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Since the launch of the Standard, the World Gold Council has supported the development and launch of a number of Shari'ah-compliant gold products.

For more information on the Standard, gold's role in Islamic finance, or to work with us on the development of new products, please email shariah@gold.org.



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Saudi Arabia: Maintaining position

Saudi Arabia is an Islamic banking and finance pioneer with total Shariah banking assets exceeding over SAR600 billion (US\$159.79 billion) in 2018. The Saudi market over the past 12 months teemed with activities, accentuated by new regulations and entrants.

Regulatory landscape

Saudi's Islamic banking industry is governed by a single regulatory framework for all banks, including conventional banks. Theoretically, all banking transactions in Saudi Arabia are supposed to be Shariah compliant; however, this is not the case. While the Kingdom practices Shariah law, its banking laws make no reference to Islamic banking.

There is no dedicated central Shariah board; compliance is fully carried out by the respective banks' individual Shariah boards.

Since Vision 2030 was announced in April 2016, various regulatory reforms have been introduced to liberalize the financial markets in line with the Kingdom's ambition of reducing its hydrocarbon reliance and attracting foreign investment.

The legislative reforms last year include publication of the Corporate Governance Regulations, the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies and the Guidance Note to the Regulatory Rules and Procedures, a number of enhancements to the fee and commission structure of the Sukuk and bond market, as well as the price stabilization mechanism for IPOs.

Banking and finance

The Saudi Arabian Monetary Authority (SAMA) has licensed 12 local banks and 14 foreign investment banks. Out of the 12 local banks, four are fully-fledged Islamic: Al Rajhi, Aljazira, Alinma and Albilad. In 2018, Citigroup returned to the market after a 14-year hiatus, while UAE-based Emirates NBD also started operations in Saudi.

Possible mergers and new entrants are anticipated: Alawwal Bank and Saudi British Bank received regulatory approval to merge, which will create the Kingdom's third-largest lender by assets. Foreign banks such as First Abu Dhabi Bank and Credit Suisse have expressed interest in a Saudi banking license.

The Kingdom in 2017 extended licenses to international rating agencies; as a result, the big three rating agencies — S&P Global Ratings, Fitch Ratings and Moody's Investors Service — all have already established offices in Saudi.

All these developments have contributed to the growth of the local Shariah banking industry. According to the IFSB, total Islamic assets in Saudi amounted to SAR633.88 billion (US\$168.81 billion) as at the fourth quarter of 2018, up from SAR590.48 billion (US\$157.25 billion) a year before.

Capital markets

A combination of enhanced regulations and government funding needs has propped up the Saudi capital markets especially the Sukuk and Islamic fund segments. On the equity front, the Capital Market Authority at the end of 2016 established a parallel market to the main market of Tadawul to widen the issuer spectrum to include SMEs.

Saudi also made it into the MSCI and FTSE Russell indices in an attempt to attract international investors. The past year also saw Tadawul taking on many reforms to encourage more foreign investment, including the introduction of a new opening and closing price mechanism which applies to both the main market and the parallel market.

Sukuk

Saudi debuted its sovereign Sukuk paper, which was the year's biggest in 2017. It raised US\$9 billion in April that year, receiving over US\$33 billion in orders. The nation also floats local Sukuk papers under its SAR-denominated program, with the latest issued for SAR2.84 billion (US\$756.32 million) in May 2019.

This year, big names like the Saudi Telecom Company, the IDB and Saudi Investment Bank floated their respective papers. Latest 12-month rolling Dealogic data shows that Saudi Arabia is the second-largest Sukuk issuer having floated approximately US\$9 billion. The Saudi Sukuk pipeline is looking robust with several large issuances planned including possible papers by Savola Group and Saudi Real Estate Refinance Co.

Funds

Saudi Arabia is home to the largest number of Islamic funds worldwide: a cursory count showed that there are at least 195 Shariah mutual funds listed on Tadawul and the investment universe has expanded to include REITs after the passing of new related rules. There are now 17 Islamic REITs listed on Tadawul, up from last year's count of 12.

Takaful

Practicing a unique cooperative model, Saudi Arabia is considered the world's largest Takaful market, with 34 players according to a 2017 report by Milliman. Yet, Saudi Arabia remains a severely underserved and highly concentrated market. At 1.1%, the insurance penetration level of the Kingdom is the lowest compared to regional peers.

The industry, comprising 30 insurers and five reinsurers, is regulated under the Law on the Supervision of Cooperative Insurance Company by the SAMA; in 2017, the industry's performance saw a drop from the previous year.

The sector saw aggregate profits fall by 56% to just SAR1.1 billion (US\$292.94 million) in 2017— less than half of the SAR2.5 billion (US\$665.77 million) it made in 2016. Gross written premiums also remained somewhat stagnant at around SAR36.4 billion (US\$9.69 billion), compared with SAR36.8 billion (US\$9.81 billion) the previous year.

Analysts opine that the poor performance was driven by a number of contributing factors — not least the depressed oil price and stagnant macroeconomic conditions — but the major catalyst was the substantial losses sustained by some of the Kingdom's biggest insurance players.

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¹ Most Outstanding Islamic Asset Management Company at the 15th Kuala Lumpur Islamic Finance Forum (KLIFF) Awards 2019.

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Gold in Islamic finance — investor insights (market update: March 2019)

Introduction

Gold has a deep historical connection with Islamic finance but its development as an asset class was limited by a lack of Shariah guidance. In 2016, this much-needed guidance was provided by AAOIFI's Shariah Standard on Gold, developed in collaboration with the World Gold Council. This removed one of the barriers preventing the development of gold-backed products in Islamic finance.

In 2018, we undertook research to understand how investors view Islamic finance, their attitudes toward gold, and preferences for gold-backed products. The insights summarized in this update will help banks and other institutions to launch gold-backed financial products that meet the needs of modern Islamic investors.

Gold in Islamic finance

Gold has a long association with Islamic finance. For centuries, the gold dinar was the currency and trading standard of the Islamic world. But as Islamic finance grew and developed, so did the need for clarity around the Shariah treatment of gold: as a Ribawi item, it is subject to strict trading rules. Debate about whether gold is a

currency or commodity hampered investment. This uncertainty was removed following the 2016 launch of the Shariah Standard on Gold, which provides a comprehensive framework for the development of gold-backed financial products, including gold exchange-traded funds (ETFs), investment accounts, savings plans and spot contracts. Since the standard was launched, a number of new Shariah compliant products have been developed.

We have been working with Islamic banks and other financial institutions since 2016 to further develop the market for Shariah compliant gold-backed products. As part of our engagement, in 2018 we partnered with global research agency Kantar TNS to conduct a comprehensive survey of 4,000 retail investors in four predominantly Muslim markets — Saudi Arabia, the UAE, Turkey and Malaysia – to gauge their attitude and approach toward Islamic investing and gold (for details on the research methodology and sample, see the World Gold Council's 'Gold in Islamic finance: retail investor insights', 2018).

Islamic investment trends

Islamic finance is a large market. In 2017, total assets surpassed US\$2 trillion for the first time. And it is growing: some estimates



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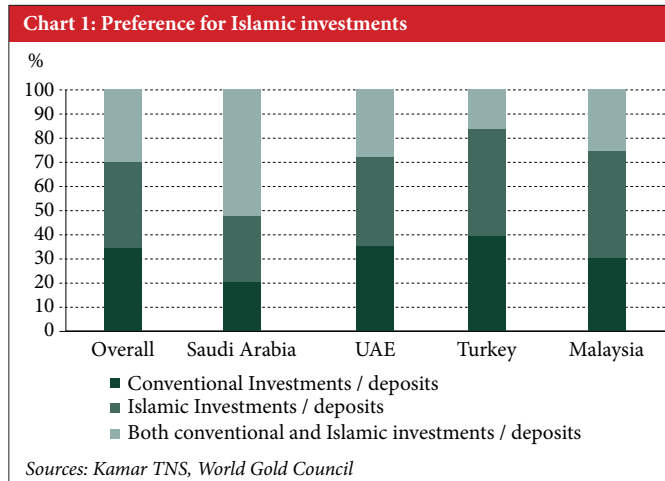


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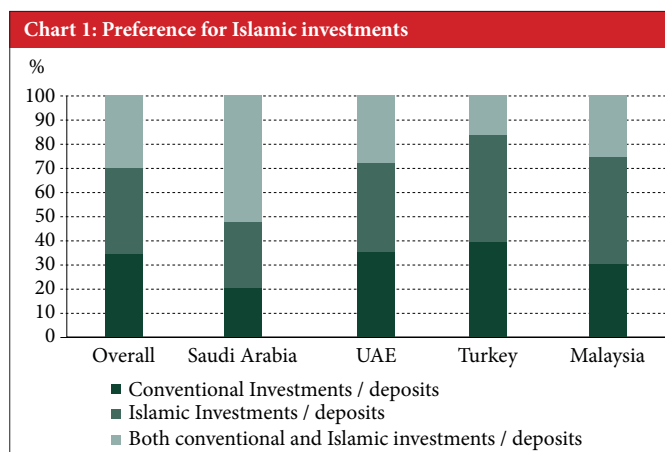
suggest a long-term compound average growth rate of over 9% (see Islamic Financial Services Industry Stability Report, 2018).

