



ALBILAD MSCI US TECH ETF

A) Investment Fund Information

1) Name of investment fund

Albilad MSCI US Tech ETF.

2) Investment objectives, policies and polices

The Investment objectives of the investment fund: The Fund seeks to achieve long-term growth and capital gains through the Passive Management of a Basket of US stocks that comply with the Shariah Supervisory Committee Standards and are listed in the US Market and concentrated in the technology sector, seeking to achieve a high-performance level that simulates the performance of the Benchmark Index before calculating any dividends, fees or expenses.

3) Distribution of income and gain policy

Not applicable

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

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

MSCI USA TECH 125 Islamic M Series Index.

B) Fund Performance

1) Comparative table covering the last 3 financial years (or since inception)

	2023
The fund net assets value at the end of each financial year	12,431,163
The fund net assets value per unit at the end of each financial year	13.8
Highest net asset value per unit for each financial year.	13.9
Lowest net asset value per unit for each financial year.	10.0
The number of units in issue at the end of each financial year.	900
Income distribution per unit	-
Expense ratio.	3.86%
Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any)	-
Results of comparing the performance of the benchmark with the performance of the fund	-6.5%

* Trading date for the fund was Jan 2023

For more information contact us at:

Asset Management
Telephone: +966 11 2039888
Fax: +966 11 2039899
Website: <http://www.albilad-capital.com/En/AssetManagement>

Albilad Capital Headquarters:

Telephone: +966 920003636
Fax: +966 11 2906299
PO Box: Riyadh 12313 - 3701, Saudi Arabia



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2. Performance Record

* Trading date for the fund was Jan 2023

The total return for one year, three years and five years (and since inception (where applicable))

	1Year	3 Years	5 Years	Since Inception
total return	38.1%	-	-	38.1%

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

	Since Inception	2023
Annual total return	38.1%	38.1%

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.

	Net Value	Expenses Ratio to Average NAV
Subscription Fees	-	-
Management Fees	151,224	1.11%
Purification Fees	-	0.00%
Audit Fees	-	0.00%
Custody Fees	-	0.00%
Board Member Remuneration	-	0.00%
Publishing Fees	-	0.00%
Regulatory Fees	-	0.00%
Benchmark Fees	-	0.00%
VAT	-	0.00%
Dealing Expenses	-	0.00%
Fund Administration Fees	291,878	2.15%
Other Expenses	73,725	0.54%
Operating fee	7,373	0.05%
Eadaa Expenses	-	0.00%
Listing Fees	-	0.00%
Total Expenses	524,200	3.86%

Fund Manager did not waive any fees during 2023

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

Not applicable

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 general assembly has been attended.

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

A) Names of the fund board members, and indicating membership type

1- Zaid bin Muhammad Saad Al-Mufraih	non-independent Chairman of the Board of Directors
2- Haytham bin Sulaiman Al-Suhaimi	non-independent member of the Board of Directors
3- Waleed Bin Ateeq	independent member of the Board of Directors
4- Omar Ali Bassal	independent member of the Board of Directors

B) A brief about the fund board member's qualifications.

1. Mr. Zaid bin Muhammad Saad Al-Mufraih (Chairman of the Board of Directors)

Country Chief Financial Officer, more than 15 years of experience in the financial markets. He previously held several leadership positions in the banking and financial services sector in the Kingdom, through which he gained experience to lead investment organizations through the tasks and responsibilities assigned to him professionally and professionally.

2. Mr. Haytham bin Sulaiman Al-Suhaimi (Non-independent member of the Board of Directors)

He holds a master's degree in investment science and financing risks from the University of Westminster in London, United Kingdom, held several positions in management work at SAPIN UAE, and subsequent experiences since 2015 in Jadwa Investment and then Albilad Capital as a financial analyst in investment banking, private equity and business development. (Member of the Board of Directors and Vice President of Business Development at Albilad Capital)

3. Waleed Bin Ateeq (Independent member of the Board of Directors)

Masters in finance from Saint Mary's University in Canada, and Bachelors in Economics with a Minor in Business Administration from The Ohio State University in the United States of Albilad MSCI US Tech ETF 46 America. More than 16 years of experience in finance, investment, insurance and risk management. He held several positions as Insurance Supervisor at the Saudi Central Bank (SAMA), Senior Investment Performance Analyst at the Saudi Central Bank (SAMA), Chief Financial Officer at Allianz Saudi Fransi Cooperative Insurance Company, and currently serves as Deputy Chief Financial Officer at Saudi Re Cooperative Reinsurance Company.

