manages its business, and offers its units.”

The financial company that manages the endowment investment fund must have two licenses:

1. Custody license, which means: keeping assets belonging to another person that include securities or arranging for another person to do so, and the custody includes carrying out the necessary administrative procedures.
2. Management license, which means: managing securities belonging to another person in cases that require disposition according to discretion.

Article (6) of the “Authorized Persons Regulations” clarified the statutory conditions and requirements for obtaining the necessary license through which the fund manager is licensed.

In addition, the endowment investment fund’s manager must take into account the “Licensing Instructions for Endowment Investment Funds” and the “Fund Manager shall comply with the instructions and requirements issued by the General Authority for Awqaf in relation to the management of endowment assets from time to time.”

Conditions to be met by the Fund Manager:

A person authorized to manage investment funds must abide by these principles:

1. Integrity.
2. Skill, care and diligence.
3. Effective management and control, by taking all reasonable means to organize its affairs responsibly and effectively, and adopting appropriate policies and systems for risk management.
4. Financial solvency, by maintaining sufficient financial resources according to the rules set by the Authority.
5. Appropriate behavior in the market.
6. Protection of clients' assets.
7. Cooperating with oversight and supervisory bodies, including the disclosure of any event or fundamental change in its operations or organizational structure.
8. Communicating with clients.
9. Taking into account the interests of individual customers.
10. Non-conflict of interest.
11. Suitability for individual clients, by taking care to ensure the appropriateness of his advice and management to any individual client to whom he provides such services.

Rights of Endowment Investment Fund's Managers:

We have discussed above what is meant by the fund managers, and that they are the persons responsible for managing and preserving the assets of the endowment investment fund. And in consideration of these administrative efforts that they undertake, the fund managers receive commissions and wages in return for this work, which is usually a specified percentage of the sale value or equivalent to the net assets of the fund. The "Investment Funds Regulations" set the amounts that the fund manager is entitled to spend from the assets of the public fund under its management, in paying the following wages and expenses:

1. Expenses of dealing in the assets of the public fund, including brokerage fees.
2. Costs associated with loans related to the public fund.
3. Management fees, including any amount paid as an incentive or for performance.
4. Fees of custodian.
5. Fees and expenses of the chartered accountant.
6. Fees of Sharia Committee (including the fees of Sharia supervision), if any.
7. Expenses of publishing the Fund's initial and annual reports.
8. Fees and expenses of the members of the Fund's Board of Directors.
9. Other expenses and fees related to the operations of the Public Fund and administrative services (including, but not limited to, the costs of holding unitholders meetings).

Obligations and Responsibilities of Endowment Investment Fund Managers:

The Fund managers have a number of responsibilities and duties as indicated by the "Investment Funds Regulations", the most important of which include:

1. Act in the interest of unit holders in accordance with the provisions of the Regulations (Investment Funds Regulations), the "Authorized Persons Regulations", the terms and conditions of the fund (and information memorandum in relation to the public fund).
2. Commit to all the principles and duties stipulated in the "Authorized Persons Regulations", including the duty of fidelity towards the unitholders, and work in a way that achieves their interests.
3. Assuming the following responsibilities:
    - Fund management
    - Fund operations
    - Offering units of the fund
    - Ensuring the accuracy and completeness of the terms and conditions of the fund (and the information memorandum in relation to the public fund)
4. Assume liability before the unit holders for the Fund's losses resulting from its fraud, negligence, misconduct or willful default.
5. Develop policies and procedures to monitor the risks that affect the Fund's investments, and ensure that they are dealt with promptly.
6. Implement a compliance control program for each investment fund it manages, while providing the Authority with the results of the application upon request.
7. Maintain books and records of all funds managed by them.

8. Keep a record of all issued and canceled units, and an updated record showing the balance of existing units for each of the investment funds they manage.
9. Prepare and keep a register of the unit owners in the Kingdom.
10. Public fund managers, and private real estate fund managers (and sub-fund managers of either of them) must ensure that none of their affiliates engages in any business that involves a conflict of interest.
11. Appoint one or more custodians in the Kingdom to take over the custody of assets of investment funds managed by the fund manager, and it must be under a written contract.
12. Ensure consistency of the investment decisions they take with good and prudent investment practices that achieve the investment objectives of the Fund.
13. Assume responsibility for the process of distributing profits to unitholders in accordance with the terms and conditions of the Fund and the information memorandum.

Governance of Endowment Investment Funds

The Governance Term:

Governance is a newly circulated term that has several definitions. Its definition came in Article (1) of "Corporate Governance Regulations" as, "The rules for the leadership and direction of the company that include mechanisms to regulate the various relationships between the Board of Directors, executives, shareholders and stakeholders, by establishing special rules and procedures to facilitate the decision-making process. As well as to give it transparency and credibility in order to protect the rights of shareholders and stakeholders, while achieving justice, competitiveness, and transparency in the market and business environment".

We have explained above that one of the most important features of endowment investment funds is that it is subject to governance, which leads to the development of the administrative method of endowment institutions, and helps them achieve their goals with high quality. As well as raises the level of transparency among all those affected by the activities of the fund, rationalizes the decisions of the manager, and strengthens control over them by organizing the relationship between the components of endowment (endower, beneficiaries, endowed object, and structure). In addition to coordinating between them, and directing them to achieve the purposes of endowment in accordance with the provisions of Sharia.

Standards are set for the governance of endowment through:

1. Legal controls for the governance of endowment institutions, which are intended to take into account the Sharia provisions of the endowment and abide by them.
2. Governance of financial and accounting management of the endowment.
3. Governance of endowment investments by perpetually investing in the endowment and protecting assets.
4. Governance of endowment relations and decision-making.

Statutory Relations of Endowment Investment Fund

The endowment investment funds in the Kingdom take the form of open funds formed by financial companies. The regulator required that the investment funds be allocated to independent accounts, and the ownership of the assets belongs to the subscribers (endowers). Therefore, the contract in the endowment investment funds is between two parties:

First: the licensed financial company (which handles issuance and management).

Second: Subscribers (Endowers).

Relationship between Endowers and Endowment Investment Fund Manager:

Article (32), Paragraph (B) of the "Investment Funds Regulations" clarified the contractual form between the unit holder (Subscriber "Endower or Trustee") and the fund manager stating, "The contractual relationship between the potential unit holder and fund manager is established by their signature on the terms and conditions of the relevant fund."

