

SICO Capital Money Market Fund Annual Report 2022

a. Investment Fund Information

1) Name of investment fund.

SICO Capital Money Market Fund

2) Investment objectives, policies and polices.

The Fund seeks to invest in Sharia-compliant money market instruments and maximize short-term capital growth while preserving the invested capital. The fund aims also at achieving investment returns for investors greater than the fund benchmark returns, i.e. SAIBOR rate (one month Saudi Arabia Interbank Offered Rate). Investors can view the performance of the index on the Bloomberg / Reuters platforms or any other site.

3) Distribution of income and gain policy

The Fund does not make any distributions to Unit holders.

4) A statement that the fund's Reports are available upon request free of charge

The Fund's reports are available upon request free of charge and it is available on our website.

5) Description of the fund's benchmark and the service provider's website (if any)

SAIBOR rate (one month Saudi Arabia Interbank Offered Rate). Investors can view the performance of the index on the Bloomberg / Reuters platforms.

b. Fund Performance

- 1) A comparative table covering the last (3) financial years (or since inception), highlighting:

Description	2020	2021	2022
a) The fund net assets value at the end of each financial year.	208,877,577	230,417,199	172,955,693
b) The fund net assets value per unit at the end of each financial year.	11.2072	11.4610	11.7949
c) Highest net asset value per unit for each financial year.	11.2072	11.4610	11.7949
c) Lowest net asset value per unit for each financial year.	10.9553	11.2092	11.4629
d) The number of units in issue at the end of each financial year.	18,637,867	20,104,515	14,662,444
e) Income distribution per unit (where applicable).	N/A	N/A	N/A
f) Expense ratio.	0.48	0.49	0.50
g) Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any).	N/A	N/A	N/A
h) Results of comparing the performance of the benchmark of the fund with performance of the fund.	1.35	1.61	0.42

- 2) A performance record that covers the following:

- a) The total return for 1 year, 3 years and 5 years and since inception.

Total return	1 year	3 years	5 years	since inception
	2.91	7.67	13.89	17.95

- b) The Annual total return for each of the last 10 financial years (or since inception).

2022	2021	2020	2019	2018	2017	2016	since inception
2.91	2.26	2.37	3.18	2.51	2.00	1.52	17.95

c) A table showing actual fees and fund expenses paid by the investment fund during the year. The Total Expense Ratio should also be clearly disclosed. If there are any circumstances in which a fund manager may elect to waive or rebate any fees, this must also be disclosed.

Expenses and fees as of December 31, 2022	
Management fee	662,325
Operator fee	110,338
Custody fee	132,465
Audit Charges	21,000
Publication Tadawul fee	5,000
Board of director fee	20,000
shariah board fee	11,136
regulatory fee	7,500
other expenses	1,254

d) **The bases for calculating the performance data and any assumption made must be consistently applied.**

The performance data is calculated on NAV/unit basis on each valuation day

3) **If there were material changes that occurred during the period and that affected the performance of the fund, these changes must be clearly disclosed.**

There were no material changes during the period that affected the fund's performance.

4) Disclosure of the exercise of annual voting rights and it must include the issuer's name and the date of the General Assembly and the subject of the vote and the decision to vote (agree / disagree / abstain from voting).

No voting is required.

5) The fund's board annual report including, but not limited to, the following:

e) Names of Fund Board members, and indicating membership type.

- Fadhel Makhloq – non-independent member and Chairman of the Board of Directors
- Mohammad AlMangour – independent member
- Amr Al Amr - independent member
- Ibrahim Fatani - non-independent member
- Ali Marshad- non-independent member

f) A brief about of the fund board members' qualifications.

Fadhel Makhloq

Mr. Fadhel Makhloq is the CEO of SICO Capital Company and the Chief Capital Markets Office at SICO BSC (c) and has over 36 years of professional experience. Fadhel Makhloq joined SICO in 2004 as Head of Brokerage before being appointed Head of Investments & Treasury in 2008. He was reappointed as Head of Brokerage in 2010 and then assumed the position of Chief Capital Markets Officer in 2018. Prior to joining SICO, he worked for a number of leading financial institutions including Investcorp and Chemical Bank (now JPM Morgan Chase). Fadhel holds an MBA from Glamorgan University, UK. He is also a board member of SICO subsidiary, SICO Financial Brokerage in Abu Dhabi.

Ibrahim Fatani

Mr. Ibrahim has 16 years of professional experience in the financial sector and Asset Management field. He joined SICO Capital in April 2022 as Head of Asset Management. Ibrahim managing and supervising all the investment activities including Mutual Funds, Real Estate Funds and, Discretionary Portfolio Management. Prior joining to SICO he worked as Head of Asset Management in MEFIC Capital for two years. Before MEFIC Capital, Ibrahim held several leadership positions in local and international investment firms including:



Deutsche Securities Saudi Arabia, Alinma Investment, HSBC Saudi Arabia Limited, Credit Agricole Asset Management and Riyadh Bank. Ibrahim holds a bachelor degree of Finance from Prince Sultan University, Saudi Arabia.

Mohammad Al Mangour

Mr. Mohammad Al Mangour is a VP of Portfolio Management at Saudi Agricultural & Livestock Investment Co ("SALIC"), based in Riyadh. He is responsible for a portfolio of investments in global and local companies with a total value of USD 3.2 billion. Moreover, he is responsible for sourcing and executing M&A deals for SALIC. He has an aggregate work experience of 17 years in the investment field. Through his experience, he has been involved in numerous strategic transactions, including originating & executing private equity transactions, overseeing taking companies public, advising on M&A transactions, and raising funds from debt capital markets for clients. He holds a BSc in Finance from Prince Sultan University and is a CFA and CAIA charter holder.

