**ALISTITHMAR CAPITAL QUARTERLY DIVIDEND FUND**
An Open-ended mutual fund
(Managed by Alistithmar for Financial Securities
and Brokerage Company)
**FINANCIAL STATEMENTS**
For the period from 05 April 2023
(Date of commencement of the Fund) to 31 December 2023
together with the
**Independent Auditor's Report to the Unitholders**

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Kingdom of Saudi Arabia
Commercial Registration No 1010425494

**Headquarters in Riyadh**

**كي بي إم جي للاستشارات المهنية**
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

**المركز الرئيسي في الرياض**

# Independent Auditor's Report

To the Unitholders of Alistithmar Capital Quarterly Dividend Fund

## Opinion

We have audited the financial statements of **Alistithmar Capital Quarterly Dividend Fund** (the "Fund") managed by Alistithmar for Financial Securities and Brokerage Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in net assets (equity) attributable to the Unitholders and cash flows for the period from 05 April 2023 (date of commencement of the Fund) to 31 December 2023, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's Terms and Conditions and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund Board, is responsible for overseeing the Fund's financial reporting process.

# Independent Auditor's Report

To the Unitholders of Alistithmar Capital Quarterly Dividend Fund (continued)

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Alistithmar Capital Quarterly Dividend Fund ("the Fund")**.

**KPMG Professional Services**

**Saleh Mohammed S Mostafa**
License No: 524

Riyadh: 17 Ramadan 1445H
Corresponding to: 27 March 2024

**ALISTITHMAR CAPITAL QUARTERLY DIVIDEND FUND**
An Open-ended mutual fund
**STATEMENT OF FINANCIAL POSITION**
As at 31 December 2023
*(Amounts in Saudi Arabian Riyals)*

| | Notes | 31 December 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | *9* | **17,080,208** |
| Investments | *10* | **23,483,724** |
| **Total Assets** | | **40,563,932** |
| **LIABILITIES** | | |
| Management fee payable | *12, 15* | **39,196** |
| Accrued expenses | | **105,108** |
| **Total Liabilities** | | **144,304** |
| **Net assets (Equity) attributable to the Unitholders** | | **40,419,628** |
| **Units in issue** *(numbers)* | | **3,880,034** |
| **Net assets (Equity) attributable to each unit** *(SAR)* | | |
| **– IFRS NAV** *(SAR)* | *20* | **10.42** |
| **– Dealing NAV** *(SAR)* | *20* | **10.43** |

The accompanying notes 1 to 22 form an integral part of these financial statements.

**ALISTITHMAR CAPITAL QUARTERLY DIVIDEND FUND**
An Open-ended mutual fund
**STATEMENT OF COMPREHENSIVE INCOME**
For the period from 05 April 2023 to 31 December 2023
*(Amounts in Saudi Arabian Riyals)*

| | *Notes* | **For the period from 05 April 2023 to 31 December 2023** |
|---|---|---|
| **INCOME** | | |
| Dividend income | | **95,066** |
| Special commission income | | **1,510,996** |
| Gain on investments, net | *11* | **1,811,522** |
| **Total income** | | **3,417,584** |
| **EXPENSES** | | |
| Management fee | *12, 15* | **(292,412)** |
| Custody fee | | **(18,000)** |
| Expected credit loss | *13* | **(35,474)** |
| Other expenses | *14* | **(185,328)** |
| **Total expenses** | | **(531,214)** |
| **Net income for the period** | | **2,886,370** |
| Other comprehensive income for the period | | **--** |
| **Total comprehensive income for the period** | | **2,886,370** |

The accompanying notes 1 to 22 form an integral part of these financial statements.