4. Mr. Omar Ali Bassal (Independent member of the Board of Directors)

Master of Business Administration, Financial Management and Statistics, with honours, Mr. Omar has more than ten years of experience in the financial field and is currently the Director of Asset Management at the Mohammed Ibrahim Al-Subaie & Sons Company.

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C) Description of the roles and responsibilities.

The responsibilities of the fund's board members include, but are not limited to the following:

- Approval of all substantial contracts, decisions and reports to which the fund is a party, including, but not limited to, approval of contracts for the provision of management services to the fund and custody services contracts. This does not include contracts concluded in accordance with investment decisions regarding any investments made or to be made by the fund. In the future.
- Adopting a written policy regarding voting rights related to the fund's assets
- Approval of the appointment of the fund's external auditor to be nominated by the fund manager
- Supervising and, when appropriate, approving and approving any conflicts of interest disclosed by the fund manager
- Meeting at least twice annually with the Fund Manager's Compliance and Compliance Committee or its Compliance Officer to review the fund's compliance with all relevant laws, regulations and regulations.
- Ensuring the probability and accuracy of the terms and conditions of the fund, the information memorandum, and any other document (whether it is a contract or otherwise) that includes disclosures related to the fund, the fund manager and its management of the fund, in addition to ensuring that the foregoing is consistent with the provisions of the investment funds regulations.
- Ensure that the fund manager carries out his responsibilities in the interest of unit holders in accordance with the provisions of the investment funds regulations, the fund's terms and conditions and the information memorandum.
- Ensure that the fund manager is committed to disclosing material information for unit holders and other stakeholders
- Acting with honesty, good faith, concern, skill, diligence and diligence for the benefit of the fund and the unit holders. The duties of fund include the duty of sincerity, attention and reasonable diligence.
- Record meeting minutes showing the proceedings of the meetings and the decisions taken by the council.

D) Details on the remuneration of the fund board members

All independent board members of the fund board shall be granted a remuneration of SAR 40,000 annually maximum . (SAR 20,000 per independent member) for all meetings attended during the year for funds' managed by Albilad Capital, distributed equally on all mutual funds except Real estate funds. Remuneration shall be calculated on every valuation date cumulatively and will be deducted and paid once a year.

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

There are no practical activities or interests of the fund manager or members of its board of directors that are likely to conflict with their responsibilities or performance towards the fund, and if any, they will be disclosed.

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

Fund Name	Zaid Al-mufarih	Haytham Al-Suhaimi	Waleed Bin Ateeq	Omar Bassal
Albilad Pure Saudi Equity Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad SAR Murabaha Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Saudi Income Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad GCC Income Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Fund of REIT Funds	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Nusaned Fund	-	Non-independent member	-	-
Albilad Saudi Sovereign Sukuk ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Gold ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Diversified SAR Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad MSCI US Equity ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad MSCI US TEC ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Multi Assets Balanced Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Freestyle Saudi Equity Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad MSCI Saudi Growth ETF	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Albilad Sukuk Fund	Chairman of Board of Directors	Non-independent member	Independent member	Independent member
Ensan Endowment Investment Fund	Chairman of Board of Directors	-	Independent member	-
Albilad Hospitality Fund in Makkah Al-Mukarramah	-	Chairman of Board of Directors	-	-
Dahia Investment Fund	-	Chairman of Board of Directors	-	-
THE SECOND COMMERCIAL COMPLEX FUND	-	Chairman of Board of Directors	-	-
Real Estate Projects Fund	-	Non-independent member	-	-
Muzdalifah Mall Real Estate Fund	-	Chairman of Board of Directors	-	-
Safa Najd Fund	-	Chairman of Board of Directors	-	-
Bilad Alawali Real Estate Fund II	-	Chairman of Board of Directors	-	-
Albilad Abhur Real Estate Fund	-	Chairman of Board of Directors	-	-

G) The topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objective

Two board meeting were held during 2023. The first meeting take place at 19 July 2023 and the second meeting was at December 25, these are most points were discussed:

- The latest developments in the local and the global markets.
- Fund performance
- Fund board evaluation

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C) Fund Manager

1) Name and address of the fund manager

Al-Bilad Investment Company *Al-Bilad Capital

King Fahd Branch Road - OLAYA 8162

Unit No. 22

Riyadh 12313-3701

Saudi Arabia.