Amr Al Amr

Mr. Amr Al Amr holds an MBA from Concordia University, California, and has more than 25 years of banking, investment and insurance experience in the local and international markets. He held leadership positions in Samba Financial Group and the National Cooperative Insurance Company. He also worked for the HSBC Group in California. He joined the Abana Group in 2004, and during the past years he held several positions within the company until he held the position of CEO in the beginning of 2021. Previously, he was a member of investment fund boards at Audi Capital, and he is currently a member of the board of directors of GIB Capital funds.

Ali Marshad

Ali Marshad is the Head of Asset Management Fixed Income with over 14 years of industry experience. He joined SICO in 2008 and set up the fixed income desk after having previously worked as an analyst in the United Kingdom for Mercer Investment Consulting. He also worked as a performance analyst for UBS Global Asset Management London and has been a Chartered Financial Analyst since 2013.

g) Description of the roles and responsibilities of the Fund Board.

- approving material contracts, decisions and reports involving the public fund, including, but not limited to, contracts for the provision of fund management services, contracts for the provision of custody services but excluding contracts entered into pursuant to investment decisions regarding underlying investments made or to be made by the fund;
- Approve a written policy in regards to the voting rights related to the public fund assets.
- overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified;
- meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations, including (without limitation) the requirements of these Regulations;
- Approving all changes stipulated in Articles (62) and (63) of these Regulations before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable);
- confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with these Regulations, of the Terms and Conditions and of any other document, contractual or otherwise, that includes disclosures relating to the public fund and/or the fund manager and its conduct of the public fund;
- ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with these Regulations, the Fund's Terms and Conditions;
- Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.
- Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund's board of director.

h) Details on the remuneration of fund board members.

SR 5,000 per meeting per independent member up to a maximum of SR10,000 per annum for each independent member calculated daily and deducted after attending the meeting. The total remuneration for the independent members shall not exceed SR30,000 per annum.

i) A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund.

The fund manager acknowledges that there is no conflict between the interests of the members of the board of directors and the interests of the fund.

j) A statement showing all the funds boards that the relevant board member is participating in.

Name	Fund	Fund Manager	Position
Fadhel Makhloq	SICO Capital GCC Dividend Growth Fund	SICO Capital	Chairman
	SICO Saudi REIT	SICO Capital	Chairman
	Riyadh Real Estate Fund	SICO Capital	Chairman
	SICO AlQasr Real Estate Fund	SICO Capital	Chairman
Amr Al Amr	GIB Opportunistic Saudi Equity Fund - Class (A)	GIB Capital	Chairman
	GIB Opportunistic Saudi Equity Fund - Class (B)		
	GIB Opportunistic Saudi Equity Fund - Class (C)		
	GIB Saudi Equity Fund - Class (A)	GIB Capital	Independent member
	GIB Saudi Equity Fund - Class (B)		
	GIB Saudi Equity Fund - Class (C)		
GIB Opportunistic MENA Equity Fund - Class (A)	GIB Capital	Chairman	
GIB Opportunistic MENA Equity Fund - Class (B)			
GIB Opportunistic MENA Equity Fund - Class (C)			
Ibrahim Fatani	SICO Capital GCC Dividend Growth Fund	SICO Capital	Board member
	SICO Saudi REIT	SICO Capital	Board member
	Riyadh Real Estate Fund	SICO Capital	Board member
	SICO AlQasr Real Estate Fund	SICO Capital	Board member
Mohammad Al Mangour	SICO Capital GCC Dividend Growth Fund	SICO Capital	Board member
Ali Marshad	-	-	-

k) Topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objectives.

The Fund held two Board meetings during the year 2022 and they were held on September 14, 2022 and December 13, 2022. The following is a summary of the main points discussed during the two meetings:

- Discussing the fund's performance and investment strategy
- Certification of the Fund's service providers
- Disclosure of any potential inconsistencies in the fund
- Disclosure and approval of investment from related parties
- Disclosure and approval of investors holding more than 5% of the fund size
- Review compliance reports and discussing them with the compliance officer

c. Fund Manager

1) Name and address of the fund manager.

SICO Capital Company
King Fahd Road -CMC Tower – 5th Floor
P.O.Box 64666 Riyadh 11546 Kingdom of Saudi Arabia
Tel: +966-8001010008 Fax: +966-11-279-9515
Website: www.sicocapital.com
Email: info@sicocapital.com

2) Names and addresses of sub-manager and/or investment adviser (if any).
N/A

3) A review of the investment activities during the period.

The SICO Capital Money Market Fund is designed for investors with a low-risk appetite looking to maximize interest income on their short-term investments. The Fund is attractive to Shari'ah compliant investors who desire a regular stream of income similar to deposits but with better liquidity and diversification. Overall, it has been the strongest year in decades for money market investors as the Fed aggressively hiked rates from 0.0% to 4.25% in response to high inflation with pegged currencies such as the Saudi Riyal following suit. The 3-month Saudi interbank rate ended the year at 5.34% while the 12 month was at 5.86%, both closing the year at the highest level in history and allowing investors to enter at very attractive levels. We expect the Fed to maintain these high levels over the next 6

months before gradually reducing them once inflation has come under control.

4) A report of investment fund's performance during the period.

The fund achieved a return of 2.91% % for the year ending 2022, compared to 2.49% of the benchmark.

5) Details of any material changes to the Fund's Terms and Conditions (for a public fund) or fund documents (for private fund) made during the period.