This positive outlook is reflected in the findings from our research. Two-thirds of those we surveyed would prefer their investment holdings to include Islamic products. Just under one-third, on average, would prefer to hold purely Islamic investments (see Chart 1).



And a clear majority (76%) of investors open to holding Islamic products stated that they were likely to increase their investments in Islamic products in the next 12 months. In Malaysia — a market that has pioneered product development in Islamic investment — investors showed the greatest inclination to build their exposure to Islamic investments, highlighting the link between Shariah compliant product innovation and retail investor participation. As the market for Islamic finance grows, product diversity will be key to meeting the financial needs of consumers and increasing the resilience of the Islamic finance system. It is essential that investors have access to Shariah compliant safe haven assets and powerful financial diversifiers; gold plays these roles and more.

Interestingly, younger investors are more likely to show a preference for Shariah compliant investments (see Chart 2).



The pace of product development and innovation in this industry in recent years has created a diverse range of Shariah compliant products designed to meet contemporary investment needs, which may have attracted younger generations into the market, according to **Malaysia International Islamic Finance Centre's report**

titled **'Technology and Innovation in Islamic Banking, 2016'**. Younger investors are more likely to be assertive and undertake due diligence on Islamic products — they are more likely to consult a scholar or insist on seeing the relevant Fatwa before coming to an investment decision. Marketing materials emphasizing the Halal credentials of these new products may therefore land well within this generation.

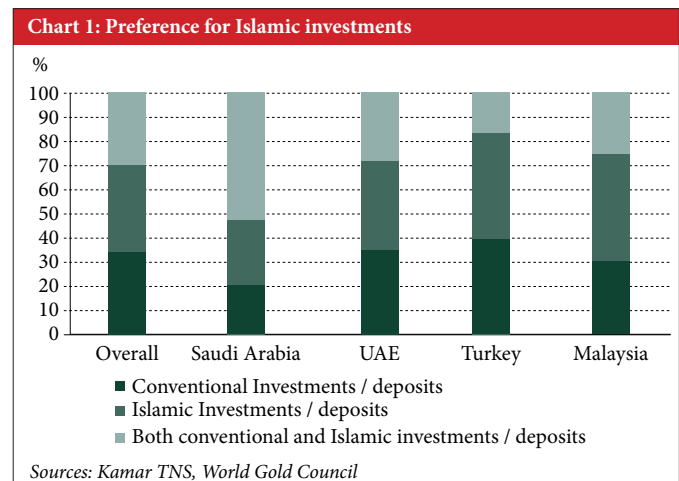
And Islamic investors do not choose these products purely on religious grounds: 47% of survey respondents thought Islamic investments were safer than conventional ones, while 49% thought that they were more ethical.

More broadly, Islamic finance can address a pressing policy issue facing many predominantly Muslim countries: financial inclusion. For example, according to the World Bank, only 14% of the Saudi Arabian population had formally saved money at a financial institution in 2017. The further development of Islamic finance will ensure Islamic investors have access to a wider range of products which meet their investment needs, which may boost financial inclusion. Our research shows that gold can play an important role in this.

Attitudes toward gold

The importance of 'safety' in driving investment decisions in Islamic finance makes gold an attractive asset class. It is a physical asset, outperforms many other Islamic asset classes and has little correlation to other financial instruments. Our research looked at attitudes to gold and some of the different gold products now available in Islamic markets.

Different gold investment products can meet different investor needs. Gold bars, coins and high-carat jewelry are chiefly viewed as protecting wealth or generating long-term returns. Gold-backed financial products, including ETFs and investment accounts, are also seen as fulfilling these roles, but these products are also more likely to be thought of as speculative or a means of generating short-term returns (see Chart 3).



These subtle variations in the way investors view different gold investment products are understandable: physical gold stored at home or in a vault is a tangible investment held outside the financial system. It may have strong cultural and traditional links, underpinning its role as a long-term investment. On the other hand, gold-backed financial products such as ETFs are designed to be easily traded, either online or over the phone. Their transparent

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fee-structure may chime more strongly with investors seeking short-term returns.

Despite the slightly higher risk profile that these investors attach to gold-backed ETFs compared to more 'traditional' gold products, they are nonetheless considered to be a 'safer', longer-term wealth protection vehicle than some other types of investments, including equities and even corporate and government bonds. And they are viewed as being far less 'risky' than cryptocurrencies. Only 20% of those we surveyed were invested in cryptocurrencies — and they primarily did so to meet short-term or speculative objectives. Interestingly though, the proportion of investors holding cryptocurrencies was higher among those already investing in gold: 25% of gold investors also had an allocation to cryptocurrencies. The fact that investors view these products as performing different functions helps explain the overlap: they may be viewed as balancing one another out.

Key product features

To support further development of the market for Shariah compliant gold investments, our survey explored three gold investment products — gold bars and coins, vaulted gold products (eg gold investment accounts) and gold-backed ETFs — to identify which features best appealed to Islamic retail investors (vaulted gold covers gold investment products which are stored at a professional vault on the investor's behalf).

Most respondents expressed a strong preference for gold bars and coins and, to a lesser extent, vaulted gold. Far fewer said they would prefer the gold-backed ETF investment option. This reflects the current availability of products in Islamic finance; and as more sophisticated products are launched, and the understanding of the role of different products increases among investors, these preferences are likely to change.

But despite the clear preference for bars and coins, there were elements of each of the three products that investors found appealing as explained in the following.

Simplicity and clarity. Respondents tended to prefer gold bars and coins chiefly because they find the product easy to understand. The simplicity of buying a tangible investment, which is also easy to sell, helps explain its popularity.

But there is room for improvement. Some investors would benefit from greater clarity around how and where to sell their gold and the fees they will pay to do so.

Convenience and security. Vaulted gold products, such as gold investment accounts, are recognized for their convenience — notably, their minimal investment requirements and online accessibility. Security is also seen as a benefit: in particular, the ability to store gold safely with a bank or bullion dealer — rather than at home — is a key attraction. The respondents would, however, prefer the additional convenience and security of being able to store the gold within their own country. And they would like to be able to redeem their gold holdings quickly.

Seamless trading. Although gold-backed ETFs were a less popular choice, the speed and ease of online trading that they offer is seen as a major benefit among those who said they prefer these products.

Investors also prized the security offered by the gold being held in an allocated account.

But there was a perception among investors that gold-backed ETFs were associated with a higher level of risk than the other products: the fact they can be traded on an exchange meant many of these retail investors felt it is a more sophisticated investment product than they are comfortable with.

And one overriding theme to come through was the importance of physical gold. If they are to invest in gold-backed ETFs, retail investors want the ability to redeem their investment in physical gold should they choose to sell. Almost two-thirds of investors (65%) would prefer to receive physical gold rather than cash if they were to sell an investment in a gold-backed ETF. The same was true for vaulted gold, highlighting the strength of the connection with the physical underlying gold.

Summary

Our research gives unprecedented insights into the preferences, perceptions and behaviors of Islamic investors. It showcases the clear opportunity for gold in Islamic finance, with 76% of Islamic investors we surveyed open to increasing their exposure to Islamic investments in the near future.

Gold's Shariah compliance is a recognized benefit among this audience. On the whole, they view gold as a long-term investment, which chimes with their perception of Islamic investments as being 'safer' than conventional investment products. And there are key features associated with different gold products that resonate among these investors. If these product attributes are clearly and effectively communicated, gold has a clear opportunity to cement and strengthen its position in Islamic finance.

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This article was contributed by the World Gold Council.



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SED CO Capital employs highly-efficient investment professionals throughout the world. The company follows the highest standards of corporate governance rules and practices including the use of advanced information technology systems. SED CO Capital is a Shariah compliant global asset manager, and the first Saudi Arabian company, to become a signatory to the United Nations Principles of Responsible Investment (UNPRI).

Through its successful track record, SED CO Capital is committed to offering innovative Islamic-compliant investment products and today has the largest sharia compliant investment fund platform in Luxembourg through its SED CO Capital Global Funds platform.

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Prudent Ethical Investment: Expanding Frontiers for Shariah Compliant Asset Management

SEDCO Capital

Creating the Prudent Ethical Investment strategy

SEDCO Capital, a Saudi Arabia-based asset manager, regards responsible finance as a result of the synergies between Islamic finance and responsible investment, both of which are ethical in nature. They each align an ambition to improve the living conditions and well-being of society, to establish social equality and to prevent injustice in trading relations. SEDCO Capital became the first Shariah-compliant signatory to the UN-supported Principles for Responsible Investment (PRI) based on the similarities between the ethical principles of Islamic finance and responsible investment.

Prudent Ethical Investment is the term that SEDCO Capital uses to describe its approach to responsible finance, which combines the exclusions of the 'sin sectors' of the ethical investment approach with financial ratio screening, which filters out undue risks and seeks sustainable investments with strong governance. It also includes an integrated assessment of environmental, social and governance (ESG) considerations.

SEDCO Capital's Prudent Ethical Investment (PEI) strategy combines ESG, which is mainstream, and Shariah-compliant investment strategies, which are less well known among global asset owners. To help improve knowledge of its approach to responsible finance, SEDCO Capital has conducted research to show the value-add from Islamic investment screens.