Phone: 8001160002 Fax: (966+) 112906299

Al-Bilad Investment Company website: www.albilad-capital.com

2) Names and addresses of sub-manager and/or investment advisor (if any)

Not applicable

3) Review of the investment activities during the period

Not applicable

4) A report of investment fund performance during the period

The benchmark's performance during the period was better than the fund's performance by 6.5%. Where the fund achieved 38.1% in comparison with the benchmark's performance which achieved 44.7%.

5) Details of any material changes to the Fund's Terms and Conditions

Include provisions that promote adherence to the rules of zakat collection from investors in investment funds.

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Since Jan - 2023

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

Not applicable

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D) Custodian

1) Name and address of custodian

Riyad Capital is a company licensed under the Capital Market Authority License No. (07070-37)

Granada Oasis

2414 Al-SHUHADA District, Unit No. 69

Riyadh 13241-7279,

Saudi Arabia

Phone: +4865898/966114865866

Fax: +966114864859

Email: rcss@riyadcapital.com

2) 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 entrusts them to a third party under the provisions of the Investment Funds Regulations and the Saudi Stock Exchange Institutions Regulations. The custodian is responsible towards the fund manager and unit holders for the losses of the fund resulting from its fraud, negligence, misconduct or intentional default.
- The custodian is responsible for preserving and protecting the fund's assets for the benefit of the unit holders, and he is also responsible for taking all necessary administrative procedures in relation to preserving the fund's assets.
- The fund's assets are owned by the fund's unit holders collectively, and it is not permissible for the fund manager, sub-fund manager, custodian, sub-custodian, counselor or distributor to have any interest in the fund's assets or any claim therein, unless the fund manager or manager is The sub-fund, the custodian, the sub-custodian, the advising provider, or the distributor is the owner of the fund's units, within the limits of its ownership, or these claims were permitted under the provisions of the investment funds regulations and to be disclosed in the terms and conditions
- With the exception of the fund units owned by the fund manager, sub-fund manager, custodian, sub-custodian, counselor or distributor, and within the limits of what the debtor owns, the creditors of the fund manager, sub-fund manager, custodian or custodian, counselor or distributor may have no right to any claims or dues in the fund's money or assets

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ALBILAD MSCI US TECH ETF

E) Fund Operator

1) Name and address of Fund Operator

Albilad Investment Company "Albilad Capital"

8162 King Fahd Branch Road - Olaya

Unit No. 22

Riyadh 12313-3701

Kingdom of Saudi Arabia.

Telephone: 920003636 FAX: +966112906299

2) Brief description of its duties and responsibilities

1. The fund operator must establish a register of unitholders and must maintain it in the Kingdom.
2. The fund operator must maintain at least the following information in the register:
 - The name, address and contact numbers of each unitholder
 - The national identification number, residence number (Iqama), passport number or commercial registration number of the unitholder when applicable, or any other identification as determined by the Authority
 - The nationality of the unitholder
 - The date on which the unitholder was registered in the register
 - Details of all transactions in relation to units conducted by each unitholder
 - The current balance of the number of units (including fractions of a unit) held by each unitholder
 - Any restriction or right attached to units owned by the unitholder

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ALBILAD MSCI US TECH ETF

3. The fund operator must update the register of unitholders immediately to reflect changes to information referred to in Paragraph 2 above
4. The fund operator shall be responsible for the process of dividends distribution to unitholders.
5. The fund operator must process requests for subscriptions or redemption at the price calculated at the next valuation point following the deadline for submission of requests for subscription or redemption.
6. A fund operator must be obliged to meet subscription or redemption requests, subject to any provisions to the contrary in the public Fund's Terms and Conditions or in these Regulations.
7. The fund operator must pay the unitholder proceeds of redemption no later than the close of business on the fifth day at the latest of the following the valuation point at which the price for the redemption was determined.
8. The fund operator shall be responsible for valuing the assets of the public fund. In so doing, the fund operator shall conduct a full and fair valuation.
9. The assets of a public fund must be valued by the fund operator each dealing day at such time as specified in the Terms and Conditions of such public fund, and for the duration not exceeding one day from the deadline for submission of requests for subscription or redemption.
10. The fund operator must comply with the provisions of Annex (5) of these Regulations in relation to valuation of the public funds.
11. The fund operator shall be responsible for calculating the price of the units in a public fund that it operates. The price of units for subscriptions and redemptions on any dealing day shall be calculated by reference to the net asset value per unit of the public fund at the valuation point on the relevant dealing day.
12. The fund operator must state the Unit prices to at least four decimal places.
13. The fund operator must record each instance where an asset of the public fund is valued incorrectly or the price of a unit is calculated incorrectly
14. The fund operator must compensate all harmed unitholders (including former unitholders) as soon as reasonably practicable for all valuation or pricing errors