During the year 2022, the fund manager made changes to the terms and conditions of the fund, which are as follows:

- On January 27, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the resignation of the board member Mr. Abdulrahman Al Shehri (Independent member) and Mr. Khaled Abdullah Al Anqari (Independent member).
- On March 02, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the appointment of the board member Mr. Amr Abdulaziz Al Amr (Independent member) and Ms. Nejoud Salah Al Mulaik (Independent member).
- On April 20, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the resignation of the board member Ms. Nejoud Salah Al Mulaik (Independent member).
- On April 21, 2022, Osol for Sharia Consulting has been appointed as the New Sharia advisor for SICO Capital Money Market Fund, instead of Sharia Review Bureau. Osol for Sharia Consulting is a leading Sharia advisor of investment companies in the GCC. The result of this appointment that the annual fees will be reduced to 7,500 SAR instead of 18,750 SAR. The Fund Manager believes that this appointment serves the best interests of the Fund by reducing the annual fees.
- On June 02, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the resignation of the board member Mr. Ahmed Bushri Hussein (non-independent).
- On August 28, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund for due to the appointment of the board member Mr. Ibrahim Fatani (non-

independent) and Mr. Mohammad AlMangour (Independent member).

- On November 01, 2022, the terms and conditions of the SICO Capital Money Market Fund has been updated as of (14/11/2022G) corresponding to (20/04/1444H) as per annex (1) of the updated investment funds regulations published on 22/02/2021.
- On December 07, 2022, there was a change in the membership of the Board of Directors of the SICO Capital Money Market Fund due to the removal of the Board chairman of the Fund Mr. Sultan Abdulatif Nugali (Chairman-non independent) and appointment of Mr. Fadhel Ahmed Makhlooq (Chairman-non independent member) and appointment of Mr. Ali Marshad (non- independent)

6) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period.

N/A.

7) Where an investment fund invests substantially in other investment funds, a statement must disclose on the proportion of the management fees charged to the fund itself and to funds in which the funds invests.

The management fee is of the fund 0.30% of NAV. The following table provides data on other investment funds:

Fund Name	Fund Manager	Management Fee
Itqan Fund for Murabaha and Sukuk	Itqan Capital	0.25% of Net Asset Value
Alawwal SAR Murabaha fund	Alawwal Capital	0.5% Net Asset Value
Riyad SAR Diversified Trading Fund	Riyad Capital	0.5% Net Asset Value
Alinma SAR Liquidity Fund	Alinma Capital	0.5% of the fund's net returns.
Yaqeen SAR Murabaha Fund	Yaqeen Capital	0.5% Net Asset Value

8) A statement on any special commission received by the fund manager during the period, clearly identifying what they are and the manner in which they were utilized (if any).

N/A.

9) Any other data and other information required by these Regulations to be included in this report.

N/A.

10) Period for the management of the person registered as fund manager.

Since 2022.

11) A disclosure of the expense ratio of each underlying fund at end of year and the weighted average expense ratio of all underlying funds that invested in (where applicable).

The expense ratio for the year 2022 was 0.50%

d. Custodian

1) **Name and address of custodian.**

Riyad Capital Company
6775 Takhassusi Street - Olaya
Riyadh 12331-3712, Kingdom of Saudi Arabia
PO Box 21116 Zip Code: 11475
Tel: +966 11 4865866 / 4865898 Fax: +966 114865859
Website: www.riyadcapital.com
Email: rcss@riyadcapital.com

2) **A brief description of its duties and responsibilities.**

- The custodian is responsible for his obligations in accordance with the provisions of the investment funds regulations, whether he performs his responsibilities directly or assigns them to a third party under the provisions of the investment funds regulations and the regulations of financial market institutions.
- The custodian is responsible towards the fund manager and unit holders for the fund's losses resulting from its fraud, negligence, misconduct or willful negligence.

- The custodian is responsible for preserving and protecting the assets of the fund for the benefit of the unit holders, and is also responsible for taking all necessary administrative procedures in relation to the preservation of the fund's assets.

e. Fund Operator

1) Name and address of fund operator.

SICO Capital Company
King Fahd Road -CMC Tower – 5th Floor
P.O.Box 64666 Riyadh 11546 Kingdom of Saudi Arabia
Tel: +966-8001010008 Fax: +966-11-279-9515
Website: www.sicocapital.com
Email: info@sicocapital.com

2) A brief description of its duties and responsibilities.

- The fund operator is responsible for the full and fair evaluation of the fund's assets.
- The fund operator shall compensate all affected unit holders (including previous unit holders) for all valuation or pricing errors without delay.
- The fund operator must prepare and keep a register of unit owners in the Kingdom.

f. Auditor

1) Name and address of auditor.

Al - Bassam & Al - Nimer Allied Accountants PKF
Prince Mohammed bin Abdul Aziz Street (Tahlia), Sulaymaniyah
P.O. Box 28355 Riyadh 11437
Tel: +966 11 5333
Fax: +966 11 206 5444
www.pkf.com/saudi-arabia

g. Financial Statement

SICO CAPITAL MONEY MARKET FUND
(Open-Ended Fund)
MANAGED BY SICO CAPITAL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2022 AND INDEPENDENT AUDITOR'S REPORT

SICO CAPITAL MONEY MARKET FUND (Open-ended fund)

MANAGED BY SICO CAPITAL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SICO CAPITAL MONEY MARKET FUND

(1 /3)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **SICO Capital Money Market Fund** (the "Fund") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Fund, which comprise of the following:

- The statement of financial position as at 31 December 2022;
- The statement of comprehensive income for the year then ended;
- The statement of changes in net assets (Equity) attributable to the unitholders for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the code of professional conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Fund's financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Fund's Terms and Conditions and for such internal control as management 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, management 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 management either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SICO CAPITAL MONEY MARKET FUND

(2 /3)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 misstatements, 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 International Standards on Auditing 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 the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by the management;
- Conclude on the appropriateness of management'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 the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in 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 auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SICO CAPITAL MONEY MARKET FUND

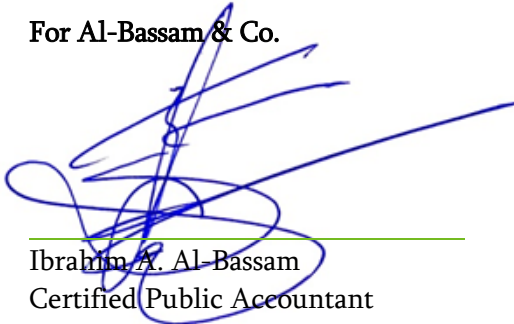
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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.