Overcoming the 'sin stock' performance barrier

The ESG elements are widely known, so SEDCO Capital focused on the two unique aspects of PEI: 'sin screen' exclusion; and financial ratio screening to avoid exposure to companies with large interest income or expense or that are over leveraged. A common understanding, supported empirically, is that negative screens for 'sin stocks' lead to a deterioration in expected performance for a portfolio as a whole compared with unscreened investments.⁴ The 'sin stocks' screen is common ground for many responsible investors as well as Shariah-compliant investors.

SEDCO Capital's research covers ten years of data across a global universe of equities. It found that the balance sheet constraints used by Islamic investors can improve the risk-adjusted returns of an unscreened and an exclusions-focused strategy. The biggest difference between the exclusions-focused strategy and the Shariah-compliant strategy was the leverage ratios. This provides evidence that PEI can deliver distinct return/risk characteristics from the exclusions-focused strategy but also improvement on a conventional investment approach.

Christian Gueckel, SEDCO Capital's Chief Risk Officer and author of the research, said: "The lower financial leverage and better cash conversion result in a bias to quality and growth, which adds the prudence element to the PEI approach". The research shows that PEI delivered benefits as a result of the factor exposures to quality and growth characteristics.

4 See, for example, Harrison Hong and Marcin Kacperczyk, "The price of sin: The effects of social norms on markets," *Journal of Financial Economics* 93, no. 1 (2009): 15–36; Frank J. Fabozzi, K.C. Ma, and Becky J. Oliphant, "Sin Stock Returns," *The Journal of Portfolio Management* 35, no. 1 (2008): 82–94; and David Blitz and Frank J. Fabozzi, "Sin Stocks Revisited: Resolving the Sin Stock Anomaly," *The Journal of Portfolio Management* 44, no. 1 (2017): 105–111.

Tapping into a global network

The combination of SEDCO Capital's internal research and resources it received from external sources including the PRI has provided significant integration of ESG into SEDCO Capital's products and significantly affects its investment process. For example, SEDCO Capital combines internal and external data sources on its investment targets and it addresses an environmental consideration by reviewing different product and service revenue sources.

If a particularly environmentally detrimental practice represented a material portion of the revenue for a target company, SEDCO Capital would analyze the company separately, assuming that the problematic revenue sources were phased out over time. The valuation of the company would be viewed as if those revenue sources were phased out even if there was a historical track record of growth in sales and profitability from these revenue sources.

Since becoming a PRI signatory, SEDCO Capital has gained connections within the global responsible investment industry, which has become an enormous market. Based on one measure of PRI signatory assets under management, responsible investment accounts for \$81.7 trillion, with just over \$30 trillion invested into fixed income and just under that amount in equities.

Educating asset owners in the Middle East

This broad network brings significant resources, guidance, network and collaboration opportunities that have enhanced SEDCO Capital's ability to use strategies such as active ownership and engagement, and specific practices with regards to ESG integration. According to the PRI's 2018 annual report, however, SEDCO Capital is somewhat unique in the Middle East, where it is one of only nine signatories, compared with nearly 70 in Africa and 130 across Asia.

SEDCO Capital is also moving further ahead of most other Islamic financial institutions, which makes the research it has conducted so important. The research explains how Islamic investment is an investment strategy on its own, not

based solely on personal ethical conviction, but also complementary to other strategies within responsible investment.

The research lays out a case for why the unique focus on leverage in PEI can drive improvements to conventional investment strategies and helps build the foundation of evidence for performance. These were instrumental in responsible investment and ESG building a mainstream following among asset owners, whose interest drove the capacity development among asset managers.

Improving active ownership in the GCC

SEDCO Capital is taking the next steps to improving the responsible finance landscape, including addressing the lack of ESG data being disclosed by many companies within the Gulf Cooperation Council (GCC) countries. SEDCO Capital's Gueckel said: "We aim to have a constructive dialogue with listed companies to create awareness of risks resulting from a company's ESG practices so these risks can be abated."

Active ownership in these markets is more difficult than in developed markets, for reasons including technical challenges as well as challenges in generating impact. In many GCC markets, the infrastructure to handle proxy voting research and recommendations is less developed. Company general meetings may be less transparent and there are challenges such as the presence of dominant shareholders.

Gueckel pointed to improvements in Saudi Arabia's market infrastructure relating to proxy voting as a "key milestone". The Saudi stock exchange upgraded its technology system, Tadawulaty, to enable shareholders to more easily execute their proxy voting, which helps asset managers like SEDCO Capital to meet their goals for executing a high percentage of the available proxy votes within their portfolios.

Beyond equities: How can responsible finance benefit sukuk and other asset classes?

The ESG integration that SEDCO Capital conducts on companies in the GCC

provides qualitative and quantitative inputs for its estimate of each company's enterprise value. This may be quantitative, for example, if addressing the likely loss of revenue generated by an investment target through environmentally damaging activities.

An ESG approach may also drive enterprise value through competitive advantage from other channels such as opportunities for new revenue streams, cost savings, risk reduction including from governance, and as a result of lower share price volatility. Beyond the ESG analysis done on a corporate level for equity investments, SEDCO Capital evaluates sovereign-level systemic risks, as well as the social and governance quality of countries in which it invests. This approach also drives its sukuk investment strategy, which is one of just a few ESG-screened sukuk investment strategies globally.

Although ESG has traditionally been primarily focused on equity markets, SEDCO Capital is one of a small number of asset managers using ESG for private equity and real estate investment. Gueckel contrasted the difficulty of affecting ESG practices in listed companies with the increased opportunities for private equity and real estate investors:

"In private asset classes such as real estate or private equity [...] we may have greater influence and control as the owner of properties and can consider ESG aspects in the business plan for value-add actions. Furthermore, we are active in certain markets in which sustainability practices are at an earlier stage, giving SEDCO Capital an opportunity to demonstrate leadership in sustainability practices."

When SEDCO Capital signed the Principles for Responsible Investment in 2014, it became a leader for the Islamic finance sector in showing the compatibility of responsible investment strategies including ESG with Islamic investing. Since then, by applying the whole package of Prudent Ethical Investing to a variety of asset classes, supporting the establishment of the RFI Foundation, and working internally to enhance its ability to be an active owner in the GCC and globally, SEDCO Capital has been a consistent champion for responsible finance. ■

STC's Sukuk: A debut international issuance

Saudi Arabia joined an array of telecommunications companies in tapping international Islamic markets around the world with Saudi Telecommunications Company (STC) floating its dollar Sukuk. The maiden paper, floated earlier this month, was placed for US\$1.25 billion.

The Sukuk facility was sold under a debut program of STC with a total amount not exceeding US\$5 billion. The international Sukuk program is to serve the company's strategy and future plans and to diversify funding sources as well as benefit from the advantages of international Sukuk.

These advantages include global liquidity, competitive prices, diversity in investors, elevation of the financial ability of the company and reinforcement of its presence in the international debt market.

"The aim of the Sukuk program is to support the execution of the company's strategy and future plans. Further, it will help the company to diversify the sources of funding and benefit from the features of the international debt capital market in terms of liquidity, competitive pricing and diversification of the investor base. In addition, having an international presence in the debt capital market through this program will enhance STC's financial standing," said the issuer.

The Sukuk will be listed on the Irish Stock Exchange, trading as Euronext Dublin, and sold in reliance upon Regulation S or Rule 144A under the US Securities Act of 1933, as amended. The 10-year Sukuk facility was floated with a profit rate of 3.89%, and consists of 6,250 units at US\$200,000 par each. The paper may be subject to early redemption at the discretion of STC Sukuk Company. Arranged by HSBC Bank, JPMorgan and Standard Chartered Bank, the Sukuk facility has onboarded HSBC Saudi Arabia's executive Shariah committee, the Shariah advisors of JPMorgan Securities and the Shariah supervisory committee of Standard Chartered Bank as the advisors for the structure.

Moody's Investors Service assigned a '(P)A1' rating to the program, and a stable outlook to STC Sukuk Company, the SPV created for the program and subsequent issuances.

A telecommunications company foraying into Sukuk is increasingly becoming a common occurrence. In Malaysia, all three giant mobile companies — Maxis, Celcom and Digi — are regular issuers. Indonesia's Axiata also taps the market frequently. Oman's Omantel tapped the Sukuk market two years ago, whereas in the UAE, Virgin Mobile Middle East and Africa in 2018 issued a pre-IPO exchangeable Sukuk facility.



Issuer	STC Sukuk Company
Obligor	Saudi Telecom Company
Size of issue	US\$1.25 billion
Mode of issue	Rule 144A, Reg S
Tenor	10 years
Profit rate	3.89%
Currency	US dollar
Arrangers and dealers	HSBC Bank, JPMorgan, Standard Chartered Bank
Governing law	English law, Cayman Islands law, the laws of Saudi Arabia
Listing	Irish Stock Exchange
Rating	Moody's Investors Service: '(P)A1'
Shariah advisor(s)	Executive Shariah committee of HSBC Saudi Arabia, the Shariah advisors of JPMorgan Securities and the Shariah supervisory committee of Standard Chartered Bank
Tradability	Yes
Minimum investment	US\$200,000



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-  Best Islamic Digital Bank (2018, 2017, 2016)
-  The Innovators Islamic Finance (2017, 2016)

Global Business Outlook

-  Best Home Finance Provider in KSA
-  Best Digital Transformation in Online Payment (SADAD)

We hope that we'll keep meeting your expectations as we've always been doing since Bidaya's inception in 2016.