When considering the nature of the relationship between the endowers and fund manager, we find that it occurs in two cases:

First: it is a partnership (Mudaraba) contract: partnership in the definitions of the jurists has one significance, as it is in the profit resulting from money that is from one party and work from another party, thus this is the same relationship between the subscribers and fund manager. Therefore, the terms of Sharia partnership must be taken into account.

Second: it is an agency with a fee contract: the legal basis on which investment funds are based is the agency contract. The regulations consider management contracts as agency contracts, as the subscriber authorizes the fund manager to invest his money and manage it on his behalf, so the manager is, on behalf of the subscribers, managing their money and disposing of it in a way that achieves profit.

This is in line with what was stated in the Capital Market Authority's definition of investment funds as: "a joint investment program that aims to provide an opportunity for its investors to participate collectively in the program's profits, and it is managed by the fund manager for specific fees."

The manager works here with a lump sum that is due in all cases or a specific percentage of the original money deposited in return for managing it, whether the money is gained or lost, and the terms and conditions of agency mentioned by the jurists must be observed.

Thus, all types of investment funds "are regulated in one of two legal forms: partnership (Mudaraba) and agency with a fee. If the organization of the fund is in the manner of partnership, fund manager - whether a natural person or a legal person – has a share of the profit achieved by the fund. As for the agency with a fee - or hiring - in which the manager has a fixed wage calculated on the basis of a certain percentage of the value of the fund at the beginning of every month or three months."

The endowers have rights in the units they subscribed to, which are:

1. Approval of proposed fundamental changes.
2. Approve the significant changes.
3. Access to annual reports, summary annual reports, preliminary reports, and endowment disbursements; as stipulated in Article (71) of "Investment Funds Regulations."

Furthermore, the endowers have powers to dismiss a member of the Board of Directors, as stipulated in Paragraph (b) of Article (38) of "Investment Funds Regulations": "The fund manager dismisses any member of the fund's board of directors in the event that a special decision is issued by the fund's unit holders requesting the fund manager to dismiss that member".

Relationship between Endowment Investment Fund's Board of Directors and Endowment Investment Fund Manager:

Paragraph (a) of Article (38) of the "Investment Funds Regulations" stipulates that, "Each public fund is supervised by a board of directors appointed by the fund manager. The Authority's approval shall be obtained prior to appointing or making any subsequent change in the fund's board of directors." Paragraph (d) of the same article indicated that, "The number of members of the fund's board of directors must not be less than three, and the number of independent members of the fund's board of directors must not be less than two or one-third of the total number of board members, whichever is greater."

Article (39) of the "Investment Funds Regulations" clarifies the tasks and responsibilities assigned to the members of the fund's board of directors, which are mostly supervisory and oversight tasks over the fund manager's work and the fund's work. They represent those standing before the fund manager, therefore, the relationship between the fund board of directors and the fund manager is one of supervision and representation of the unit holders before the fund manager.

Relationship between Endowment Investment Fund Manager, Capital Market Authority and the General Authority for Awqaf:

It was mentioned in the "licensing instructions for endowment investment funds" as well as in the general provisions, Paragraph (a): "It is subject to the supervision of the General Authority for Awqaf and the Capital Market Authority for the competences and powers assigned to each of them".

Moreover, the "Endowment Investment Funds" are the result of a partnership relationship between the General Authority for Awqaf and the Capital Market Authority in creating a new form of endowments. As Paragraph (10) of Article (5) of

Regulations of General Authority for Awqaf, Paragraph (b) states that, "Developing existing endowment forms, seeking to find new endowment forms, and to coordinate with the relevant authorities." The Capital Market Authority is the entity responsible for licensing and supervising investment funds as previously stated. There is another matter, which is that, the "Licensing Instructions for Endowment Investment Funds" stipulates that the powers of Capital Market Authority and mandates must be taken into account in a manner that does not conflict with the supervision of the General Authority for Awqaf. Therefore, it was stipulated that some provisions apply to it as stated in the "Investment Funds Regulations".

Accordingly, the relationship of endowment investment fund's manager with the General Authority for Awqaf and the Capital Market Authority is a relationship of supervision, regulation and licensing, whether for the fund and its business, the manager or board of directors, or terms and conditions and the like.

Among the forms of supervision and control: the Capital Market Authority may dismiss the fund manager; as stipulated in Article (20) of Investment Funds Regulations, the General Authority of Awqaf also has the right to revoke the license granted to the fund manager to manage endowment assets, as stipulated in the "Licensing Instructions for Endowment Investment Funds".

Pillars of Endowment in the Endowment Investment Funds

The endowment in the endowment investment funds have four pillars:

1. **Endowers in Endowment Investment Funds:**

"Licensing Instructions for Endowment Investment Funds" clarifies who are the endowers. As the definitions of Paragraph (2), states that, "Endower is everyone who participates in a unit of the fund."

The jurists stipulated that the endowers be permissible to donate, which is expressed in full capacity by the availability of the following characteristics: freedom, maturity, reason, rationality, and choice, they also are not subject to receivership procedures, such as the bankrupt person. This condition (the eligibility to donate) is a prerequisite for the participant in the endowment investment fund.

2. **The Beneficiaries in the Endowment Investment Funds:**

As we have indicated when stating the idea on which the endowment investment funds are based that the beneficiary must be a non-profit entity. As it is stipulated in "Licensing Instructions for Endowment Investment Funds" - Eighth: the beneficiary entity in Paragraph (a): "Beneficiary must be a qualified non-profit entity in accordance with the criteria issued by the General Authority for Awqaf from time to time."

This limitation is the purpose of the General Authority for Awqaf from these new endowment investment funds, which seeks to achieve financial sustainability for non-profit entities by reviving the endowment in society and supporting these charitable entities. This is understood from the definition of "licensing instructions for endowment investment funds" for the endowment investment fund, stating that, "An investment fund that does not have a specific period, all its units are endowed and may not be traded, while its purpose is to provide endowment opportunities for the public. As well as to meet community needs by investing profit of endowment funds, whether cash or in kind, in terms of investment; to provide a periodic return that is spent on societal needs by distributing a specific percentage of the fund's net profits that can be distributed to the beneficiary entity of the fund, on a minimum annual basis".