For Al-Bassam & Co.



Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337
Riyadh: 08 Ramadhan 1444H
Corresponding to:30 March 2023



**SICO CAPITAL MONEY MARKET FUND (Open-ended fund)
MANAGED BY SICO CAPITAL**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Amounts in Saudi Riyals)

	Notes	31 December 2022	31 December 2021
ASSETS			
Cash at bank	7	52,371,869	7,206,660
Investments carried at fair value through profit or loss (FVTPL)	8	67,142,182	77,136,876
Investments carried at amortized cost	9	46,280,380	146,605,972
Investments carried at amortized cost – Sukuk	11	8,055,222	-
Total assets		173,849,653	230,949,508
LIABILITIES			
Accruals and other liabilities		893,960	525,476
Total liabilities		893,960	525,476
Net assets (Equity) attributable to the unitholders		172,955,693	230,424,032
Units in issue (in numbers)	10	14,662,444	20,104,516
Net asset value per unit		11.80	11.46

The accompanying notes 1 to 18 form an integral part of these financial statements

**SICO CAPITAL MONEY MARKET FUND (Open-ended fund)
MANAGED BY SICO CAPITAL**

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

	Note	31 December 2022	31 December 2021
Income			
Murabaha income	9	4,010,930	2,361,347
Sukuk income	11	267,556	271,378
Realized and unrealized gain on FVTPL investments			
- Realized gain on disposal of FVTPL investments		2,154,258	704,443
- Unrealized gain on FVTPL investments		965,142	2,848,504
Other income		150,000	-
		<u>7,547,886</u>	<u>6,185,672</u>
Expenses			
Management fees	12	662,325	675,593
Other expenses		448,422	473,553
		<u>1,110,747</u>	<u>1,149,146</u>
Net income for the year		<u>6,437,139</u>	<u>5,036,526</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>6,437,139</u>	<u>5,036,526</u>

The accompanying notes 1 to 18 form an integral part of these financial statements

**SICO CAPITAL MONEY MARKET FUND (Open-ended fund)
MANAGED BY SICO CAPITAL**

STATEMENT OF CHANGES IN NET ASSETS (EQUITY)

For the year ended 31 December 2022

(Amounts in Saudi Riyals)

	31 December 2022	31 December 2021
Balance at the beginning of the year	230,424,032	208,877,577
Total comprehensive income for the year	6,437,139	5,036,526
Changes from unit transactions		
Proceeds from issuance of units	278,107,491	158,829,278
Payment towards units redeemed	(342,012,969)	(142,319,349)
Net change from unit transactions	(63,905,478)	16,509,929
Net assets (Equity) attributable to the unitholders at the end of the year	172,955,693	230,424,032

The accompanying notes 1 to 18 form an integral part of these financial statements

**SICO CAPITAL MONEY MARKET FUND (Open-ended fund)
MANAGED BY SICO CAPITAL**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

(Amounts in Saudi Riyals)

	Note	31 December 2022	31 December 2021
Cash flows from operating activities:			
Net income for the year		6,437,139	5,036,526
- Unrealized gain on FVTPL investments		(965,142)	(2,848,504)
Investments carried at FVTPL		10,959,836	(1,171,367)
Investments carried at amortized cost		80,475,008	(8,286,735)
Investments carried at amortized cost – Sukuk		(8,055,222)	14,035,233
Accruals and other liabilities		368,484	76,184
Redemption payable		-	(2,000,000)
Net cash generated from operating activities		89,220,103	6,841,337
Cash flows from financing activities			
Proceeds from issuance of units		278,107,491	158,829,278
Redemptions of the units		(342,012,969)	(144,319,349)
Net cash (used) /generated from financing activities		(63,905,478)	14,509,929
Net change in cash and cash equivalents		25,314,625	21,351,266
Cash and cash equivalents at beginning of the year	7	34,288,402	12,937,136
Cash and cash equivalents at end of the year	7	59,603,027	34,288,402

The accompanying notes 1 to 18 form an integral part of these financial statements

**SICO CAPITAL MONEY MARKET FUND (Open-ended fund)
MANAGED BY SICO CAPITAL**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

(Amounts in Saudi Riyals)

1. INCORPORATION AND PRINCIPAL ACTIVITIES

The SICO Capital Money Market Fund (Formerly known as Muscat Capital Money Market Fund) (the "Fund") is an open-ended mutual fund established and managed through an agreement between SICO Capital Company (Previously known as Muscat Capital) - a Saudi Closed Joint Stock Company (the "Fund Manager"), a subsidiary owned 72.71% by SICO BSC (c) (a bank registered in Bahrain) and 27.29% by Bank Muscat (SAOG) incorporated in the Sultanate of Oman, and the Fund Investors (the "Unit holders"). On 14 March 2021, SICO BSC (c) (a bank registered in Bahrain) ("SICO") acquired 72.71% of Muscat Capital Company equity from the Bank Muscat SOAG after obtaining the necessary regulatory approvals. Following the issuance of revised commercial registration dated 15 July 2021, the Company's name has been changed from Muscat Capital Company to SICO Capital Company. Furthermore, the new Board of Directors appointed by the shareholders of the Company in the extra-ordinary general meeting held on 14 March 2021 are also approved by CMA on 30 June 2021. On 14 November 2021, the Fund Manager has decided to change the name of the Fund from Muscat Capital GCC Dividend Growth Fund to SICO Capital GCC Dividend Growth Fund. The new terms and conditions of the Fund has been issued on 02 December 2021 mentioning the updated name. The announcement is made on Tadawul on 06 December 2021.