Bupa Arabia for Cooperative Insurance

Bupa Arabia for Cooperative Insurance has announced that Simon Preston has resigned from his position as a non-executive board member. The resignation of Preston, who was representing Bupa Investment Overseas (BIO), is due to the desire of BIO to change its representative on the board of directors.

Al-Ahlia Insurance Company gets nod

The Capital Market Authority (CMA) has approved Al-Ahlia Insurance Company's request to reduce its capital from SAR160 million (US\$42.65 million) to SAR123 million (US\$32.79 million), thus reducing the number of shares from 16 million 12.3 million, according to a statement.

This approval is conditional on the company's extraordinary general assembly approval and completion of the necessary procedures in relation to the applicable regulations.

Gulf General Cooperative gets SAMA's greenlight

Gulf General Cooperative Insurance Company has received the Saudi Arabian Monetary Authority's no objection to increase the company's capital by SAR300 million (US\$79.97 million) through a rights issue, according to a bourse filing. The capital of the company after the increase will be SAR500 million (US\$133.28 million).

MedGulf settles Zakat claims with GAZT

MedGulf Insurance and Reinsurance Cooperative Company has agreed with the General Authority of Zakat and Tax (GAZT) to settle Zakat and tax claims for the financial years from 2007 until the end of the 2016 fiscal year with a payment of SAR115.56 million (US\$30.8 million), according to a bourse filing.

The settlement will result in an increase in shareholders' equity of SAR15.79 million (US\$4.21 million). This settlement does not cover the years 2017 and 2018 as the company has not yet received final Zakat.

NCB extends Islamic financing to Swicorp

Swicorp has obtained a seven-year Islamic financing worth SAR1.4 billion (US\$372.83 million) from National Commercial Bank (NCB) for the Swicorp Wabel REIT Fund.

The purpose of the financing is to fund the expansion plan of the REIT through new acquisitions of income-generating properties that are located mainly within Saudi Arabia excluding Mecca and Medina, while ensuring a diversified asset classes exposure that is in line with the fund's investment strategy, which shall reflect positively on the fund's net income and cash dividends due to the difference between the income generated from acquired properties and the financing cost.

Al Kathiri Holding Company renews Islamic facility

Al Kathiri Holding Company has amended and renewed a Shariah compliant financing with Riyad Bank, increasing the value of the facility from SAR3 million (US\$798,922) to SAR4 million (US\$1.07 million), according to a bourse filing.

The facility is secured by a promissory note in favor of the bank. The purpose of this facility is to finance the company's working capital and to meet other business requirements.

Saudi's CMA introduces new foreign ownership rules

The Capital Market Authority (CMA)'s board has issued its decision to adopt the Instructions for the Foreign Strategic Investors' Ownership in Listed Companies, according to a statement.

The new instructions aim to regulate the provisions, requirements and conditions for the foreign strategic investors' ownership of a strategic shareholding in listed companies, in addition to determining the foreign strategic investors' obligations and the obligations of the authorized persons in this regard.

Tadawul approves listing of domestic Sukuk

The Saudi Stock Exchange (Tadawul) has approved the listing of one Sukuk facility worth SAR2.74 billion (US\$730.31 million) issued by Saudi Arabia, according to a bourse filing.

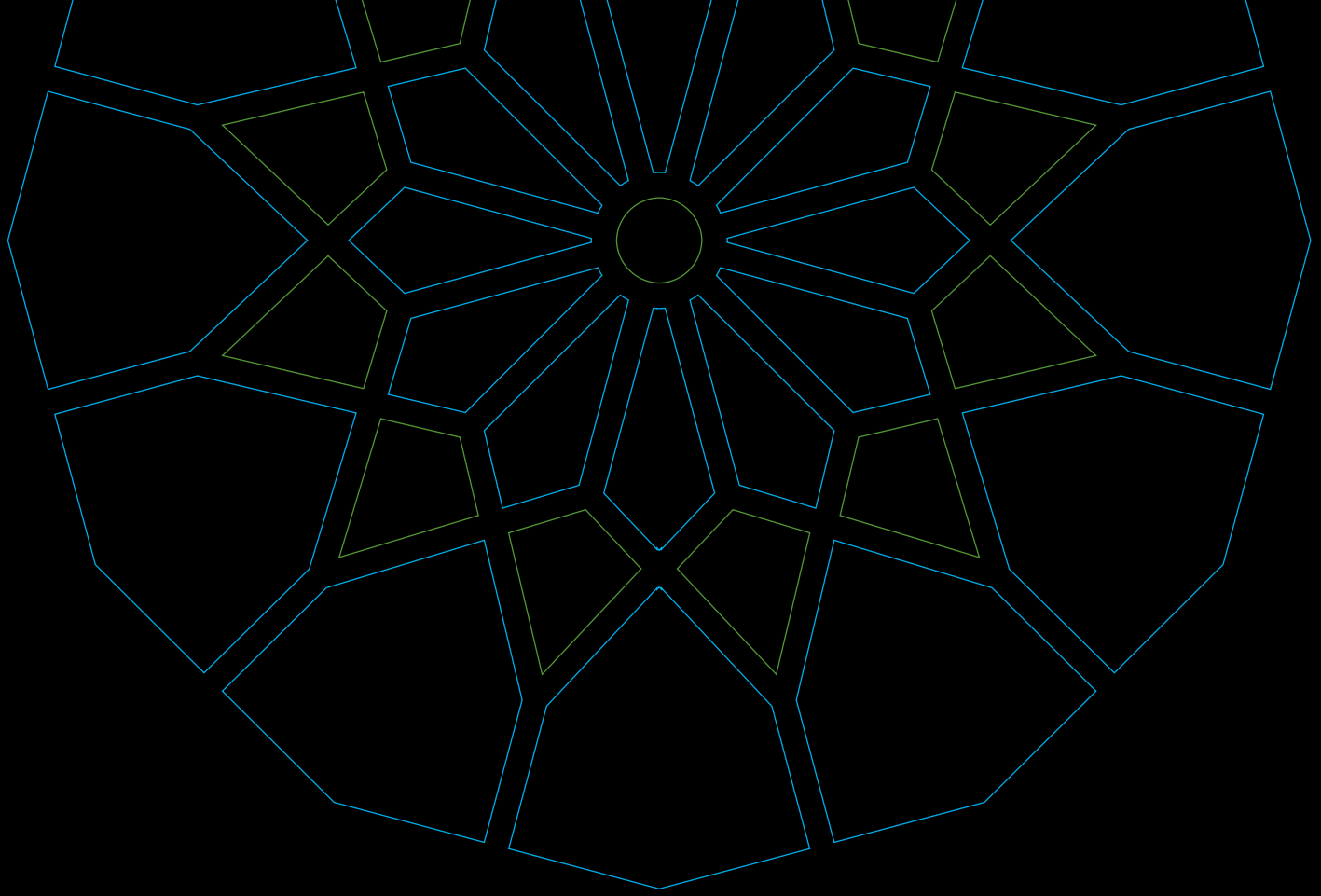
SSTC and Aljazira Takaful discuss merger

Solidarity Saudi Takaful Company (SSTC) has signed a non-binding MoU with Aljazira Takaful Company to evaluate a potential merger, confirmed a bourse filing. In the event that a merger is agreed, it will be implemented by way of a share swap where, after the proposed merger is completed, Aljazira Takaful will issue new shares to Solidarity Saudi Takaful in exchange for all issued shares of the latter. Saudi Kuwait Finance House has been appointed as Solidarity Saudi Takaful's financial advisor.

Saudi closes June Sukuk issuance

The Saudi Ministry of Finance has issued Sukuk worth SAR2.74 billion (US\$730.35 million) for June, under the Saudi Arabian Government SAR-denominated Sukuk program, according to a statement.

The issuance was divided into three tranches: the first tranche was issued at SAR1.1 billion (US\$293.21 million), maturing in 2028; the second tranche was floated at SAR345 million (US\$91.96 million), maturing in 2031; and the third tranche was floated at SAR1.3 billion (US\$346.52 million), maturing in 2034.