**ALISTITHMAR CAPITAL QUARTERLY DIVIDEND FUND**
An Open-ended mutual fund
**STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS**
For the period from 05 April 2023 to 31 December 2023
*(Amounts in Saudi Arabian Riyals)*

| | For the period from 05 April 2023 to 31 December 2023 |
|---|---|
| **Net assets (Equity) attributable to the Unitholders at beginning of the period** | -- |
| **Total comprehensive income for the period** | **2,886,370** |
| **Contributions and redemptions by the Unitholders:** | |
| Contributions by the Unitholders | **48,340,123** |
| Redemptions by the Unitholders | **(9,516,953)** |
| Net contributions by the Unitholders | **38,823,170** |
| Distribution to the Unitholders | **(1,289,912)** |
| **Net assets (Equity) attributable to the Unitholders at end of the period** | **40,419,628** |

**UNITS TRANSACTIONS** *(numbers)*

| | For the period from 05 April 2023 to 31 December 2023 |
|---|---|
| **Units in issuance at beginning of the period** | -- |
| Units issued during the period | **4,825,318** |
| Units redeemed during the period | **(945,284)** |
| Net increase in units | **3,880,034** |
| **Units in issuance at end of the period** | **3,880,034** |

The accompanying notes 1 to 22 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**
For the period from 05 April 2023 to 31 December 2023
*(Amounts in Saudi Arabian Riyals)*

| | Notes | For the period from 05 April 2023 to 31 December 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net profit for the period | | **2,886,370** |
| *Adjustment for:* | | |
| Dividend income | | **(95,066)** |
| Expected credit loss | | **35,474** |
| | | **2,826,778** |
| **Changes in operating assets and liabilities:** | | |
| Increase in investments | | **(23,519,198)** |
| Increase in management fee payable | | **39,196** |
| Increase in accrued expenses | | **105,108** |
| **Cash used in operations** | | **(20,548,116)** |
| Dividend received | | **95,066** |
| **Net cash used in operating activities** | | **(20,453,050)** |
| **Cash flows from financing activities** | | |
| Contributions by the Unitholders | | **48,340,123** |
| Redemptions by the Unitholders | | **(9,516,953)** |
| Distribution to the Unitholders | | **(1,289,912)** |
| **Net cash generated from financing activities** | | **37,533,258** |
| **Net increase in cash and cash equivalents** | | **17,080,208** |
| Cash and cash equivalents at beginning of the period | *9* | **--** |
| **Cash and cash equivalents at end of the period** | *9* | **17,080,208** |

The accompanying notes 1 to 22 form an integral part of these financial statements.

## 1. GENERAL

Alistithmar Capital Quarterly Dividend Fund (the "Fund") is an open-ended investment fund created by an agreement between Alistithmar for Financial Securities and Brokerage Company ("Alistithmar Capital" or the "Fund Manager"), a wholly owned subsidiary of The Saudi Investment Bank (the "Bank"), and the investors (the "Unitholders"). The Fund commenced its operations on 05 April 2023.

The Fund aims to generate periodic income for unitholders by investing in a diversified portfolio of income-generating asset classes. The Fund is designed for investors seeking to achieve periodic income by investing in a diversified portfolio of income-generating assets that comply with the Fund's Shariah standards.

Alistithmar Capital is the Fund Manager and Riyad Capital is the custodian of the Fund.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements of the Fund.

## 2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by Capital Market Authority ("CMA") on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the "Amended Regulations") on 16 Sha'ban 1437 H (corresponding to 23 May 2016). The Regulation was further amended (the "Amended Regulations") on 12 Rajab 1442 H (corresponding to 24 February 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

## 3. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and to comply with the applicable provisions of the Investment Fund Regulations issued by CMA and the Fund's Terms and Conditions.

The Fund's first financial period runs from 05 April 2023 to 31 December 2023, and as a result, no comparative information is included in these financial statements.

## 4. BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis, except for measurement of investments at fair value, using the accrual basis of accounting and the going concern concept.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

## 5. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Arabian Riyals ("SAR"), which is the Fund's functional currency. All amounts have been rounded to the nearest SAR, unless otherwise indicated.

## 6. USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant area where management has used judgements, estimates and assumptions is as follows:

***Measurement of the expected credit loss allowance***
The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

## 7. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below.

### *(a) Foreign currency*

Transactions in foreign currencies are translated into SAR at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into SAR at the exchange rate at the reporting date. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income as net foreign exchange gains or losses, except for those arising on financial instruments at fair value through profit or loss ("FVTPL"), which are recognised as a component of net gain from financial instruments at FVTPL.