The Fund commenced its operations on 25 Sha'ban 1437H (corresponding to June 01, 2016).

In dealing with the unit holders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, unit holders are considered to be owners of the assets of the Fund.

The principal investment objective of the Fund is to invest in Sharia-compliant money market funds, placements and other money market instruments in order to maximize medium-term capital growth while preserving the invested capital by investing in Saudi Riyal, US dollar and GCC currencies.

Units were offered at a price of SAR 10 per unit, with a minimum initial subscription amount to SAR 10,000.

The following are the basis of fees, charges and other expenses:

Management fees

Payable to the SICO Capital "Fund Manager" equal to 0.3% of the Fund's Net Asset Value ("NAV"), which is calculated on a daily basis. Management fee is payable on quarterly basis.

Custodian fees

Payable by the Fund to the Riyadh Capital Company 'the Custodian', a CMA-licensed Company under license No. 37-07070 equal to 0.05% of the Fund's Net Asset Value ("NAV"), which is calculated on a daily basis and payable on a quarterly basis.

Administrative fees

Payable by the Fund to SICO Capital equal to 0.05% of the Fund's Net Asset Value ("NAV"), which is calculated on a daily basis and payable on a quarterly basis.

Dealing charges

The Fund shall bear all dealing fees, charges and brokerage commissions incurred for buying and selling of securities.

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1. INCORPORATION AND PRINCIPAL ACTIVITIES (CONTINUED)

Other expenses

The Fund shall be responsible for its other administrative, professional, regulatory and operating expenses which include, but not limited to, Auditors, Sharia Committee, Board Members and annual report fees, subject to a cap of SAR 200,000 per annum. This cap does not include the management, custodian, dealing charges, administrative and any other leverage related fees.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by Capital Market Authority (CMA) 3 Dhul Hijja 1427H (corresponding to 24 December 2006) which was amended on 16 Shaban 1437 (corresponding to 23 May 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia. The amended regulation came into effect from 6 Safar 1438 H (corresponding to 6 November 2016).

3. SUBSCRIPTION / REDEMPTION

The Fund is open for dealing before 12:00 pm on Sunday to Thursday (each day a “Dealing Day”). The net asset value (equity) of the Fund’s portfolio is determined on each working day’s closing prices (each “Valuation Day”). The unit price is calculated by subtracting the liabilities from the total assets value, then dividing the result (NAV) by the number of units outstanding on a valuation day.

4. BASIS OF PREPARATION

4.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountant (“SOCPA”).

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 liquidity.

4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit and loss (FVTPL).

4.3. Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyal (SAR) which is also the functional currency of the Fund.

4.4. Financial year

The financial year of the Fund commences on 1 January and ends on 31 December of each calendar year.

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4. BASIS OF PREPARATION (CONTINUED)

4.5 Significant accounting estimates and judgements (continued)

The preparation of the financial statements requires management to make judgments, estimates and assumptions 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 accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Use of Judgements

Assessment as investment entity

Entities that meet the definition of an investment entity under IFRS are required to measure their investments at fair value through profit or loss rather than applying equity accounting method or consolidation. The criteria, which define an investment entity, is as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis. The Fund's investment proposal to the unit holders clearly states its objective of providing investment management services to investors, for the purpose of capital appreciation with a clearly documented exit strategy from the investment.

The Fund's investment proposal to the unit holders clearly states its objective of providing investment management services to investors, for the purpose of capital appreciation with a clearly documented exit strategy from the investment.

The Fund reports to its investors and to its management, the investment it manages on a fair value basis. The

investment is reported at fair value to the extent allowed by accounting standards in the Fund's annual financials. The Fund's exit strategy for its investment is reviewed annually. Therefore, the Management concluded that the Fund meets the definition of an investment entity.

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

Use of Estimates

Measurement of fair values

The Fund's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Fund uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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4. BASIS OF PREPARATION (CONTINUED)

4.5. Significant accounting estimates and judgements (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Fund recognizes transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 14 of these financial statements.

Impairment of financial assets

The Fund applies and determines expected credit loss (ECL) model for the measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortized cost e.g., bank balances. An expected credit loss is the probability weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. For the determination of the expected credit loss, the fund evaluates among other factors, the credit risk, default and timing of collection since initial recognition. This requires recognizing allowance for expected credit losses in the statements of profit or loss and other comprehensive income.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

5.1 New standards, amendments to standards and interpretations

The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Following standard, interpretation or amendment are effective from the current year and are adopted by the Fund, however, these does not have any impact on the financial statements of the Fund.

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5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)

5.1 New standards, amendments to standards and interpretations (continued)

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2021
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<p><i>Amendments to IFRS 3, 'Business combinations'</i> update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p><i>Amendments to IAS 16, 'Property, plant and equipment'</i> prohibit a fund from deducting from the cost of property, plant and equipment amounts received from selling items produced while the fund is preparing the asset for its intended use. Instead, a fund will recognise such sales proceeds and related cost in statement of income.</p> <p><i>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'</i> specify which costs a fund includes when assessing whether a contract will be loss-making.</p> <p><i>Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.</i></p>	Annual periods beginning on or after 1 January 2022.

Management has assessed the impact of new standards and amendments effective from 1 January 2022 and determined that they have no material impact on the financial statements of the Fund.

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5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)

5.2 New standards, interpretations and amendments not yet effective

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective up to the date of issuance of the Fund's financial statements. The Fund has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Fund.

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing change to this amendment.</p>	Deferred until accounting periods starting not earlier than 1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p>	Deferred until accounting periods starting not earlier than 1 January 2024

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5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)

5.2. New standards, interpretations and amendments not yet effective (continued)

	Note that the IASB has issued a new exposure draft proposing change to this amendment.	
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

Management anticipates that these new standards interpretations and amendments will be adopted in the Fund's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Fund in the period of initial application.

6. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been adopted by the Fund and applied consistently throughout all years presented in these financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank.

Financial instruments

Initial recognition and measurement of financial assets

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Fund executes purchase or sale of the assets). Regular way purchase or sale of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on trade date at which the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss is recognized immediately in profit or loss. For all other financial assets and financial liabilities transaction costs are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

De-recognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards are transferred.

Classification and subsequent measurement of financial assets

Financial assets are classified into the following specified categories:

- Financial assets at fair value through profit or loss (FVPL);
- Financial assets at fair value through other comprehensive income (FVOCI); or
- Financial assets at amortized cost.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate Sukuk, Murabaha placement.

Classification and subsequent measurement of debt instruments depend on:

- (i) The Fund's business model for managing the asset; and
- (ii) The cash flow characteristics of the asset.

• **Financial assets at Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized in profit or loss statement. Profit income from these financial assets is included in 'Special commission income' using the effective interest rate method.

• **Financial assets at Fair value through other comprehensive income:** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses on the instrument's amortized cost are recognized in profit or loss statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss statement. Profit income from these financial assets is included in 'Special commission income' using the effective interest rate method.

• **Fair value through profit or loss:** Financial assets that do not meet the criteria for amortized cost or FVOCI are classified as fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value is presented in the statement of profit or loss in the year in which it arises. Profit income from these financial assets is included in 'Special commission income' using the effective interest rate method.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the statement of profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' when the Fund's right to receive payments is established.

Impairment of financial assets

The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Fund's financial assets fall into this category.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

Liabilities are recognized on an accrual basis for amounts to be paid in the future in return for services received, whether or not billed by the provider.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Fund has designated a financial liability at FVPL.

Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at the market price because this price provides a reasonable approximation of the exit price.

Offsetting

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

Trade date accounting

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Fund commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

Amounts due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial liabilities, other than those classified as at FVTPL, for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

Provisions

Provisions are recognized when the Fund has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognized as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued expenses

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the suppliers or not. These are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

Equity attributable to unitholders

The net assets attributable to the unitholders comprise redeemable units issued and accumulated profit generated by the Fund. The redeemable units are classified as equity as explained below.

Redeemable Units

Units subscribed and redeemed are recorded at the net assets value per unit on the Valuation Day for which the subscription request and redemption applications are received.

The Fund classifies its redeemable units as an equity instrument if the redeemable units have all of the following features:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The instrument 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.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata shares of the Fund's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the 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.

The Fund's redeemable participating units meet the definition of puttable instruments classified as equity instruments under IAS 32.16A-B and accordingly, are classified as equity instruments.

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have any of the features or meet all the conditions set out in paragraphs 16A and 16B of International Accounting Standard (IAS 32), the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in net assets attributable to unit holders. The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

Foreign currency translation

Transactions in foreign currencies are translated into SR at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated into SR at the exchange rate at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (continued)

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognized as a component of net gain from financial instruments at FVTPL

Net gain or loss on financial assets and liabilities at Fair Value through Profit or Loss (“FVTPL”)

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude special commission and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year’s unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument’s initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Net assets value per unit

The net assets value per unit disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units in issue at the reporting date.

Zakat

Zakat is the obligation of the Unitholder and is not provided for in these financial statements.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the amount can be reliably measured, regardless of when payment is being made.

Dividend income

Dividend income is recognized in the statement of profit or loss when declared (i.e. when the Fund’s right to receive the dividend is established).

The Fund’s expenses include management fee, custody fee and other expenses. Management and custody fee are based on predetermined rates as specified in the Terms and Conditions of the Fund. Detailed policies are as follows:

Management fee

Fund management fees are recognized on accrual basis and charged to the statement of comprehensive income. Fund management fee is charged at agreed rates with the Fund Manager and as stated in the terms and conditions of the Fund.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special commission income

Special commission income including special commission income from non-derivative financial assets measured at amortized cost, 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.

Custody fee

The Fund shall pay the Custodian an annual fee (the ‘‘Custodian Fee’’) equal to 0.0647% of the value of the Fund’s assets (based on the most recent asset valuation). The Custody fee shall be paid in quarterly instalments.

7. CASH AND CASH EQUIVALENT

	Note	31 December 2022	31 December 2021
Balances with financial institutions	7.1	52,371,869	7,206,660
Murabaha placements with original maturity of three months or less	8	7,231,158	27,081,742
Total		59,603,027	34,288,402

7.1 Cash balances are held in current accounts and investment account with Bank Muscat – a Saudi Arabian Branch of the Bank and with Riyadh Capital respectively. The Fund does not earn profit on these accounts.

8. INVESTMENTS CARRIED AT FVTPL

	31 December 2022		31 December 2021	
	Cost	Market value	Cost	Market value
Mutual Funds	59,653,107	67,142,182	74,288,372	77,136,876

These includes investment in SICO Capital Khairat Fund amounting to SR. 9.32 million managed by the Fund Manager within the Kingdom of Saudi Arabia.