Moreover, the "Licensing Instructions for Endowment Investment Funds" states that the rights associated with the units devolve to the beneficiary entity when the endower loses statutory and legal capacity. However, in all cases, the terms and conditions of the fund must stipulate that the endowers authorize the beneficiary entity with all its powers and rights stipulated in the instructions or executive regulations of the Capital Market Authority when they lose their legal capacity.

3. **Endowed Property in the Endowment Investment Funds:**

The endowed item in the investment funds is the capital, which is represented in the investment units offered for subscription, which together constitute the capital of the fund. As the investment units in the fund are considered to be the endowed object. The "Licensing Instructions for Endowment Investment Funds" stipulate that, Sixth: The endowed units in Paragraph (a): "The endower subscription to the fund is an acknowledgment of endowment of units as a permanent endowment, and knowledge of terms and conditions of the fund and acceptance thereof." In Paragraph (c): "The endowed units may not be traded or their value recovered, because they are endowed." It is meant that the units have become an endowment in place of cash.

4. **The Forms for the Endowment Investment Funds:**

The form here means that the contract is concluded in terms of saying or doing or what takes their place in denoting consent, like correspondence.

The form is the most important pillar of the endowment. Because it is among what the jurists agreed on its fundamental nature, and the endowment takes place with the jurists in the entirety by consent of the endower.

The process of subscribing to the endowment investment fund represents the aspect of the form in the pillars of the endowment. As the signature is made between the fund manager and the unit subscribers, in accordance with the terms and conditions of the fund that contain the data and provisions regulating the work of the fund as stipulated in Article (32) and Article (54) of the "Investment Funds Regulations."

Sharia Criteria for Administration in the Endowment Investment Funds:

The collective administration of endowments through a body or a board has some legal controls as follows:

1. Fulfilling the conditions considered for trustees, and diversification of their specializations according to the nature of the endowment.
2. Adopting a system for the board of administration to be an approach for controlling their work.
3. Observing the most appropriate trustees for the endowment, who maintain good faith and blessedness for it in their actions and investment.
4. Guarantee the trustees in the event of their transgression or negligence.
5. Trustees' adherence to the legal and Sharia controls of the investment endowments.

Jurisprudential Adaptation of Endowment Investment Funds

Jurisprudential Adaptation of Endowment Investment Funds

The endowment investment fund is just a pool for endowment funds in the form of units, the total of which represents the capital of the fund. Therefore, there is no jurisprudential (Fiqh) description attached to the same fund. As in its original status, it is just a pool for money, however, the pool bears two key characteristics:

First: all its units are endowed, which is the basis for the endowment investment fund.

Second: only parts thereof are endowed; as in the endowment of some units in a traditional investment fund.

It is appropriate to single them out in this context to show the effect of it on the jurisprudential description, through the following two issues:

First Issue: The Endowment is for the entire Fund:

This is the principle in the endowment investment fund, as this type of endowment is one of the forms of collective endowments in which there are many endowers. While the collective endowment does not differ in any of its provisions from the individual endowment according to the correct view. Given that the nature of the fund is based on cash, it takes the ruling of the endowment of money that the jurists differed in the ruling of its endowment based on the following two views:

First View: The endowment of money is impermissible.

Second View: The endowment of money is permissible.

However, the most correct view, and Allah knows best, is to say that it is permissible to endow money, as the International Islamic Fiqh Academy issued Resolution No. (140) that permits this, in which it says: “The endowment of money is permissible, because the legal purpose of endowment is to seize the asset and channel benefit in it, and because money is not determined by assignment, rather its substitutes take its place.”

Second Issue: The Endowment is for parts of the Fund:

This is unless all the subscribers endowed their units in the fund, however, some of them did so. This may happen in traditional investment funds, not endowments funds, and the closest in this instance is that they take the ruling of the endowment of commons. As the reason for this: that the subscribers (endowers) have endowed their share of the units that they owns in common between themselves and others in a traditional non-endowment fund, and the units, as previously mentioned, are a common share of the fund’s capital.

Then the jurists differed in the ruling on the endowment of the commons in matters other than that, on the views:

First View: the validity of common endowment in general, whether it is divisible or otherwise.

Second View: the validity of common endowment if it is indivisible.

Third View: the invalidity of common endowment if it is indivisible.

However, the most correct, and Allah knows best, is to say that the common endowment is permissible in general, and it was stated in “Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)”: “It is permissible to endow common endowment, whether it is divisible or otherwise.”

Jurisprudential Adaptation of the Fund Manager:

It was previously mentioned that the fund manager is the person who undertakes the management of the investment fund's assets, manages its business, and offers its units and other activities of the fund, in exchange for a sum of money. However, its jurisprudential adaptation is determined by the nature of the fees that it charges in consideration of its work, and it does not depart from two cases mostly:

1. A share of the profit made by the fund, where it becomes subject to the provisions of the partnership (Mudaraba) contract.
2. A fixed wage for carrying out management work, where it becomes subject to the provisions of agency contract with a fee, and this fee is either:
   a) Lump sum, such as a thousand riyals, for example.
   b) Fixed rate of the original invested money, such as 2%, for example.

It was stated in the controls extracted from the decisions of the Sharia Board of Bank Al-Bilad: "It is permissible for investment funds and investment portfolios to be managed by an agency contract for a fee or by speculation."

Jurisprudential Adaptation of the Relationship between Endowers and Fund Manager:

We have already explained the legal relations of the endowment investment fund, as we addressed the nature of relationship between endowers and fund manager, and that it does not deviate from the agency with a fee or speculation, according to the agreement indicated in the prospectus. However, the most common system under which the funds operate in the Kingdom is that the manager receives a specific wage that is stipulated in the contract.

Jurisprudential Adaptation of the Relationship between the Fund Founding Body and the Fund Manager:

As we have already discussed, the investment funds in the Kingdom are contracting partiesbetween:

1. Subscribers.
2. Licensed financial company.

As the licensed financial company is the one that establishes and manages the funds, which is applied in the investment funds in the Kingdom, unlike most countries, where the relationship is between three parties:

1. Founding institution;
2. Manager;
3. Subscribers.

In this case, the fund takes the form of an endowment shareholding company with cash capital, and the partners are the endowers. The board of directors in the company is the one that represents all the partners in the management of the company. Therefore, they may be the trustees of the endowment, such as the general assembly or they may be from others, and the fee they charge is due in its adaptation to the issue of the trustee's fee. As for the first case, in which the parties to the contract are two parties, the foregoing statements apply to the fund manager status.