### *(b) Revenue recognition*

<u>*Special commission income*</u>
Special commission income and expense are recognized in the statement of comprehensive income, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

## 7. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### *(c) Revenue recognition*

*Special commission income*

Special commission received or receivable, and special commission paid or payable, are recognized in statement of comprehensive income as special commission income and special commission expense, respectively.

*Dividend income*

Dividend income is recognised in the statement of comprehensive income on the date on which the right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Fund and the amount of the dividend can be measured reliably. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVTPL is recognised in statement of comprehensive income in a separate line item.

*Net gain from financial instruments at FVTPL*

Net gain from financial instruments at FVTPL includes all realised and unrealised fair value changes and foreign exchange differences (if any), but excludes interest and dividend income.

Net realised gain from financial instruments at FVTPL is calculated using the weighted average cost method.

### *(d) Distributions to the Unitholders*

Distribution to the Unitholders is accounted for as a deduction from net assets (equity) attributable to the Unitholders.

### *(e) Fee and other expenses*

Fee and other expenses are recognized in statement of comprehensive income as the related services are received.

### *(f) Financial assets and financial liabilities*

***Recognition and initial measurement***

Financial assets and financial liabilities at FVTPL are initially recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognised at fair value, with transaction costs recognised in the statement of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognised at fair value plus / (minus) transaction costs that are directly attributable to their acquisition or issue.

***Classification of financial assets***

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

## 7. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### *(e) Financial assets and financial liabilities (continued)*

*Financial asset at amortized cost*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial asset at fair value through other comprehensive income ("FVOCI")*

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent fair value changes in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

*Financial asset at fair value through profit or loss ("FVTPL")*

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

*Business model assessment*

The Fund Manager makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual commission revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

## 7. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### *(e) Financial assets and financial liabilities (continued)*

Business model assessment (continued)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

*Assessment whether contractual cash flows are solely payments of principal and interest*
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Commission / Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

*Reclassifications*
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

***Classification of financial liabilities***
The Fund classifies its financial liabilities at amortised cost using the effective interest method unless it has designated liabilities at FVTPL.

***Derecognition***
The Fund derecognises a financial asset (or where applicable, a part of a financial asset or a part of group of similar financial assets) when the contractual rights to receive the cash flows from the financial asset have expired, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

## 7. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### *(e) Financial assets and financial liabilities (continued)*

***Derecognition (continued)***
On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income (OCI) is recognized in profit or loss.

Transactions in which the Fund transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or portion of them, the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

Transactions in which the Fund neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Fund derecognize a financial liability when its contractual obligations are discharged or cancelled, or expired.

***Offsetting***
Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS as endorsed in the Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

***Expected Credit loss (ECL)***

The Fund recognizes provisions for ECL on the following financial instruments that are not measured at FVTPL:

- Money market placements
- Investments held at amortized cost

No impairment losses are recognized on equity investments.

The Fund measures loss allowance at an amount equal to lifetime ECL, except for the following which are measured at 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Fund considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

## 7. MATERIAL ACCOUNTING POLICIES (CONTINUED)

*Measurement of ECL*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

*Significant increase in credit risk*

To determine whether the risk of default on a financial instrument has increased significantly since initial recognition, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and expert credit assessment and including an assessment of the change in probability of default (PD) as at the reporting date with the PD at the time of initial recognition of the exposure.

One of the key quantitative indicators used by the Fund is the relative downgrade of the credit rating of the borrower and thereby the consequent change in the PD.

Using credit judgment and, where possible, relevant historical experience, the Fund Manager may determine that financial instrument has undergone a significant increase in credit risk based on particular qualitative indicators that considers are indicative of such and which effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The qualitative indicators include forbearance.

*Definition of Default*

The Fund considers a financial asset to be in default when:

- The investee is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- The financial asset is more than 30 days past due.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk. At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

*Presentation of allowance for ECL in the statement of financial position*
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

***Write-off***

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## 7. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### *(f) Cash and cash equivalents*

Cash and cash equivalents comprise deposits with banks, cash held with broker in trading account and with custodian in investment account and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

### *(g) Redeemable Units*

The Fund classified financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank pari passu in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund net assets at each redemption date and also in the event of the Fund's liquidation.