31 December 2022	Cost	Market value	% of market value
<i>Mutual funds</i>			
Murabaha Funds	59,653,107	67,142,182	100%
Total	59,653,107	67,142,182	100%
31 December 2021			
<i>Mutual funds</i>			
Murabaha Funds	74,288,372	77,136,876	100%
Total	74,288,372	77,136,876	100%

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9. INVESTMENTS CARRIED AT AMORTIZED COST

The following table provides the details of the Islamic financing portfolio at the end of reporting dates in the banks of the following countries:

	31 December 2022	31 December 2021
United Arab Emirates (UAE)	10,553,434	-
Sultanate of Oman	18,198,047	8,034,000
Kingdom of Bahrain	17,528,899	138,571,972
Total	46,280,380	146,605,972

9.1 The following table represents the movement of investments in Murabaha contracts measured at amortized cost during the year:

	31 December 2022	31 December 2021
Carrying amount as at the beginning of year	146,605,972	121,646,745
Additions during the year	46,280,944	410,971,339
Matured during the year	(146,607,824)	(385,760,954)
Murabaha income recognized in the statement of comprehensive income	4,010,930	2,361,347
Murabaha income received during the year	(4,009,642)	(2,612,505)
Carrying amount as at the end of year	46,280,380	146,605,972

9.2 Includes Murabaha placements with original maturity of 3 months or less amounting to SR 38.56 million (2021: SR 27.08 million) (See Note 6).

9.3 The Commodity Murabaha placements are based on commodities such as aluminum, platinum, palladium and crude palm oil and all the Murabaha placements will be matured within a period of less than 12 months.

9.4 The rate of profit on Murabaha placements ranges from 0.15% to 4.25% per annum.

9.5 The Fund Manager has performed an ECL assessment for the financial assets carried at amortized cost. An allowance for impairment over these financial assets was not recognized in the financial statement as the amount was not material.

10. UNIT TRANSACTIONS

Transactions in units for the year are summarized as follows:

	31 December 2022	31 December 2021
Units as at beginning of the year	20,104,516	18,637,867
Units issued	23,942,232	14,029,150
Units redeemed	(29,384,304)	(12,562,501)
Net changes in units	(5,442,072)	1,466,649
Units as at end of the year	14,662,444	20,104,516

10.1 This includes 2,884,544 (31 December 2020: 856,168.13) number of units held by the funds managed by the Fund manager.

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11. INVESTMENTS CARRIED AT AMORTIZED COST - SUKUK

The following table represents the movement of investments in Sukuk measured at amortized cost during the year:

	31 December 2022	31 December 2021
Carrying amount at the beginning of the year	-	14,035,233
Additions during the year	32,322,778	-
Matured during the year	(24,248,889)	(14,000,000)
Sukuk profit recognized in the statement of comprehensive income	267,556	271,378
Sukuk profit received during the year	(286,223)	(306,611)
Carrying amount at the end of the year	8,055,222	-

11.1 The investment in Sukuk represents the Sukuk issued by a prominent Saudi Bank rated baa2. On The Sukuk bears commission, payable on a quarterly basis and priced at 3-month SIBOR plus 200 basis point. On 30 August 2021, the bank decided to liquidate the Sukuk, the Fund has recognized the income from the Sukuk till 30 August 2021.

12. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

12.1 Transactions with related parties

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are in accordance with the terms and conditions of the Fund. All the related party transactions are approved by the Fund Board.

Related party	Nature of relationship	Nature of transaction	2022	2021
SICO Capital Company	Fund manager	- Management fee (See Note 1)	662,325	675,593
		- Administration fee (See Note 1)	110,388	112,600
Riyad Capital	Affiliate	- Custodian fee (See Note 1)	132,466	135,119
Mutual Fund managed by SICO Capital	Affiliate	- Subscription in the units	23,942,232	45,652,340
		- Redemption in units	(29,384,304)	22,559,904
Board members		- Board meeting fee	20,000	20,000

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12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

12.2 Balances with related parties

Related Party	Nature of relationship	Nature of transaction	Note	31 December 2022	31 December 2021
Bank Muscat - Saudi Arabian Branch (Branch of Bank Muscat – SAOG)	Shareholder of Fund Manager	- Balance with bank	6	-	7,165,940
Mutual Funds managed by SICO capital SICO Capital	Affiliate	- Units held by other funds– market value		34,100,263	33,060,627
	Fund manager	- Accrued management fee		348,141	167,315
		- Administration Fee *		58,024	27,886
Riyad Capital	Affiliate	- Balance with financial institutions	6	52,371,869	40,720
		- Custodian fee *		217,977	125,361

* These balances have been recorded under other accrued expenses.

13. FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2022

Assets as per statement of financial position

	FVTPL	Amortized cost
Cash at bank	-	52,371,869
Investments carried at FVTPL	67,142,182	-
Investments carried at amortized cost - Murabaha Sukuk		46,280,380
		8,055,222
Total	67,142,182	106,707,471

31 December 2021

Assets as per statement of financial position

	FVTPL	Amortized cost
Cash at bank	-	7,206,660
Investments carried at FVTPL	77,136,876	-
Investments carried at amortized cost - Murabaha		146,605,972
Total	77,136,876	153,812,632

All financial liabilities as at 31 December 2022 and 31 December 2021 were classified as financial liabilities measured at amortized cost category.

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14. FINANCIAL RISK MANAGEMENT

14.1 Financial risk factors

The objective of the Funds is to continue to provide optimum returns to its unitholders. The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risk is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The financial instruments of the Fund are denominated in Saudi Riyals and hence, the Fund is not exposed to foreign exchange risk.

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Fund is exposed to commission rate risk as the financial instrument is priced at variable rate.

	<u>31 December 2022</u>		<u>31 December 2021</u>	
Sukuk	±5%	402,761	±5%	-

(iii) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The Fund has exposure to equity instruments' price risk as the Fund holds such investments.

The table below summarizes the impact on the Fund's net assets (equity), of reasonable possible changes in the returns of each of the strategies to which the Fund is exposed through its investment in funds at year end. A reasonably possible change is management's assessment, based on historical data sourced from the underlying Investee Funds, of what a reasonably possible percentage movement is in the value of a fund following each respective strategy over a 6-month period, in SAR. The impact on net assets (equity) attributable to holders of redeemable shares is calculated by applying the reasonably possible movement determined for each strategy to the value of each Investee Fund held by the Fund.