Jurisprudential Adaptation of the Relationship of Endowers with each other and the Units They endowed:

The endowment investment fund is made up of units of equal value that represent the capital of the fund, and the subscribers are considered endowers for these units once they subscribe, as stated above. Therefore, the relationship between endowers (subscribers) and what they endowed (investment units) is classified as a collective endowment.

Jurisprudential Adaptation of the Fund Board of Directors:

Article (39) of "Investment Funds Regulations" clarified the tasks and responsibilities that are entrusted to the members of the fund's board of directors, and they are mostly supervisory and regulatory tasks over the fund manager's work and the fund's work. They represent those endowers before the fund manager, therefore, the jurisprudential adaptation of the fund board is that they are the trustees of the fund.

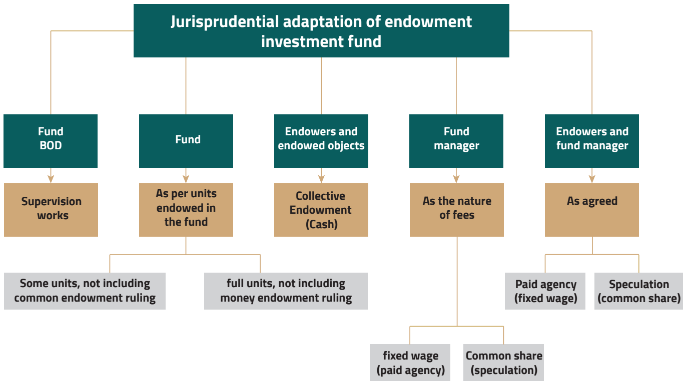

Figure No. 8: Jurisprudential adaptation of endowment investment fund

Provisions of Endowment Money in Endowment Investment Funds

Type of Investment Activities in Endowment Investment Funds:

Here is a presentation of the most important of them, which are appropriate to the nature of the endowment fund, taking into account the application of the legal controls for investment endowments, including:

In-kind assets, i.e., the purchase of immovable or movable property, for the purpose of leasing and benefiting from their revenues or developing them and then selling them, and this includes: Real estate funds, where there is agreement on the permissibility of this method, in the past and the present.

Securities are one of the most common investment activities in investment funds, and the most famous securities are stocks, bonds, and investment sukuk, when investing in them. The investment controls in endowment funds must be taken into account, and the provisions of each investment type should be taken into account as well. Investing in stocks is permissible if the risk is low and the activity is permissible. As for bonds, it is not permissible to invest in all of them. Investment sukuk are considered a legitimate alternative to bonds. They are also relatively safe and low-risk tools. The ruling on investing in them depends on their legal status, and their rulings differ according to their forms and types.

Forward Sales, which are sales: Murabaha, Salam, and Istisna', and the details of their provisions are what the researchers have studied in detail.

Trade offers, which are everything that is prepared for trade, buying, and selling for the sake of profit from immovable and movable assets, whether directly or through partnership (Mudaraba) contracts; such as commodities and goods, trading in currencies and so on, and their provisions are subject to the provisions of each type.

Hedging Methods for Investing endowed Money in Endowment Investment Funds:

The nature of this endowment form is based on investment in various legitimate aspects, and investment is exposed to profit and loss, so there was an urgent need to find legitimate means to protect the endowment funds from risks or reduce damages as possible. The term (hedging): in Economics and Accounting, means revolve around: precaution, protection, and prevention.

In economic terminology, it means "adopting procedures, arrangements, and choosing contract forms to reduce risks to a minimum, while maintaining good prospects for return on investment."

There are several ways to hedge, the most prominent of which are:

1. Hedging through documentation, whether by certificate, mortgage, writing or other methods of documentation.
2. Technical Hedging, i.e., protecting the endowment's asset and its proceeds using technical means, including Blockchain system, for example, which allows the transfer of property assets from one party to another without the need for a broker, while achieving a high degree of security.
3. Economic hedging, such as complete economic studies of investment projects, operations, diversification of investment assets to achieve compatibility between revenues and expenses, and to protect capital.
4. Hedging in form, by setting an endowment form with high flexibility in investment methods, distribution of profits, the trustees' work method, the amount of their wages, and so on.

It is better to explain that the legal controls for the investment endowments that have been mentioned above is one of the methods of hedging in endowment investment. While noting that in some hedging forms there is an excessive number of provisions and controls that should be taken into account, including what was stated in the International Islamic Fiqh Academy Resolution No. (224) regarding (hedging in financial transactions), where some controls stated as: "Third: Sharia controls for hedging forms and methods:

1. The hedging forms do not involve usury or be a pretext for it, and that they do not include obscene deception, as it involves taking people's money unjustly.
2. The form itself is legitimate.
3. The hedging form does not lead to the sale of debts at a value other than their nominal value, and the exchange of what is prohibited by Sharia, as is seen in the traditional financial markets.
4. The hedging forms do not lead to the sale of abstract rights, such as the sale of options, which Academy emphasized is prohibited by Resolution No. 63 (1/7) Paragraph 2(b), which also not lead to a compensation for the obligation, such as: the wages for the guarantee that the Academy prohibited by its Resolution No. 12 (2/12).
5. Taking into account the purposes of Islamic law when drafting hedging contracts, as well as taking into account the consequences of those contracts and their effects in various aspects, since considering the outcomes is a legally considered origin.
6. That hedging contracts do not lead to guaranteeing the capital or the expected profit, whether the guarantee is from the manager, the speculator or the agent, in cases of non-infringement, negligence or violation of the conditions.
7. The risk in itself may not be subject to compensation.
8. That the purpose of the hedging tools is to preserve the safety of money, and not to gamble on price differences "Speculation".

Resources Mobilization

Developing resources for endowment investment funds is based on ensuring that there is a clear, predictable, well-coordinated approach to increase the number of contributors and donors, and expand the resource base to ensure its sustainable availability for the implementation of the fund's programs.

Resources Development Plan:

through which activities and objectives can be identified and priorities set to increase contribution to the fund. It often includes four main stages:

1. **Identification and Research:**

Determining the type of contributors/targets by dividing them accurately into categories or sectors, and identifying the required resources from each category, taking care that the process of identification and research for contributors takes into account three main axes, which are (LAI):

a) Linkage: Finding an appropriate means of communication with the targeted audience or an appropriate mediator and third party to reach them.
b) Ability: Financial ability of the targeted person or institution to contribute.
c) Interest: Degree of desire and interest of the targeted person or institution in the fund’s plans and projects.