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

Incremental costs directly attributable to the issue or redemption of redeemable units are recognized directly in equity as a deduction from the proceeds or part of the acquisition cost.

## 8. NEW STANDARDS AND REGULATIONS

*(a) New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund*

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board ("IASB") have been effective from 1 January 2023 and accordingly adopted by the Fund, as applicable:

| ***Standards, interpretations and amendments*** | ***Description*** |
|---|---|
| Amendments to lAS 8 | Definition of accounting estimate |
| Amendments to IAS 1 and IFRS practice statement 2 | Disclosure of accounting policies |
| Amendments to IAS 12 | Deferred tax related to assets and liabilities arising from a single transaction |
| Amendments to IAS 12 | International tax reform – Pillar Two Model Rules |
| Amendments to IFRS 17 | Insurance Contracts |

The adoption of the amended standards and interpretations applicable to the Fund did not have any significant impact on these financial statements.

## 8. NEW STANDARDS AND REGULATIONS (CONTINUED)

*(b) New regulations effective during the year*

The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Fund permitted by the CMA.

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit a zakat information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Zakat collection will be applied on the Fund's Unitholders.

During the current period, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting zakat information declaration in due course.

*(c) New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective*

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective are listed below. The Fund intends to adopt these standards when they become effective

| ***Standards, interpretations and amendments*** | ***Description*** | ***Effective from periods beginning on or after the following date*** |
|---|---|---|
| Amendments to IAS 1 | Classification of liabilities as current or non-current and non-current liabilities with covenants | 1 January 2024 |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to IAS 7 and IFRS 7 | Supplier finance arrangements | 1 January 2024 |
| Amendments to lAS 21 | Lack of exchangeability | 1 January 2025 |
| Amendments to IFRS 10 and IAS 28 | Sale or contribution of assets between investor and its associate or joint venture | Available for optional adoption / effective date deferred indefinitely |

The above standards, interpretations and amendments are not expected to have a significant impact on the Fund's financial statements.

## 9. CASH AND CASH EQUIVALENTS

| | *Note* | **31 December 2023** |
|---|---|---|
| Cash in trading account | | **237,427** |
| Cash with custodian | | **1,691,204** |
| Money market placements | *9.1* | **15,151,577** |
| | | **17,080,208** |

## 9. CASH AND CASH EQUIVALENTS (CONTINUED)

**9.1** These placements are with local commercial banks having investment grade credit ratings.

These placements have an original maturity of three months or less from the date of placements and carry special commission rates ranging from 5.5% to 6% per annum.

| | *Notes* | **31 December 2023** |
|---|---|---|
| Money market placements | | **15,025,825** |
| Accrued special commission income | | **131,436** |
| Less: Allowance for expected credit losses | *13* | **(5,684)** |
| | | **15,151,577** |

## 10. INVESTMENTS

| **Equity securities:** | *Notes* | **31 December 2023** |
|---|---|---|
| Investments at amortized cost | *10.1* | **21,615,894** |
| Investments at FVTPL | *10.2* | **1,867,830** |
| | | **23,483,724** |

**10.1** Investments held at amortized cost represent Sukuk, detail as follows:

| | *Notes* | **31 December 2023** |
|---|---|---|
| Sukuk | *10.1.1* | **21,378,203** |
| Accrued special commission income | | **267,481** |
| Less: Allowance for expected credit losses | *13* | **(29,790)** |
| | | **21,615,894** |

**10.1.1** These Sukuk have a maturity of more than 1 year and carry special commission rates ranging from 0.95% to % 7.75% per annum.

**10.2** The table below summarize the Fund’s exposure to listed equity securities of various industry sectors in the Kingdom of Saudi Arabia:

| | **31 December 2023** | |
|---|---|---|
| **Industry Sector** | **Cost** | **Fair Value** |
| Energy | **1,300,710** | **1,260,600** |
| Financials | **549,666** | **607,230** |
| | **1,850,376** | **1,867,830** |

## 11. GAIN ON INVESTMENTS, NET

| | **For the period from 05 April 2023 to 31 December 2023** |
|---|---|
| Realised gain, net | **1,794,068** |
| Unrealised gain, net | **17,454** |
| | **1,811,522** |

## 12. MANAGEMENT FEE AND EXPENSES

As per the terms and conditions of the Fund, the Fund pays a management fee to the Fund Manager equal to 1% per annum of the net assets value at each valuation date. Additionally, administration expenses paid by the Fund Manager on behalf of the Fund are reimbursed by the Fund and related expenses, if any, payable to the Fund Manager are classified in accrued expenses.