	<u>31 December 2022</u>		<u>31 December 2021</u>	
	Reasonable possible change %	Impact on net assets (equity)	Reasonable possible change %	Impact on net assets (equity)
Murabaha Funds	+/- 1%	462,803	+/- 1%	+/- 771,369

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

(b) Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk for its investment portfolio and bank balances.

Its Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Fund is exposed to credit risk for its cash and cash equivalents, investments carried at amortized cost, other assets. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal. For other assets, credit risk is also low.

Expected credit loss measurement

The Fund does not have a formal internal grading mechanism. Credit risks are generally managed on the basis of external credit ratings of counterparties.

Under the general approach of IFRS 9 impairment, the financial assets are classified into three stages. Each stage indicates the credit quality of the particular financial asset.

Stage 1: includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and profit is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but profit is still calculated on the gross carrying amount of the asset.

Stage 3: includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that already are impaired (defaulted).

One of the key components of IFRS 9 ECL is to determine whether there have been significant increases in credit risk (SICR) of an entity's credit exposures since initial recognition. The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL.

Definition of 'Default'

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

- the borrower 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 borrower is past due more than 90 days on any material credit obligation to the Fund. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default. The Fund considers indicators that are:

- qualitative- e.g., breaches of covenant;
- quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Fund; and
- based on data developed internally and obtained from external sources.

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

(b) Credit risk (continued)

Definition of 'Default' (continued)

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

The definition of default largely aligns with that applied by the Fund for regulatory capital purposes. conditions. To derive PiT PDs, the Fund will annually source macro-economic forecast data for selected variables from appropriate sources.

Probability of Default (PD)

Through the yearly review of investments in debt instruments, the Fund shall draw a yearly transition matrix to compute account-based PD over the one-year horizon for the past 5 years. These PDs will be grouped as per credit ratings. This rating migration shall capture the movement of obligors into default at yearly intervals. An average default rate of the 5 yearly transition matrices provides the through the cycle PDs. IFRS 9 requires the use of a PD that is a 'point-in-time' (PiT PD) estimate reflecting current forecasts of future economic conditions. To derive PiT PDs, the Fund will annually source macro-economic forecast data for selected variables from appropriate sources.

Loss Given Default (LGD)

Loss given default is defined as the forecasted economic loss in case of default. LGD computation will be based on the Fund's losses on defaulted accounts after the consideration of recovery percentages. IFRS 9 also requires that LGD be estimated in collaboration with the forward-looking valuation of collaterals based on macro-economic factors. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

For LGD estimation on its non-collateralized portfolio, the Fund shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 5 years prior to the assessment date. Exposure at Default (EAD)

Exposure at default is an estimation of the extent that the Fund may be exposed to an obligor in the event of default. The estimation of EAD should consider any expected changes in the exposure after the assessment date. This is of importance in the case of Stage 2 assets where the point of default may be several years in the future.

Discount rate

The Fund will compute effective profit rate at a contractual level. If the computation of the effective profit rate (at reporting date) is not feasible, the Fund will use the contractual profit (at reporting date) for discounting purposes.

The Fund Manager has performed an ECL assessment for the financial assets carried at amortised cost. An allowance for impairment over these financial assets was not recognized in these financial statements as the amount was not material.

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

(b) Credit risk (continued)

Through the yearly review of investments

Credit ratings

The credit quality of the Fund's bank balance is assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. The bank balances along with credit ratings are tabulated below:

Rating of Financial Institution	31 December 2022	31 December 2021
Cash at bank		
Ba2	52,371,869	7,165,940
Cash with custodian		
Unrated	-	40,720
Murabaha placements		
Unrated	28,079,176	124,850,119
B		21,755,853
B-	18,198,047	-
A+		-
BBB+	3,157	-
	46,280,380	146,605,972
SUKUK		
baa2		-

The following table shows maximum exposure to credit risk for the components of the statement of financial position.

	Note	31 December 2022	31 December 2021
Cash at bank	7	52,371,869	7,206,660
Murabaha placements	9	46,280,380	146,605,972
Sukuk	11	8,055,222	-

The management has conducted a review as required under IFRS 9 and based on an assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash at bank and murabaha placements.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Valuation Day and it is, therefore, exposed to the liquidity risk of meeting redemptions at any time. The Fund's securities are considered to be readily realizable, and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

ensure sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by obtaining financing from the related parties of the Fund.

The remaining contractual maturities at the reporting date of the Fund's financial liabilities consisting of accrued management fee, other accrued expenses and redemption payable will be matured within next 12 months:

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

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 unitholders.

14.2 Fair value estimation

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision, if any, of financial instrument carried at amortized cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity instruments. The Fund does not adjust the quoted price for these instruments.

As of December 31, 2021, the Fund's financial instruments comprise cash and cash equivalent, Investment carried at fair value through profit and loss, Murabaha placements, accrued management fee and other accrued expenses. Except for Investments carried at fair value through profit or loss, all the financial instruments are measured at amortised cost and their carrying value is a reasonable approximate of fair value. Investments carried at fair value through profit or loss are held in level 2 hierarchy of fair value. To determine the fair value of such investments, management used NAV of the funds. There were no transfers among the level 1, 2 and 3 during the year ended December 31, 2021.

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15. EVENTS AFTER THE END OF THE REPORTING PERIOD

As of the date of approval of these financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these financial statements.

16. SUBSEQUENT EVENTS

In the opinion of management, no events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

17. LAST VALUATION DAY

In accordance with the Terms and Conditions of the Fund, the last valuation day of the year was 31 December 2022 (2021: 31 December 2021). There is no material change in the net assets (equity) attributable to each unit of the Fund between last valuation day and its financial year end i.e., 31 December 2022.

18. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board on 30th March 2023 (Corresponding to 08 Ramadan 1444 AH).

Signed on behalf of Board of Directors

Authorized Signatory