2. **Cultivation:**

Endowment investment funds are a new idea for a society whose endowments mostly focus on traditional endowments. Therefore, it is very important to promote and disseminate the culture of endowment through funds on a large scale, to make an effort to educate people and society about its idea, and advantages by carrying out activities aimed at:

a) Increasing its attractiveness to current and targeted shareholders.
b) Spreading awareness of the fund, its importance, using influencers and decision makers to build support.

A. **Activities to increase the fund's attractiveness:**

- Highlighting the advantages of donating and contributing through endowment investment funds compared to other donation methods in all means of communication with donors and shareholders, and these advantages have previously been reviewed in terms of sustainability, development, governance, and government oversight.
- Paying attention to the Board of Directors: By attracting those who represent the fields of work of the Fund and chairmen of the boards of directors of institutions within the membership of the Board of Directors.
- The presence of a Sharia committee that supervises the fund’s works and financial transactions in the fund’s board of directors.
- Opening opportunities to various forms of contribution: such as accepting a temporary endowment from benefactors, especially in the initial establishment stages.

- Preparing endowment products suitable for all types of donors, and making it possible to choose the type of contribution, whether it is dedicated to a specific project or to develop the fund's capital in general.
- Establishing a company to manage the fund or contracting with a financial company to manage the fund's financing, financial and investment operations.
- Paying attention to the governance of fund's work, as it is the cornerstone to avoid any problems arising from operation or financing, as well as to reassure shareholders.
- Establishing the fund by participation between a group of entities, including government institutions, some government agencies, and associations that are related to the goal of establishing the fund, while they have their share.
- Finding appropriate solutions to facilitate the process of contributing to the fund and avoiding the problem of different bank accounts for those wishing to contribute from the bank account of the endowment fund, and to deal with the fact that some donors do not have investment accounts.
- The Fund's participation in safe and reliable crowdfunding platforms such as the "Waqfi" platform, which is one of the initiatives of the General Authority for Awqaf; it will enhance the transparency of support among shareholders and measure its impact. It will also help the fund to reach large and diverse segments of shareholders, and overcome the obstacles that they may encounter during the payment process.
- Recommendations of scholars for the endowment fund are of great importance in persuading people and removing any embarrassment or apprehension that may arise in them.

B. Activities to spread awareness of the Fund:

- Formulating a clear and persuasive vision and mission, defining the Fund's core values (profile), which is one of the most important factors in communicating with current and potential shareholders and motivating them.
- Preparing clear, consistent, and inspiring messages in line with the vision and mission of the Fund and highlighting the role it provides, thus, increasing awareness and knowledge of the benefits of the Fund; its social and charitable results for the various target segments and stakeholders. Spreading awareness of the existence of a need is one of the initial essential requirements for charitable work, as raising people's awareness makes them accept support.
- Developing a comprehensive corporate visual identity for the Fund.
- Creating a website for the fund and constantly updating it with information and materials that contribute to spreading awareness of its goals and projects, also, facilitating its use to encourage communication between the company and the market.
- Developing a basic information package (organization, case studies, program results, and success stories) and publishing it so that the current shareholders or the target audience is fully and continuously aware, which contributes to the consolidation of conviction in the fund.
- Availability of accessible technical platforms that facilitate the donation process from individuals.
- Interest in building partnerships with different sectors.

- Conduct a continuous review of all media materials, to ensure that the information is accurate and updated; ensuring its style and design are in line with industry best practices.
- Strengthening the relationship with the media.
- Using influencers in the media marketing process, including scholars, economists, and suitable celebrities on social media.

3. **Solicitation:**

Presenting and negotiating opportunities to the targeted shareholders, by communicating directly with the potential shareholders through the following steps:

First Step: Setup and Adaptation:

1. Preparing a list of the target contributors.
2. Developing basic materials for communication with shareholders such as terms and conditions, information memorandum, frequently asked questions, financial statements, and annual reports.
3. Preparing presentation.

Second Step: Direct Contact:

Continuous contact and meeting with potential shareholders, building a relationship with them, preparing a plan, schedules for visits, then repeating the process every once in a while, - and in the event that a mediator organizes the meeting process, the fund should then provide clear instructions to the mediator about the target shareholders wishing to meet with.

There are three types of meetings:

First: One-on-One Meetings:

They are used to target major shareholders, held in the targeted office, which will provide an opportunity to focus on specific questions and issues. These types of meetings require a great effort, as it is necessary to travel continuously to hold it, but its results are effective, If Allah wills.

Second: Small Group Meeting:

It is the best option in the event that the potential targeted tendencies are similar, provided that the number of attendees per meeting ranges between 6-8 people. This type of meeting is characterized by being attractive to potential contributors.

Third: Large Group Meetings:

It serves a wide range of targeted audience, while it is distinguished by its effectiveness in terms of time, it lacks the element of attracting large potential shareholders, however, it contributes effectively to spreading awareness of the fund's cause.

4. **Stewardship:**

Stewardship is to carry out activities that strengthen and build relationships with shareholders through reports, disclosure, and meaningful participation.

- Studies indicate that when people perceive that there is no difference in their charitable contributions, then they are less likely to give. In this regard, it was found that the Fund’s continuous reporting to its shareholders regarding the effectiveness of its charitable and developmental contributions has significant positive effects. Accordingly, the Fund must honor and encourage its shareholders through continuous communication, highlighting the impact of their contributions on charitable and social work, and providing them with written or visual information, which highlights the Fund's achievements, programs, and services to beneficiaries, and its success stories.

- Ensure transparency by publishing financial statements, beneficiary information, success stories, project reports, and developments.
- Preparing the annual report, paying more attention and care to it, although the fund's website is the main point of contact with most shareholders, the annual report is the main source of reliable information about the fund. Moreover, while the report fulfills the regulatory requirements, it is also one of the most powerful printed means as it is the annual roadmap. It deals with a large segment of stakeholders, conveys through words and pictures the story of the fund, its prospective outlook, and its financial position, while providing explanations about seizing opportunities and facing challenges.