## 13. EXPECTED CREDIT LOSSES CHARGE DURING THE PERIOD

| | For the period from 05 April 2023 to 31 December 2023 |
|---|---|
| Investments | **29,790** |
| Money market placements | **5,684** |
| | **35,474** |

## 14. OTHER EXPENSES

| | For the period from 05 April 2023to 31 December 2023 |
|---|---|
| Legal and professional fee | **72,301** |
| Value added tax (VAT) expenses | **58,531** |
| Other expenses | **17,771** |
| Securities transaction cost | **16,225** |
| Shariah Board Fee | **10,500** |
| Fund Board Fee | **10,000** |
| | **185,328** |

## 15. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Fund include the Fund Manager and the Fund Board. The Fund transacts business with its related parties in the ordinary course of its business.

In addition to transactions disclosed elsewhere in these financial statements, related party transactions and balances resulting from these transactions are as follows:

***Transactions with related parties:***

| Related party | Nature of relationship | Nature of transaction | For the period from 05 April 2023to 31 December 2023 |
|---|---|---|---|
| Alistithmar Capital | The Fund Manager | Management fee | **292,412** |
| | | Securities transaction costs | **16,225** |
| The Fund Board | The Fund Board | The Fund Board Fee | **10,000** |

## 15. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

***Balances with related parties:***

| Related party | Nature of relationship | Nature of balance | 31 December 2023 |
|---|---|---|---|
| Alistithmar Capital | The Fund Manager | Management fee payable | **39,196** |

***Units (in numbers) of the Fund held with related parties:***

| Related party | Nature of relationship | 31 December 2023 |
|---|---|---|
| Key Management Personnel | Key Management Personnel | **29,837** |

## 16. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments:

| 31 December 2023 | Amortized cost | FVTPL |
|---|---|---|
| **Financial Assets** | | |
| Cash and cash equivalents | **17,080,208** | -- |
| Investments | **21,615,894** | **1,867,830** |
| **Total Assets** | **38,696,102** | **1,867,830** |
| **Financial Liabilities** | | |
| Management fee payable | **39,196** | -- |
| Accrued expenses | **105,108** | -- |
| **Total Liabilities** | **144,304** | -- |

## 17. FINANCIAL RISK MANAGEMENT

***Exposure***

Risk management is an integral part of the investment and the operational process. Risk management can be distinguished in financial risk management, operational risk management and independent risk measurement. Financial risk management encompasses all elements of the investment process. A number of risk management systems allow the Fund Manager to notice any deviations from intended positioning and targets. Operational risk management encompasses the four areas of potential losses: processes, systems, people and external events. Risk management is an independent function, which is functionally separated from the operational department and portfolio management.

The Risk Management department is primarily responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall risk management of the Fund.

## 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Fund has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

***Risk management framework***

The Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises of listed equities in Saudi Stock Exchange (Tadawul).

The Fund Manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Fund Manager on a daily basis. In instances where the portfolio has diverged from target asset allocations, the Fund Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

***Credit risk***

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund.

The Fund is exposed to credit risk on its balance held with custodian, money market placements and sukuks. For risk management reporting purposes, the Fund considers and aggregates all elements of credit risk exposure such as individual obligor default risk, country risk and sector risk.

The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the certain credit standards.

Credit risk is monitored on a regular basis by the Fund Manager to ensure it is in line with the investment guidelines of the Fund.

The Fund's activities may give rise to settlement risk. 'Settlement risk' is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For all of transactions, the Fund mitigates this risk by conducting settlements through a regulated broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

| | **31 December 2023** |
|---|---|
| Cash and cash equivalents | **17,085,892** |
| Investments at amortized cost | **21,645,684** |
| | **38,731,576** |

## 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

***Credit risk (continued)***

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of counterparties.