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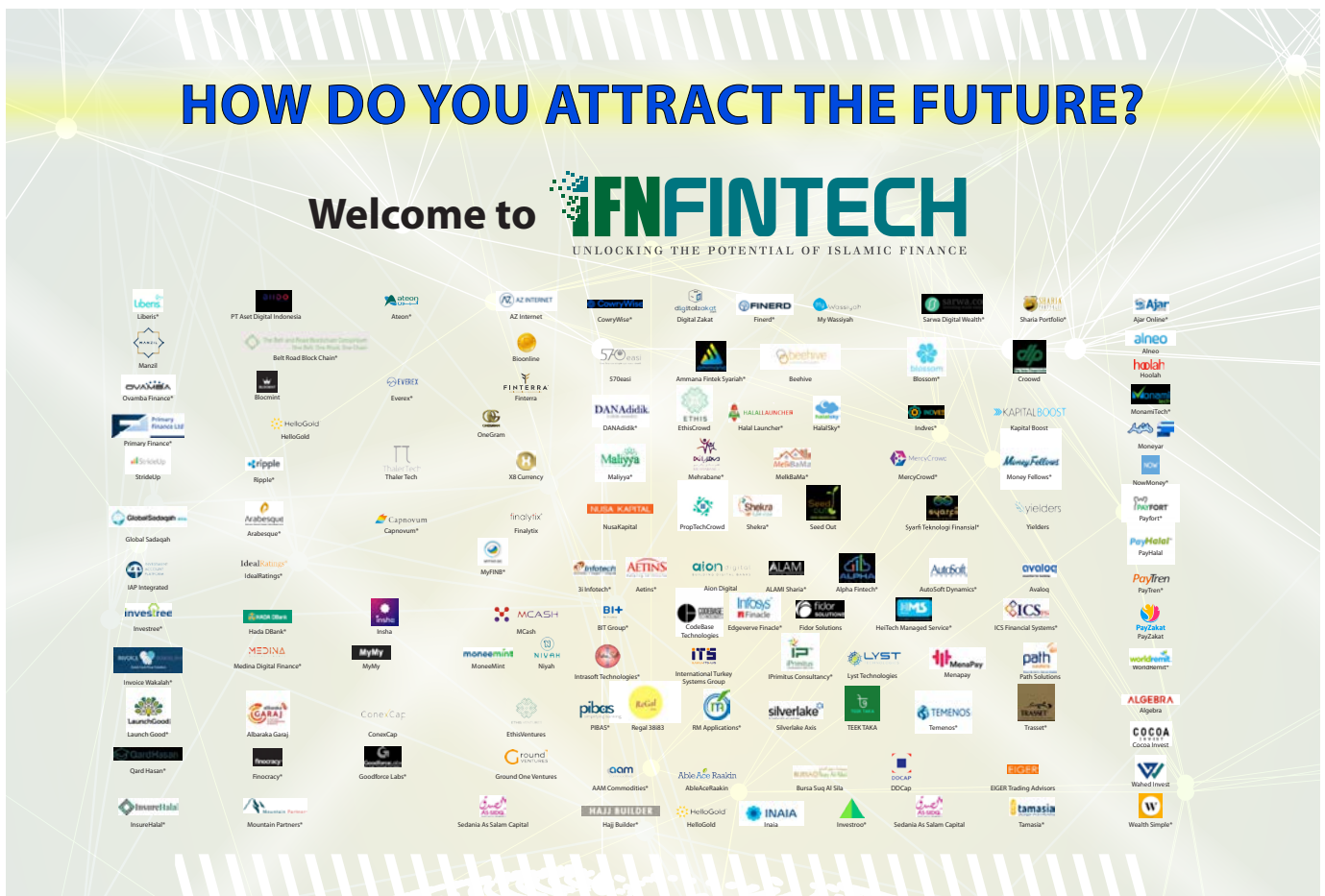
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JOHN SANDWICK — *General Manager, Safa Investment Services*





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Building a Nation: Funding Development in Saudi Arabia

We discuss key issues relevant to 2030 Vision and the funding of development in Saudi Arabia through Shariah compliant methods. These include the Kingdom's housing program and the development of the mortgage finance industry, public-private partnerships and their role in privatization and infrastructure financing. We also examine the ascendancy of financial technology in Saudi Arabia, the performance of the domestic financing sector, regulatory change, FTSE/MSCI inclusion, as well as the extension of multi-lateral global trade deals and investment. Lastly, how can education and further development ensure these initiatives are sustainable and long-term?



JOHN SANDWICK

*General Manager,
Safa Investment
Services*



**ABDULKADER
THOMAS**

*CEO, SHAPE
Knowledge Services*



ASHER NOOR

*Chief Investment
Officer and CFO,
AlTouq Group*



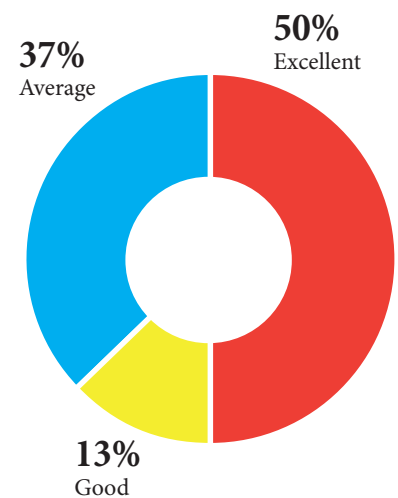
AYMAN SEJINY

*CEO and General
Manager, Islamic
Corporation for the
Development of the
Private Sector*



**KHALED AL
HASAN**

Senior Islamic Banker



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Growing Mortgage Finance and Home Ownership in Saudi Arabia and Exploring the Role of Islamic Finance

We examine the financing of the Kingdom's ambitious housing program through the growth and development of the domestic mortgage market. What needs to be done to further drive home ownership in the Kingdom and what else does the mortgage ecosystem require? What is the latest assessment of Saudi Arabian Mortgage Laws and where does Islamic finance play a role? We analyse the potential for real estate securitization and asset-backed Sukuk in Saudi and what the market needs for this to move forward including structures and regulation.



JOHN SANDWICK

*General Manager,
Safa Investment
Services*



**ABDULELAH
SALEH AL-SHAIKH**

*CEO, Saudi Home
Loans*



AZIZI ALI

*Senior Vice-President,
Business and Product
Development,
Cagamas (National
Mortgage
Corporation of
Malaysia)*



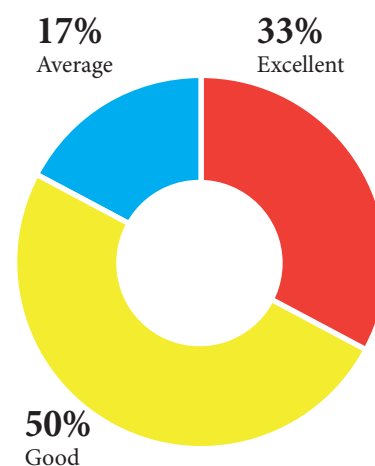
FABRICE SUSINI

*CEO, Saudi Real
Estate Refinance
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**MAZIN AL
GHUNAIM**

*CEO, Bidaya Home
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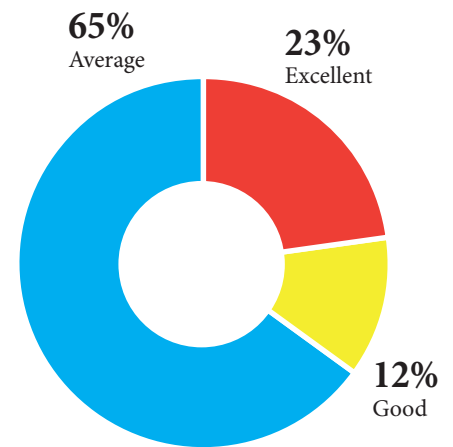


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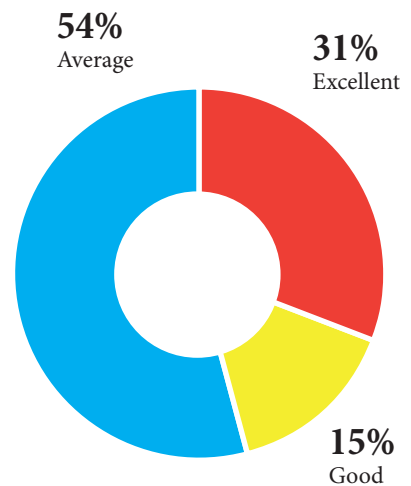
Interview: The Islamic Financial Institution of the Future — Digitization, Smart Contracts and Blockchain



Interviewer: **KHALID HOWLADAR** — Managing Director and Founder, Acreditus

Interviewee: **AYMAN SEJINY** — CEO and General Manager, Islamic Corporation for the Development of the Private Sector

Interview: Ethical and Sustainable Investment in the Kingdom and Beyond



Interviewer: **KHALID HOWLADAR** — Managing Director and Founder, Acreditus

Interviewees:

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MUHSIN JEENA — Head of Regional Business, MENA & SEA, Old Mutual Investment Group



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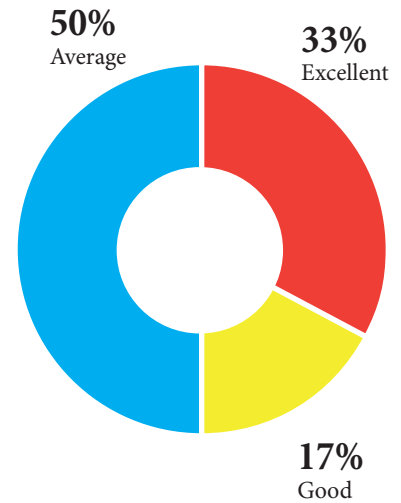
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Presentation: Gold — Opportunities for Financial Innovation



ANDREW NAYLOR — Director, Central Banks and Public Policy, World Gold Council

The role of gold as a strategic asset in Islamic Finance

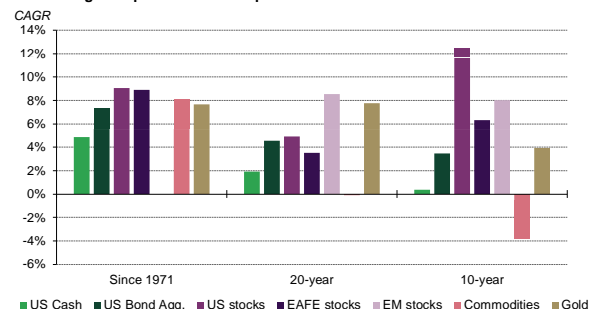
April 2019

Strategic case for gold



The strategic case for gold: returns

Gold's long-term performance compared to other financial assets*

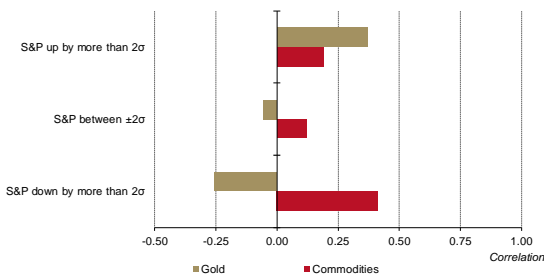


*As of 31 December 2018. Based on total returns including MSCI US, MSCI EAFE net, MSCI Emerging Markets net, JP Morgan 3-month US cash, Bloomberg Barclays US Bond Aggregate, Bloomberg Commodity Index. Gold performance based on the LBMA Gold Price.