Thus, the main objectives of the annual report are:

1. Educate shareholders (current and potential), and provide information to them.
2. Develop a strategy, and write down information about how to implement that strategy.
3. Provide reports on performance during that period, and place them in the context of the Fund's strategy and the markets.
4. Explain the risks and factors that may affect business performance.
5. Fulfill other legal and regulatory responsibilities.
6. Provide details of supported projects.

Indicators of Financial Sustainability of Endowment Funds:

There are some indicators through which financial performance can be enhanced within what is termed as the financial sustainability of the endowment, and the most prominent of these indicators are:

1. Return on Assets: If we want to review the reality of endowment funds, we must look at the return on their financial assets. However, because this is directly related to the ability of these funds to face challenges, this requires that there be a distinct investment plan capable of maximizing assets and proceeds together, including ensuring the fund's ability to be financially stable, even with the fluctuations that affect it. The return on assets also clarifies the parameters of liquidity, the fund’s position in terms of market share and its size compared to other endowment funds. It contains a clear indication of the extent of the fund’s interest in shareholders’ rights, and that it is not an entity for disbursement and donations, but rather a productivity entity that cares about financial resources. It is also concerned with financial performance, and is able to harmonize financial resources with strategic tasks to achieve organizational performance, and demonstrate a sustainable competitive advantage.
2. Balance between Income and Expense: One of the important indicators in the field of financial soundness is that the endowment fund is able to take into account the balance between income and expense, through the financial statement of revenues, expenditures, and accounts receivable. Because it determines the role of the endowment fund in expanding expenditures or reducing them. It is part of a strategic plan towards society. This matter also

means profits and losses, which are two indicators attached to any endowment entity that has assets and revenues.

For example, when carrying out a marketing campaign for the fund, it must be subject to the index of expenditure and revenues, and what is the real cost of this campaign within the ability to balance, and the expectation of the next revenue.

3. Disclosure and Transparency: One of the important financial indicators in endowment funds is the disclosure and transparency of the related financial statements at any time, and that they are subject to measurement and consideration. It is important for the endowment fund to realize that disclosure and transparency lead to:

- The correct measurement to demonstrate the fund's ability to maintain the soundness of its financial position.
- Reveal the correct performance of the internal audit of operations, especially financial operations.
- Making a correct financial decision based on accurate data.
- Enhance the confidence of shareholders in the fund, and this leads to maximizing assets and revenues.

Endowments in light of Harvard University Fund:

Harvard University, the largest educational endowment institution, established endowment assets dedicated to university education and scientific research, which relied on a methodology to increase its endowment assets. To achieve this, it has adopted an investment philosophy that helped it develop its assets in a gradual manner, which is based on carefully selecting the work team, monitoring it, and involving customers and partners in voting on investment decisions, in addition to cooperating with distinguished investment institutions.

In the latest financial report for mid-2018, the endowment assets amounted to $39.2 billion, while the return on assets was 10%, and the disbursement of approximately $1.8 billion on the university's operational business.

The most Prominent Practices of the Harvard Endowment for Financial Sustainability:

1. The presence of a specialized company to manage endowment investments, Harvard Management Company HMC, and its extended partnerships with a number of asset management managers which give their experience and confidence, while making it a leading investor in some of the most successful fields. This is an important marketing aspect that increases the confidence of investors and shareholders, as Harvard University oversees approximately 91 thousand funds, a third of which is managed by the university, while the rest through specialized partners.
2. Improving the fund's attractiveness to investors through its keenness to adopt the best practices of sustainable investment, and this is evident through its use of three basic elements:
   a) Taking into account the main ethical principles in the investment underwriting and monitoring process, which are environmental, social and governance (ESG) factors that may have an effective impact on the financial performance of the investment.

b) Active ownership, as it adopts the best practices in corporate governance, and this means dealing with portfolio companies in an appropriate manner and exercising voting rights in a responsible manner. Each year, the Advisory Committee on Shareholder Responsibility (ACSR) carefully considers a set of shareholder decisions that raise CSR issues, publicly traded companies in which Harvard owns shares, and then submits its recommendations, along with reasons, to the Corporation Committee on Shareholder Responsibility (CCSR). In light of this analysis, the Committee on Shareholders Responsibility exercises the fiduciary duty of Harvard Company to determine how Harvard votes on its social responsibility agents and representatives each year.

c) Since the Harvard Endowment is committed to considering ESG factors in the context of the underwriting, analysis, and monitoring process, it has a major role in cooperation and joining initiatives that are in line with its approach to sustainable investment and helping direct it. As well as working effectively with counterparts and investors to promote common goals, and there are many initiatives and agreements that fell within these objectives.

3. Diversity of forms of contribution that preserve the right of both the donor and/or the endower; Harvard has two types of contributions: restricted funds and unrestricted funds. The Restricted Funds constitute the vast majority of endowment funds, and are limited to specific programs, departments or goals (dedicated scholarships, specific professors, etc.), and must be spent according to the conditions set by the donor. These funds can only be spent to support the fund's specific objective. As for the Unrestricted Funds, which represent less than 20% of Harvard's endowment, they are more flexible in nature and are

critical to supporting structural operating expenses and strategic initiatives. This is evident in the discrepancy in the distribution of endowment shares among the twelve departments of the university, as 80% of the endowment shares are spent on specific departments identified by donors.

Findings

These are the most important results from the brief study on this modern endowment form (Endowment Investment Funds):

- Endowment investment funds are defined as: "an investment pool consisting of endowed units, collected from subscribers' funds, established and managed by a financial entity specialized in the field of investment, then disbursing the net profits to a beneficiary on a regular basis, and subject to a regulatory authority in the manner of its establishment and management."
- This form is considered one of the forms of investment endowments, and it differs from in-kind endowments in a number of matters, the most important of which are: It is based on investment, so when explaining its provisions, this matter should be taken into account.
- Investment endowments have a number of controls related to them, some of which are legal controls, and some are technical and economic controls.
- Investment funds vary in many types and considerations, however, when establishing an endowment investment fund, three things must be considered:
  1. Taking into consideration the endowment nature of the endowment investment fund.
  2. Adherence to legal controls related to investment endowments and ensuring theirimplementation.
  3. Adopting the statutory conditions and requirements that make up this type of endowments, and taking into account the mandate and powers of the departments supervising the fund (Capital Market Authority - General Authority for Awqaf) in a manner that does not conflict with the competence of each of them.