*Analysis of credit quality*

The Fund has money market placements with counterparties having the following credit quality:

| | **31 December 2023** |
|---|---|
| A | **6,030,428** |
| BBB | **9,126,833** |
| **Total** | **15,157,261** |

The Fund has invested in Sukuk with the following credit quality:

| | **31 December 2023** |
|---|---|
| A+ | **3,584,594** |
| A | **2,900,339** |
| A- | **3,516,531** |
| BBB- | **4,694,254** |
| B+ | **3,393,627** |
| BB | **3,556,339** |
| **Total** | **21,645,684** |

As at the reporting date, the Fund's financial instruments were concentrated in the following economic sectors:

| | **31 December 2023** |
|---|---|
| Banks | **20,602,423** |
| Corporates | **19,996,983** |
| **Total** | **40,599,406** |

*Amounts arising from ECL*

Impairment on money market placements and investments at amortized cost has been measured on a 12-month expected loss basis. The Fund considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

12-month and lifetime probabilities of default are based on the approved ECL methodology and impairment policy of the Fund. Loss given default (LGD) parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties. However, if the assets were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective profit rate.

## 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

***Credit risk (continued)***

The Fund has recorded expected credit loss on money market placements and investments at amortized cost amounting to SAR 0.035 million as at 31 December 2023.

The Fund's cash and cash equivalents are held mainly with counterparties having "A-" credit rating. Credit risk relating to the financial instruments is considered to be not significant.

***Liquidity risk***

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Fund Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemption of units, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's terms and conditions provide for the subscriptions and redemptions of units on a daily basis and it is, therefore, exposed to the liquidity risk of meeting the Unitholder redemptions at any time.

The Fund Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

The Fund's investments in listed securities are considered to be readily realizable because they are actively traded on the Saudi Stock Exchange (Tadawul).

The Fund manages its liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short period of time.

The contractual maturity profile of the financial assets and financial liabilities of the Fund is as follows:

| 31 December 2023 | Within 3 months | 3 to 12 months | More than 1 year | No fixed maturity | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | **15,151,577** | -- | -- | **1,928,631** | **17,080,208** |
| Investments | -- | **21,615,894** | -- | **1,867,830** | **23,483,724** |
| **Total financial assets** | **15,151,577** | **21,615,894** | -- | **3,796,461** | **40,563,932** |
| Management fee payable | **39,196** | -- | -- | -- | **39,196** |
| Accrued expenses | **105,108** | -- | -- | -- | **105,108** |
| **Total financial liabilities** | **144,304** | -- | -- | -- | **144,304** |
| **Net position** | **15,007,273** | **21,615,894** | -- | **3,796,461** | **40,419,628** |

***Market risk***

Market risk is the risk that changes in market prices – such as commission rates, foreign exchange rates and equity prices – will affect the Fund's income or the fair value of its holdings in financial instruments.

## 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

***Market risk (continued)***

The Fund's strategy for the management of market risk is driven by the Fund's investment objectives as per the Fund's terms and conditions. The Fund's market risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a timely basis by the Fund Manager.

*Currency Risk*
The Fund's currency risk is managed on a timely basis by the investment manager in accordance with the policies and procedures in place. The Fund's currency positions and exposures are monitored on a daily basis by the Fund Manager.

At the reporting date, the carrying amount of the Fund's financial assets net of financial liabilities held in individual foreign currencies, expressed in SAR are as follows:

| | **31 December 2023** | |
|---|---|---|
| | **Amount in SAR** | **%** |
| USD | **21,645,684** | **100%** |
| | **21,645,684** | **100%** |

*Equity price risk*

Equity price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices.

The Fund's investments are susceptible to equity price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of industry concentration.