Sources: Bloomberg, ICE Benchmark Administration, World Gold Council

The strategic case for gold: diversification

Correlation of US stocks versus gold, commodities*

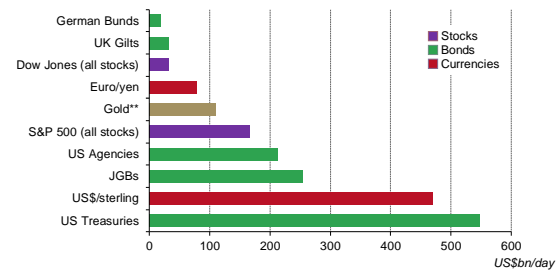


*Based on weekly returns of the S&P 500, LBMA Gold Price and the S&P Goldman Sachs Commodity Index using data between 1 January 1987 and 31 December 2018.
Sources: Bloomberg, ICE Benchmark Administration, World Gold Council

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The strategic case for gold: liquidity

Gold trades more than many other major financial assets
Average daily trading volumes in US\$*



*Based on estimated 1-year average trading volumes as of 31 December 2018, except for currencies that correspond to 2016 volumes due to data availability.
** Gold liquidity includes estimates on over-the-counter (OTC) transactions, and published statistics on futures exchanges, and gold backed exchange-traded products.

Sources: BIS, Bloomberg, German Finance Agency, Japan Securities Dealers Association, LBMA, UK Debt Management Office, World Gold Council

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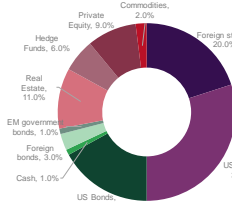
The strategic case for gold: portfolio impact

10-year analysis of a hypothetical pension fund portfolio

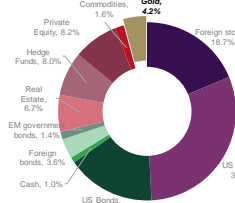
Return: 5.6%
Volatility: 13.1%
Max Drawdown: -43.5%

Return: 5.7% ↑
Volatility: 12.1% ↓
Max Drawdown: -38.9% ↓

Hypothetical US pension fund portfolio*



Optimized average pension fund portfolio*



*As of 30 June 2018. Based on the 2018 Global Pension Fund Asset Survey and 2017 Global Alternatives Survey.
Source: Willis Towers Watson, Bloomberg, World Gold Council

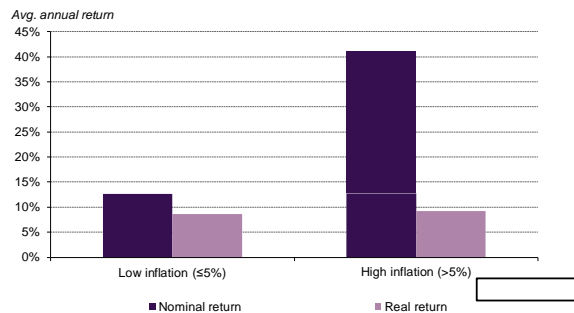
*As of 30 June 2018. Based on an optimized efficient frontier optimization.
Source: Willis Towers Watson, Bloomberg, World Gold Council

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6

Gold and capital preservation: inflation

Gold returns as a function of annual inflation*



*Inflation computed using annual CPI year-on-year changes between 1971 and 2018.
** For each year on the sample, real return = (1 + nominal return) / (1 + inflation) - 1.

Sources: Bloomberg, ICE Benchmark Administration, World Gold Council

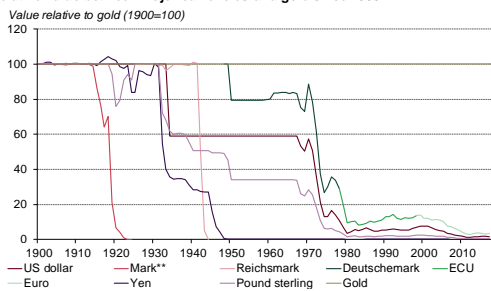
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Gold and capital preservation: currency

Gold and currency depreciation

Relative value between major currencies and gold since 1900*



*As of 31 December 2018. Based on the annual average price of a currency relative to the gold price.
** The 'Mark' was the currency of the late German Empire. It was originally known as the Goldmark and backed by gold until 1914. It was known as the Papiermark thereafter.

Sources: Bloomberg, Harold Marc use – UC Santa Barbara, World Gold Council

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Gold in Islamic Finance



IFN SAUDI ARABIA REPORT 2019

POST-FORUM REPORT

AAOIFI Shari'ah Standard on Gold

The AAOIFI Shari'ah Standard clarifies the Shari'ah treatment of gold trading and investing. It was launched at the World Islamic Banking Conference in 2016.

A dedicated website (www.shariahgold.com) hosts the Standard and related materials.



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Key principles

1. Gold must be **traded on a spot basis** (hand-to-hand). Conventional forwards and futures are not permissible.
2. Gold can be **owned on a physical or a constructive basis**. This very important as it allows gold products to be structured.
3. In the case of constructive possession, **gold has to be fully allocated**. Unallocated gold is not permissible.
4. Allocation can occur through either T+0 settlement OR the receipt of a certificate/email **specifying bar ownership**.
5. It is **permissible to own gold jointly**, where each partner owns an undivided beneficial interest in a trust. This is important for structuring purposes, such as for some physical gold ETFs.

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Industry reaction

"AAOIFI's Shari'ah expertise and the World Gold Council's industry know-how have ensured that the Standard becomes the basis not only for the inclusion of a historically and economically important asset class, but for the stability of Islamic Financial Institutions around the world."

Sheikh Yusuf DeLorenzo
International Shari'ah Scholar and advisor to Dow Jones

"There is a recent precedent that initially contradictory opinions can converge and finally allow a collective fatwa – namely, the AAOIFI Shari'ah Standard 57 on gold and its Trading"

Islamic Financial Services Board (2017 Financial Stability Report)

"Given its history and reputation, the opportunity for the use of gold in Islamic finance is clear... This Standard will enable the foundation of what could be the most significant event for Shari'ah finance in modern times."

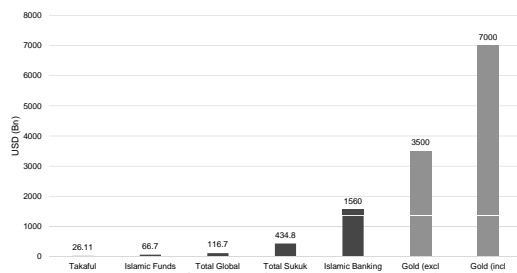
Dr Mark Mobius
former Chairman, Templeton Emerging Market Fund

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The gold market is large and liquid

The gold market is larger and more liquid than major Islamic asset classes



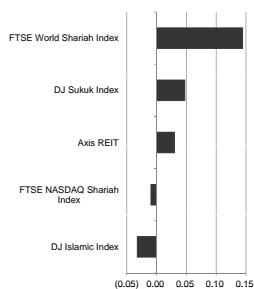
Sources: IFSB, IIFM, World Gold Council. As at end 2017 except Sukuk issuances (2016)

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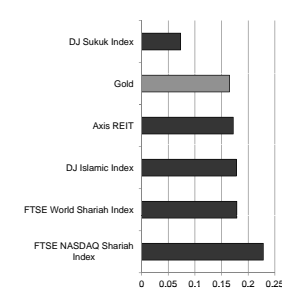
13

Gold is a powerful diversifier

Islamic Asset Classes Correlation to Gold (10 Year)



Annualized Volatility of Islamic Assets and Gold (10 Year)

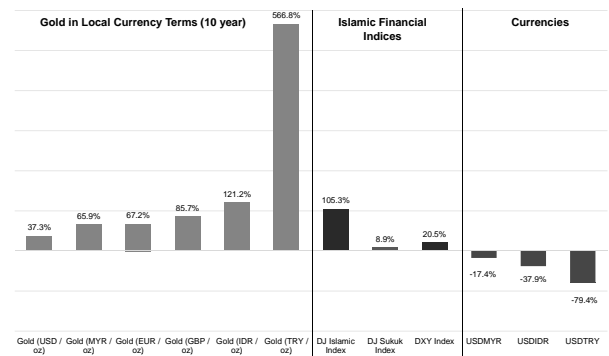


Source: World Gold Council; Bloomberg. As of 8 Oct 2018

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Gold outperforms other Islamic asset classes