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E) Auditor

1) Name and address of auditor

PricewaterhouseCoopers

Kingdom of Saudi Arabia P.O. B. 8282 Riyadh 11482

Phone: +966112110400

Fax: +966112110401

Website: www.pwc.com

F) Financial Statements

Financial statements for the annual accounting period of the investment fund has been prepared in accordance with SOCPA standards. (Financial Statements attached)

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**ALBILAD MSCI US TECH ETF
(AN OPEN-ENDED EXCHANGE TRADED FUND
MANAGED BY ALBILAD INVESTMENT COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS REPORT
TO THE UNITHOLDERS AND THE FUND MANAGER**

**FOR THE PERIOD FROM 23 JANUARY 2023 (DATE OF COMMENCEMENT OF
OPERATIONS) TO 31 DECEMBER 2023**

**ALBILAD MSCI US TECH ETF
(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
FINANCIAL STATEMENTS
FOR THE PERIOD FROM 23 JANUARY 2023 (DATE OF COMMENCEMENT OF OPERATION) TO
31 DECEMBER 2023**

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Independent auditor's report to the unitholders and Fund Manager of AlBilad MSCI US Tech ETF

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of AlBilad MSCI US Tech ETF (the "Fund") as at 31 December 2023, and its financial performance and its cash flows for the period from 23 January 2023 (date of commencement of operation) to 31 December 2023 in accordance with International Financial Reporting 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).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the period from 23 January 2023 (date of commencement of operation) to 31 December 2023;
- the statement of changes in equity attributable to the unitholders for the period from 23 January 2023 (date of commencement of operation) to 31 December 2023;
- the statement of cash flows for the period from 23 January 2023 (date of commencement of operation) to 31 December 2023; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund and Fund Manager in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matter	Investments held at fair value through statement of income (FVSI)
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where Fund Manager made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.



Independent auditor’s report to the unitholders and Fund Manager of AlBilad MSCI US Tech ETF (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p>Investments held at fair value through statement of income (FVSI)</p> <p>As at 31 December 2023, the Fund held Investments held at fair value through statement of income (FVSI) (“investments”) amounting to Saudi Riyals 12.5 million. These investments are carried at fair value with the corresponding fair value change recognized in the statement of income. The fair value of these investments is determined through obtaining market observable prices.</p> <p>The valuation of the Fund’s investments is considered a key audit matter due to the significance of such investments to the Fund’s financial statements.</p> <p><i>Refer to Note 2.6 to the accompanying financial statements for the accounting policy for investments and Note 5 for related disclosure of investments.</i></p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Agreed the carrying value of investments to the underlying list of investments; • Obtained market price of investments held as at 31 December 2023, from external sources, recalculated the fair value of investments as at 31 December 2023 and compared these to the values included in the list of investments; and • Assessed the adequacy of the disclosures in the financial statements.

Other information

Fund Manager is responsible for the other information. The other information comprises the information included in the annual report, (but does not include the financial statements and our auditor’s report thereon), which is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Fund Manager and Those Charged with Governance for the financial statements

Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority and Fund’s terms and conditions, and for such internal control as 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, 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 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, i.e. the Fund Board, is responsible for overseeing the Fund’s financial reporting process.



Independent auditor's report to the unitholders and Fund Manager of AlBilad MSCI US Tech ETF (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 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 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 Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of 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, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447



28 March 2024

ALBILAD MSCI US TECH ETF
STATEMENT OF FINANCIAL POSITION
 (All amounts in Saudi Riyals '000' unless otherwise stated)

	Note	As at 31 December 2023
Assets		
Cash and cash equivalents	4	8
Investments held at fair value through statement of income (FVSI)	5	12,520
Dividend receivable		<u>2</u>
Total assets		<u>12,530</u>
Liabilities		
Accrued management fee	6	33
Accruals and other liabilities		<u>66</u>
Total liabilities		<u>99</u>
Equity attributable to the unitholders		<u>12,431</u>
Units in issue in thousands		<u>900</u>
Equity per unit in Saudi Riyals		<u>13.8122</u>

The accompanying notes from 1 to 14 form an integral part of these financial statements.