The table below sets out the effect on net assets attributable to the Unitholders of a reasonable possible weakening in the individual equity market prices of 10% at reporting date. This is calculated based on the Beta of the Fund as measured in-house by the Fund Manager. Beta calculates the responsiveness of the Fund's price to changes in the Tadawul All Shares Index (TASI). The estimates are made on an individual investment basis. The analysis assumed that all other variables, in particular interest and foreign currency rates, remain constant.

| | | **31 December 2023** |
|---|---|---|
| | **+0.01%** | **3,736** |
| Effect on net assets (equity) attributable to the Unitholders | **-0.01%** | **(3,736)** |

*Special Commission rate risk*

Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of financial instruments. The Fund Manager monitors positions to ensure that it is maintained within established gap limits, if any.

## 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

A summary of the Fund's commission rate gap position, analysed by the earlier of contractual re-pricing or maturity date, is as follows:

| 31 December 2023 | Within 3 months | 3 to 12 months | More than 1 year | Non-commission bearing | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | **15,151,577** | **--** | **--** | **1,928,631** | **17,080,208** |
| Investments - amortized cost | **--** | **21,615,894** | **--** | **--** | **21,615,894** |
| Investments - FVTPL | **--** | **--** | **--** | **1,867,830** | **1,867,830** |
| **Total commission-bearing assets** | **15,151,577** | **21,615,894** | **--** | **3,796,461** | **40,563,932** |
| Management fee payable | **--** | **--** | **--** | **39,196** | **39,196** |
| Accrued expenses | **--** | **--** | **--** | **105,108** | **105,108** |
| **Total commission-bearing liabilities** | **--** | **--** | **--** | **144,304** | **144,304** |
| **Total special commission rate sensitivity rate gap** | **15,151,577** | **21,615,894** | **--** | **3,652,157** | **40,419,628** |

The table below sets out the effect on the statement of comprehensive income and to the net assets attributable to Unitholders of a reasonable possible fluctuation in the rate of SIBOR by 100 bps at reporting date. The Fund's commission rate risk arises from its investment in Sukuk and money market placements.

| | 31 December 2023 | |
|---|---|---|
| **Effect on change** | **Comprehensive Income** | **Net Assets** |
| Increase of 100 basis points | **364,031** | **364,031** |
| Decrease of 100 basis points | **(364,031)** | **(364,031)** |

***Operational risk***

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to the Unitholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - periodic assessment of operational risks faced

## 17. FINANCIAL RISK MANAGEMENT (CONTINUED)

***Operational risk (continued)***

- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance if this is effective

## 18. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fund measures certain financial instruments at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

***Valuation models***

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

## 18. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The Fund values equity securities that are traded on a stock exchange at their last reported prices. To the extent that equity securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy, hence the Fund's assets recorded at fair value have been categorized based on fair value hierarchy Level 1.

***Fair value hierarchy – Financial instruments measured at fair value***

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized.

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Investments** | **19,643,225** | **3,211,950** | **--** | **22,855,175** |

During the year, there has been no transfer in fair value hierarchy for the financial assets held at fair value.

Other financial instruments such as cash and cash equivalents, money market placements, management fee payable and accrued expenses are short term financial assets and financial liabilities whose carrying amounts are approximate to their fair values. Cash and cash equivalents are classified under level 1 while the remaining financial assets and liabilities are classified under level 3.

## 19. LAST VALUATION DAY

The last valuation day of the period was 31 December 2023.

## 20. NET ASSETS VALUE

CMA, through its circular dated 10 Rabi Al Thani 1439H (corresponding to 28 December 2017), approved the Dual NAV approach for investment funds. In accordance with the above circular, IFRS 9 is applied for accounting and reporting purposes and dealing NAV is remain unaffected until further notice.

As at 31 December 2023, the net assets value per unit considering the impact of IFRS 9 was SAR 10.42 and the dealing net assets value per unit was SR 10.43 Refer below reconciliation:

| | | 31 December 2023 | |
|---|---|---|---|
| | *Notes* | **Net assets attributable to the Unitholders** | **Net assets attributable to each unit** |
| **IFRS net assets** | | **40,419,628** | **10.42** |
| Effect of ECL in accordance with IFRS 9 | *14* | **35,474** | **0.01** |
| **Dealing net assets** | | **40,455,102** | **10.43** |

## 21. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the statement of financial position date which require adjustments of or disclosure in the financial statements or notes thereto.

## 22. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund Manager on 10 Ramadan 1445H (corresponding to 20 March 2024).