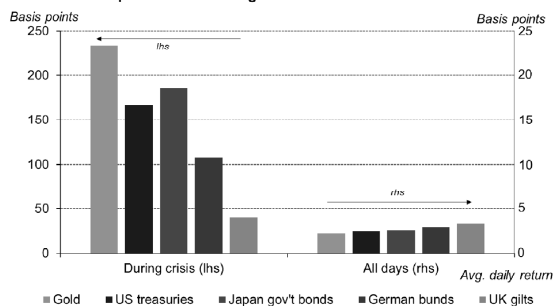
Sources: World Gold Council; Bloomberg. As of 8 October 2018

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Gold is a Shari'ah-compliant safe haven asset

Financial asset performance during times of crisis*



*Crises include: Black Monday (1987), LTCM (1998), Dot-com bubble (2000-2001), September 11th (2001), recession (2002), financial crisis (2007 – 2009), sovereign debt crisis I (2010), sovereign debt crisis II (2011)

Sources: Bloomberg, NBER, World Gold Council

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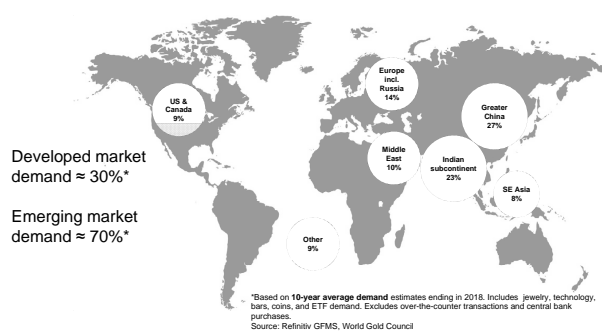
Annex



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Gold is a global market

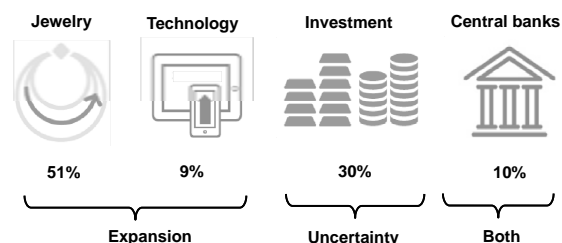


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Dual nature of strategic demand

Average annual demand ≈ 4,350 tonnes* (approx. US\$177bn)



*Based on 10-year average annual demand estimates ending in 2018. Includes jewelry, technology, bars, coins, and ETF demand. It excludes over-the-counter demand. Figures may not add to 100% due to rounding. US dollar value computed using the LBMA Gold Price as of December 2018.

Source: Metals Focus, Refinitiv GFMS, World Gold Council

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Drivers of gold

- **Economic expansion:** periods of growth are very supportive of jewellery, technology, and long-term savings
- **Risk and uncertainty:** market downturns often boost investment demand for gold as a safe haven
- **Opportunity cost:** the price of competing assets such as bonds (through interest rates), currencies and other assets, influence investor attitudes towards gold
- **Momentum:** capital flows, positioning and price trends can ignite or dampen gold's performance.



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Islamic Solidarity Fund for Development

The Poverty Reduction Arm of the Islamic Development Bank Group





Using Privatization and Public-Private Partnerships to Finance Infrastructure Development in The Kingdom

We examine the privatization program in the Kingdom and address its objectives and challenges. We look at opportunities in key sectors and ask what role financial institutions can play in the PPP/BOT process – what has been done to date, what is expected from bank financing and capital markets and what can be learnt from overseas? We discuss the National Centre for Privatisation and ask what the private sector and Islamic finance can offer in the development of the Kingdom’s important infrastructure and social welfare projects and the long-term benefit of the Saudi people.



SHIBEER AHMED

Partner, Winston & Strawn



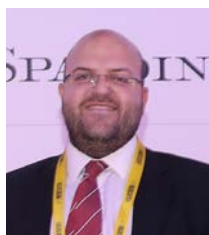
ABDULKADER THOMAS

CEO, SHAPE Knowledge Services



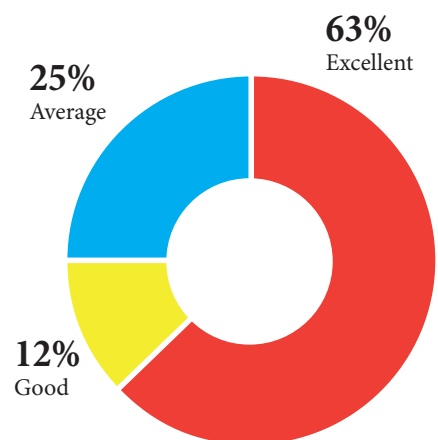
FAISAL MARDAM

Head of Structured Finance Division, Banque Saudi Fransi



MAHMOUD ABDEL-BAKY

Partner, Dentons





Growth and Innovation of Capital Markets and Asset Management in the Kingdom: Highlights and Opportunities

We look at the development of convertible and exchangeable Sukuk, the initiation of domestic securitization programs for non-bank financial institutions, the potential for Waqf in capital markets and asset management, as well as recent investment management innovations such as trade finance funds, equity index funds, debt funds, securitization funds and REITs. We assess the diversification of funding for corporates in Saudi and the potential for syndicated finance and Sukuk issuance among medium-sized corporates, as well as recent developments and opportunities in the local equity market. We also discuss important issues such as the national privatisation program, the Shariah-compliance of tradable debt instruments, credit enhancement, ratings, and the development and deepening of domestic secondary markets.



**KHALID
HOWLADAR**

*Managing Director
and Founder,
Acreditus*



**CHARLIE
SLEIGHTHOLME**

*Head of Sales,
Product and Services,
DDCAP Group*



DAVID STAPLES

*Managing Director –
Corporate Finance,
Moody's Investors
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**MOHAMMED
ISHAQ ALI**

*Head of Equity
Funds, Al Rajhi
Capital*



**OLIVER
KETTLEWELL**

*Head of Fixed
Income, Mashreq
Capital*





Nurturing Digitization and Financial Technology in Saudi Arabia

Through an expert panel we discuss the role of technology in the Saudi Arabian Islamic financial services industry, assessing the latest developments in platforms, products and delivery channels across a wide spectrum of financial services. What needs to be implemented for financial technology investment to thrive in Saudi Arabia? What model ensures successful integration of investors, accelerators and technology entrepreneurs and where and how will the next wave of investment opportunities in FinTech take place? Finally, can venture capital and private equity ever truly be Shariah compliant, and what role do they play in the brave new world of Islamic Fintech?



HUSAM YAGHI

CTO, Alhamrani Group



MAHER AL KAABI

Group Head of Islamic Banking, Emirates NBD



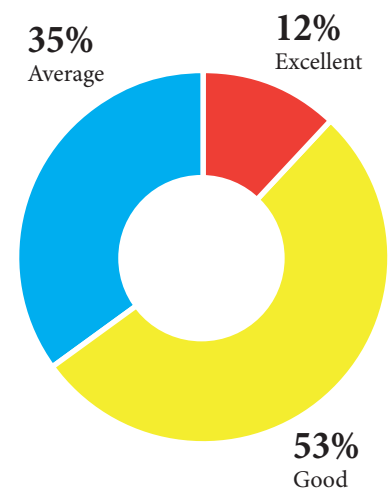
MOHAMMED ALSEHLI

CEO, Wethaq



PETER TAVENER

CFO, Beehive





Structuring Real Estate Finance and Investment using Islamic Facilities in Saudi Arabia

Large, complex real estate transactions still stand out in Saudi Arabia. How can Shariah compliance be achieved on such transactions and what structures can be offered through Islamic finance? What opportunities are offered by project developments associated with Hajj and Umrah, as well as the new free zones in Saudi Arabia? We also analyse the REITs market and ask what's needed to improve performance. Finally, what are the latest opportunities for Shariah compliant direct investment into European and US real estate markets?