- The Aspects of Endowments benefitting from Investment Funds include:
  1. Investing the surplus funds of endowment or what has been allocated from it for investment in these investment funds. In this case, the units are not considered an endowment with their specifics in place of cash, but rather the original amount of cash is the endowment.
  2. Endowment of some units in a non-endowment investment fund; so that what the subscribers collect from the profits they spend on the entity that they specified. The units in this form are endowed with their objects without the rest of the fund.
  3. Establishing an endowment investment fund in which all units are endowed, and its proceeds are spent on the entity specified according to the subscription document or what is stipulated by the subscribers (and this aspect is the subject of legal and Sharia study in this publication).
- The characteristics of (endowment investment funds) are as follows: That the endowment investment fund does not have a specific term, and all units of the fund are endowed, that the fund's units are not negotiable, that the subscribers (the endowers) cannot redeem the value of the units, and that the number of units in the fund is not specified.
- Endowment investment funds are distinguished by a number of advantages, including: management specialized in investment, enabling the general public to participate in huge endowments, ease of participation, lack of risk, suitability of the subscribers' ability, development and achievement of financial sustainability for non-profit organizations, and governance and transparency.

- Endowment investment funds have a number of laws and regulations related to them and that regulate their work, including: Law of General Authority for Awqaf, Legal Procedure Law, Capital Market Law, and as for the regulations, the most prominent of them are: licensing instructions for endowment investment funds, investment funds regulations, Real estate investment funds regulations, authorized persons regulations.
- All endowment investment funds are subject to the statutory provisions and requirements contained in publicly offered investment funds.
- The "Licensing Instructions for Endowment Investment Funds" and "Investment Funds Regulations" states the basic conditions and requirements for licensing the endowment investment fund, and the study presented them.
- The procedures for establishing an endowment investment fund go through several stages, which are in general:
  a. Choosing a fund manager.
  b. Submitting an application to establish the fund.
  c. Receiving and studying the application.
  d. Issuing a decision on the application.
  e. Marketing.
  f. Subscription.
- The manager of an endowment investment fund means: "a person who manages the assets of the investment fund, manages its business, and offers its units."

- The financial company that manages the endowment investment fund must have two licenses:
    1. Management license.
    2. Custody license.
- A person authorized to manage investment funds must adhere to the principles stipulated in the "Authorized Persons Regulations", which include integrity, financial sufficiency, and protection of clients' assets.
- The fund managers have rights represented in the commissions and wages they receive in consideration of managing the fund.
- The fund managers have a number of obligations, responsibilities and duties, and the "Investment Funds Regulations" have clarified them and made them separated according to the competence of each chapter and article.
- One of the most important advantages of endowment investment funds is that they are subject to governance, transparency and oversight, and applying the principles of governance to endowments contributes to their development, prosperity and protection. Therefore, we find that this modern form (endowment investment funds) combined the principles of governance and the endowment nature.

- Criteria for governance can be set in this endowment form by taking into account the following:
    a. Sharia controls for the governance of endowment institutions.
    b. Governance of financial and accounting management.
    c. Governance of endowment investments.
    d. Governance of endowment relationships.
- Legal relationship between the endowers and endowment investment fund manager is in two cases:
    a. To be a partnership (Mudaraba) contract.
    b. To be an agency contract with a fee, and this is prevalent, especially in investment funds in the Kingdom.
- Legal relationship between the fund's board of directors and the fund manager; it is a relationship of supervision and representation of the unit holders before the fund manager.
- Legal relationship between the fund manager, the General Authority for Awqaf, and the Capital Market Authority; a relationship of supervision, regulation and licensing, whether for the fund and its business, for the manager, for the board of directors, or for the terms and conditions and the like.
- The pillars of the endowment in the endowment investment fund are as follows:
    a. Endowers: They are all those who subscribe to a unit of the fund.
    b. Beneficiary Entity: A qualified for-profit entity according to the standards issued by the General Authority for Awqaf.

c. Endowed Unit: the cash represented in the fund's units, which together form the capital.

d. Form: Subscription in the fund.

- The jurisprudential adaptation of the fund is that it is just a pool, and therefore no ruling is attached to it. Rather, the adaptation is for the investment units endowed in the fund, and it is in two cases:

  a. Either the endowment is: for the entire unit; therefore, it takes the ruling of endowing money; due to the purpose of the subscribers in the endowment investment fund is to invest their money in order to spend it on charitable causes. Because the cash that they presented for the subscription did not belong to more than one person, rather it belonged to one person, just as the share of each subscriber (endower) is distinguished from the others, and it does not harm the common in it because the rule of all became one.

  b. Or, for some units; it takes the rule of endowing the commons.

- Jurisprudential adaptation of the fund managers are due to the nature of fees they receive for their work, and they usually do not deviate from two cases:

  a. Common share of the fund's profits; so, they take the provisions of speculation decided by the jurists.

  b. Fixed wages; so, they take the provisions of the paid agency contract that were decided by the jurists, and this is the majority.

- Jurisprudential adaptation of the relationship between endowers and fund manager, due to the nature of the contract between them, according to what is stipulated in the prospectus: either paid agency (which is the majority), or a speculation, accordingly, the legal controls for each adaptation are taken into account.
- Jurisprudential adaptation of the relationship of endowers with each other and the units they endowed, to the collective endowment, as the endowment investment funds are one of the forms of collective endowments.
- Jurisprudential adaptation of the Fund Board of Directors, which they are the trustees of endowment, therefore, they take the ruling of the trustees and their duties that were decided by the jurists.
- Investment activities of endowment investment fund vary, nevertheless, the most prominent of them are due to:
    a. Investing in in-kind assets.
    b. Investing in stocks.
    c. Investing in future sales.
    d. Investing in trade offers.

- Hedging in the investment of endowed money in investment funds is of great importance, given that the fund is based on investment, while the investment is subject to profit and loss, and hedging has several methods, therefore, the Sharia controls should be taken into account for each method, and the International Islamic Fiqh Academy has decided some controls in this, which the study dealt with, and among the forms of hedging in the endowment fund:
    a. Hedging through documentation.
    b. Technical hedging.
    c. Economic hedging.
    d. Hedging form.
- It is expected that there will be an increase in investment in endowment funds, and an increase in their numbers as well as the value of their assets.
- It is expected that these funds will flourish in the Kingdom of Saudi Arabia in response to the growth of societal awareness and the successive issuance of government regulations for them or the renewal of existing laws and regulations.
- Developing the financial resources of the funds requires the presence of a qualified work team, marketing and work plan with continuous follow-up and evaluation.
- It is possible to benefit from international experiences in this regard.