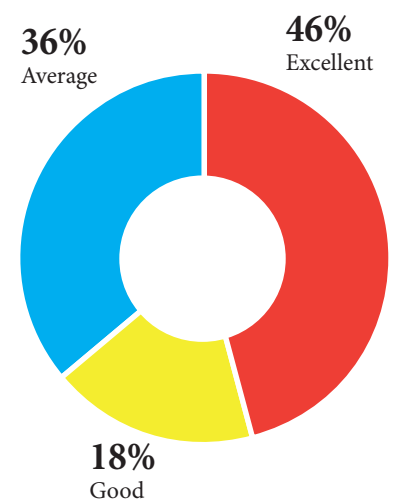
ABDULKADER THOMAS
CEO, SHAPE Knowledge Services



ABDULLAH DOULEH
Head of Local Real Estate, Jadwa Investment



ABDUL-RAHMAN HAMMAD
Regional Director Middle East, IdealRatings



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SPEAKERS' LIST

Name	Company Name
ABDULELAH SALEH AL-SHAIKH	Saudi Home Loans
ABDULKADER THOMAS	SHAPE Knowledge Services
ABDULLAH DOULEH	Jadwa Investment
ABDULLAH UMayr MOHD YUNUS	FAB Siraj
ABDUL-RAHMAN HAMMAD	IdealRatings
ABDULWAHHAB ABED	SEDCO Capital
ANDREW NAYLOR	World Gold Council
ASHER NOOR	AlTouq Group
AYMAN SEJINY	Islamic Corporation for the Development of the Private Sector
AZIZI ALI	Cagamas (National Mortgage Corporation of Malaysia)
BASSAM ABDULAZIZ NOOR	Derayah REIT
CHARLIE SLEIGHTHOLME	DDCAP Group
DAVID STAPLES	Moody's Investors Service
FABRICE SUSINI	Saudi Real Estate Refinance Company
FAISAL MARDAM	Banque Saudi Fransi
HUSAM YAGHI	Alhamrani Group
JAMES STULL	King & Spalding
JOHN SANDWICK	Safa Investment Services
KHALED AL HASAN	
KHALID HOWLADAR	Accreditus
MAHER AL KAABI	Emirates NBD
MAHMOUD ABDEL-BAKY	Dentons
MAZIN AL GHUNAIM	Bidaya Home Finance
MOHAMMED ALSEHLI	Wethaq
MOHAMMED ISHAQ ALI	Al Rajhi Capital
MUHSIN JEENA	Old Mutual Investment Group
OLIVER KETTLEWELL	Mashreq Capital
PETER TAVENER	Beehive
SHIBEER AHMED	Winston & Strawn

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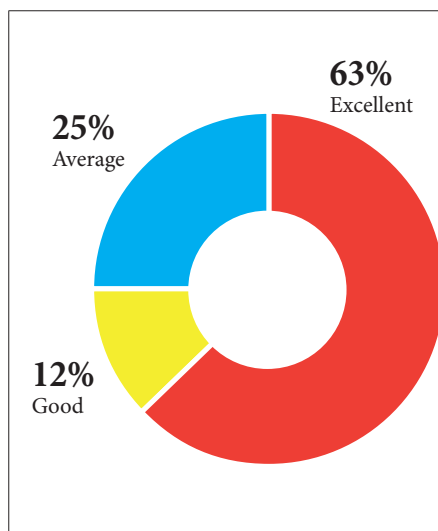
COMPANIES' LIST

Advanced Elements Management Services	IdealRatings
Al Quraishi Electrical Services	Ijmal
Al Rajhi Bank	Integration Management Office
Al Rajhi Capital	International Investment Gate
Al Kharashi Law Firm	ISDB
Alawwal Bank	KFH Capital
Alhamrani Group of Companies	King & Spalding
Alrawad House	King Saud University
Alsuwaiket & Albusaies	Kingdom of Saudi Arabia
AlTouq	KPMG
Alyamamah	Mashreq
Arabian Chain Technology	Mawarid Holding Company
Awuael	Mergemarket
Baker Botts	Moody's
Banque Saudi Fransi	Nomura
Beehive	Riyad Capital
Bidaya	Riyadh Daily
Cagamas	S&P Global Ratings
Capital Markets Gateway	Safa Investment Services
College of Economics and Administrative Studies	Salehiya
Danone	Salman Abdullah Real Estate
Dar Al-Handasah	Saudi Home Loans
DDCAP Group	SEDCO Capital
Dentons	ShoWB
EIGER	Sinam International IT Solutions
Embassy of the United States of America	Sumitomo Corporation Saudi Arabia
Emirates NBD	Techno Engineering
GIBSA Group	The Arab Investment Company
Hammad & Al-Mehdar	Nawazinda Telecom Technologies
Hogan Lovells	World Gold Council
ICD	

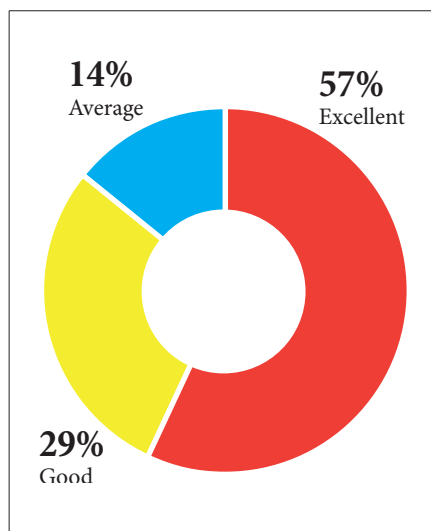
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OVERALL EVALUATION

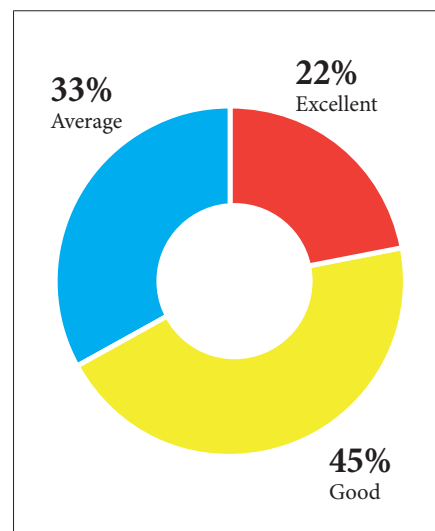
Pre-event Contact



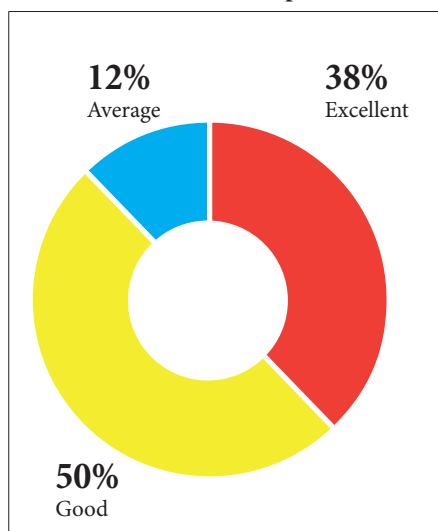
Venue & Facilities



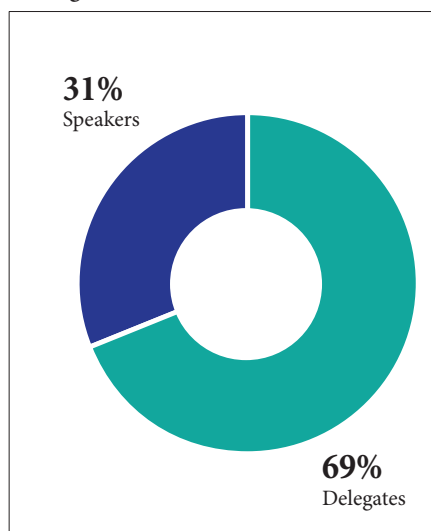
Overall Evaluation of the Event



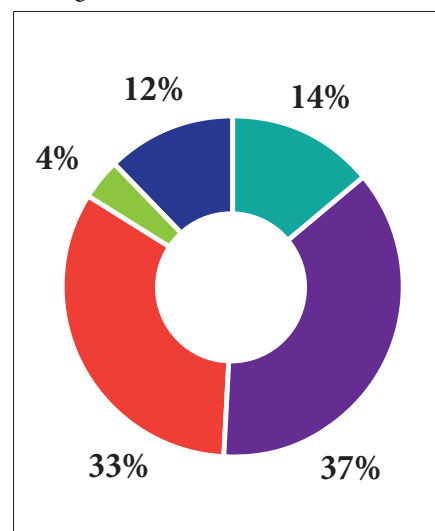
Overall Evaluation of the Speakers



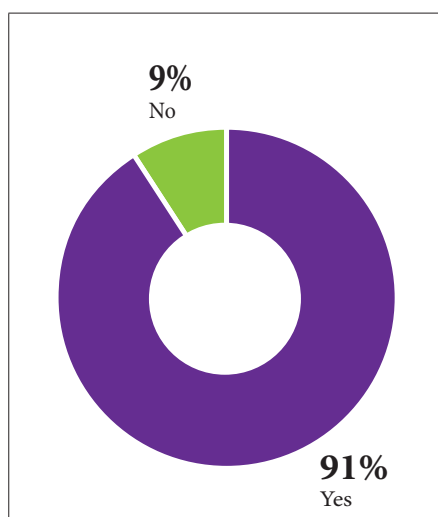
Delegate Breakdown



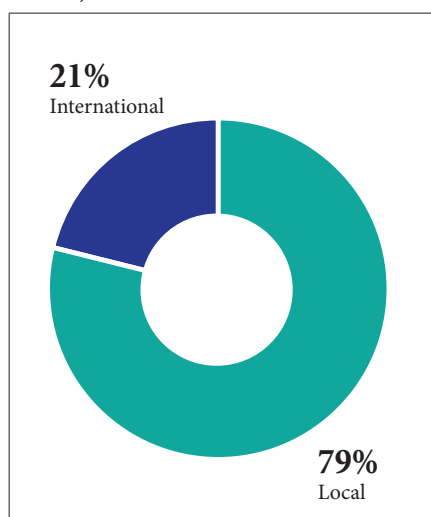
Delegate Job Title Breakdown



Delegates Who Would Like to Attend IFN Issuers & Investors Forum 2020



Delegate Breakdown (International & Local)



Delegate Job Title	No
Board Level Management	37
Senior Management	42
Management	16
Executive	13
Others	4
Total	112

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