Conclusion

It is worthwhile for us to address after completing this tour with the endowment investment funds, and briefing on all the legal, regulatory, historical, linguistic, economic and forward-looking issues, that we hope to reach the desired level of response in the endowment sector of all their qualities in this vital sector.

It is a sector that increases its presence, influence, and overlaps with the public and private sectors for the benefit of society in most of its affairs, and participates with the government in carrying some of its burdens. As well as provides an opportunity for people of virtue and giving to increase their demand for good deeds, doing good, and benevolence, which are features that characterize our Arab Muslim society. It increases its solidarity and cohesion, as social solidarity is a safe haven in distress, a reason for the completion of happiness in prosperity, and the reward from Allah after acceptance is the object of hope.

We hope that the practitioner and the honorable reader will communicate with us regarding his remarks and suggestions. As this work is human, the space of correction and review is open to people of knowledge and expertise from the product of their minds, as well as their cumulative experience, where we benefit and benefit our broad endowment sector. Allah is always the guarantor of success.

Appendix No. (1)

Product Architecture
(investment fund with endowment assets)

Product Architecture (Investment Fund with Endowment Assets)

One of the priorities of the jurisprudence is to reform and improve the conditions of people and societies, this is not to be limited to the statement of the legal ruling on the actions of those charged, rather the jurisprudence should be extended to everything that would strengthen the nation and take pride in its status and righteousness. As well as to be able to manage life and make it according to jurisprudence, and among that is the creation of forms of endowment that serves the community and meets its needs.

As people's desires differ and vary in endowment disbursements, and since the form of endowment funds has several advantages in terms of management, governance and oversight, expanding the circle of benefiting from it, is a societal demand and need, especially after the General Authority for Awqaf announced the product of "endowment investment funds" and issued for this purpose (licensing instructions for endowment investment funds).

Since this is the case, and a desire to interact with the official procedures for endowments. We propose the following additional model for an investment fund with endowment assets whose profits are spent according to what the endowers see, that it is in accordance with the legal and Sharia requirements. We hope that the experts and advisors of the General Authority for Awqaf will study it and enact regulations that help in its governance and control.

Procedures for Establishing an Investment Fund with Endowment Assets:

1. A number of endowers specify their endowment assets to be endowed, proving their ownership thereof, defining their disbursements, trustee and powers, ways of investing and developing them. As well as stipulating the requirements of right to establish entities of institutions, companies or investment funds that are owned by the endowment or to participate with third parties in the endowment in the establishment of these entities, and an endowment deed is issued by the competent administration (Personal Status Court).
2. The trustee of each endowment extracts a commercial record of the endowment from the competent department (Ministry of Commerce), so that it is owned by the endowment deed.
3. The commercial registry concludes a partnership contract with four other commercial registries, provided that all of them are owned by endowment deeds through the Memorandum of Association, for the purpose of establishing a closed shareholding endowment company, its activity is in the practice of financial services business, it shows the share of each partner in it, and the amount of partner's shares.
4. The shareholders of the company hold the meeting of the constituent assembly; To draw up the company's bylaws, to appoint the members of board of directors and their authorities, as well as the endowment disbursements and the methods of investing it.
5. After the establishment of the company, the approval of its system by the competent department (Ministry of Commerce), a license application is then

submitted to practice the activity of securities business (management of non-real estate private investment funds) as stipulated in Article (6) of "Authorized Persons Regulations" to the competent department (Capital Market Authority).

6. Later, after obtaining the necessary licenses to practice securities activities, an application is submitted to establish a private multi-asset investment fund with an open-ended period from the Capital Market Authority.
7. In order to offer the fund a private placement, Article (74) Paragraph (a) of the "Investment Funds Regulations" stipulated that this should be done by experienced investors or that the minimum amount required to be paid by each offeree (subscriber) is not less than one million Saudi riyals or equivalent.

Important Notes:

- The aforementioned endowment company must have investment activities other than investment funds, in order to ensure the permanence of its continuity, and to cover its operating expenses.
- The contractual relationship between the subscriber and the fund manager is established by their signature on the terms and conditions of the fund and the subscription form.
- The fund's expenses and fees shall be in accordance with what is set out in Article (34) Paragraph (a) of the "Investment Funds Regulations" and what is stipulated in the terms and conditions of the fund.
- The method of distributing the fund's profits is according to conditions per what is in the fund's subscription document, including: that the trustee of each endowment (subscriber) takes their profits, and spends them according to what was stipulated by the endower in the endowment disbursements.

Appendix No. (2)

Regulations related to Endowment Investment Funds

Regulations related to Endowment Investment Funds

Capital Market Law

Sharia Procedure Law

General Authority of Awqaf Law

Authorized Persons Regulations

Investment Funds Regulations

Securities Business Regulations

Licensing Instructions for Endowment Investment Funds

Real Estate Investment Funds Regulations

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استثمار المستقبل
FUTURE INVESTMENT
متخصصون في الأوقاف والوصايا

ABOUT US

Future Investment is a specialized house of expertise that takes care of endowments in its present and future after knowing its past and being aware of its philosophy. It provides a package of visions, inputs, and solutions to establish eternal endowments, develop existing ones, and treat any emergency or defect. It includes within its working and advisory teams' competencies with specialization, care, and continuous learning in endowment field.

Our Values targeting people in this world and the hereafter, adhere to credibility and perfection, insist on learning and growth, seek to satisfy the partner, and maintain the privacy of information.

14 years ago, Future Investment was established in Rajab 1427 – July 2006. It provided many services to the endowment sector.

- Facilitate proof of endowment.
- Shortening the period of completion of endowment transactions.
- Achieving more precision in endowment forms.

OUR SERVICES

- Contribute to development of digital structure of endowments.
- Raise community awareness of the importance of endowments and spread its culture.
- Preparing studies and research.
- Provide practical and technical services to endowers.
- Establish endowment entities and study the best available options and legal forms that meet endowment regulatory needs.
- Prepare the regulatory procedures and governance of endowments, including the articles of association, regulations and organizational policies.
- Prepare the relevant regulations, such as regulations of supervisory board and the regulations of charitable grants.
- Provide professional administrative services that provide creative solutions for endowments with international quality.

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