ALBILAD MSCI US TECH ETF
STATEMENT OF COMPREHENSIVE INCOME
 (All amounts in Saudi Riyals '000' unless otherwise stated)

	Note	For the period from 23 January 2023 (date of commencement of operation) to 31 December 2023
Income		
Realised gain on sale of investments held at FVSI		2,919
Unrealised gain on re-measurement of investments held at FVSI	5	2,335
Dividend income		73
Total income		<u>5,327</u>
Expenses		
Management fee	6	(91)
Other expenses	7	(434)
Total expenses		<u>(525)</u>
Net income for the period		4,802
Other comprehensive income for the period		<u>-</u>
Total comprehensive income for the period		<u>4,802</u>
Earnings per unit		
Weighted average number of units in issue in thousands		<u>1,098</u>
Earnings per unit in Saudi Riyals (Basic and diluted)		<u>4.3735</u>

The accompanying notes from 1 to 14 form an integral part of these financial statements.

ALBILAD MSCI US TECH ETF
STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS
(All amounts in Saudi Riyals '000' unless otherwise stated)

	For the period from 23 January 2023 (date of commencement of operation) to 31 December 2023
Equity attributable to the unitholders at the beginning of the period	-
Total comprehensive income for the period	4,804
Changes from unit transactions	
Proceeds from issuances of units	35,824
Payment against redemptions of units	(28,195)
Net change from units transactions	7,629
Equity attributable to the unitholders at the end of the period	12,431
	For the period from 23 January 2023 (date of commencement of operation) to 31 December 2023 Units '000'
Units at beginning of the period	-
Units issued	3,100
Units redeemed	(2,200)
Net change in units	900
Units at the end of the period	900

The accompanying notes from 1 to 14 form an integral part of these financial statements.

ALBILAD MSCI US TECH ETF
STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals '000' unless otherwise stated)

	Note	For the period from 23 January 2023 (date of commencement of operation) to 31 December 2023
Cash flows from operating activities		
Net income for the period		4,802
Adjustments to reconcile net income to net cash used in operating activities:		
- Unrealised fair value gain on re-measurement of investments held at FVSI	5	(2,335)
- Dividend income		(73)
		<u>2,394</u>
Net changes in operating assets and liabilities		
Investments held at FVSI		(10,185)
Accrued management fee		33
Accruals and other liabilities		66
Cash used in operating activities		<u>(7,692)</u>
Dividends received		71
Net cash used in operating activities		<u>(7,621)</u>
Cash flows from financing activities		
Proceeds from issuances of units		35,824
Payment against redemptions of the units		(28,195)
Net cash generated from financing activities		<u>7,629</u>
Net change in cash and cash equivalents		8
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	4	<u>8</u>

The accompanying notes from 1 to 14 form an integral part of these financial statements.

ALBILAD MSCI US TECH ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 23 JANUARY 2023 (DATE OF COMMENCEMENT OF OPERATION)
TO 31 DECEMBER 2023

(All amounts in Saudi Riyals '000' unless otherwise stated)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

AlBilad MSCI US TECH ETF (the "Fund") is an open-ended Exchange Traded Fund established and managed by AlBilad Investment Company ("the Fund Manager"), a subsidiary of Bank AlBilad (the "Bank") for the benefit of the Fund's Unitholders (the "Unitholders"). The objective of the Fund is to achieve long-term growth and capital gains through the Passive Management of a Basket of US stocks that comply with the Shariah Supervisory Committee Standards and are listed in the US Market and concentrated in the technology sector, seeking to achieve a high-performance level that simulates the performance of the Benchmark Index before calculating any dividends, fees or expenses.

The activities of the Fund conform to the rules and controls set by the Sharia Board.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, Unitholders are considered to be owners of the assets of the Fund. The management of the Fund is the responsibility of the Fund Manager.

Riyad Capital is the "Custodian" of the Fund.

In December 2021, the Capital Market Authority (CMA) approved Albilad Investment Company's request to offer and register "Albilad MSCI US Tech ETF" units on Saudi Stock Exchange (Tadawul) as Exchange Traded Fund (ETF). The Fund started trading on Tadawul as an ETF on 1 Rajab 1444AH (corresponding to 23 January 2023, with the symbol 9406).

According to the Terms and Conditions of the Fund, its first annual financial period starts from the commencement date of its operation i.e. 1 Rajab 1444AH (corresponding to 23 January 2023). The first annual financial statements is for the period from 23 January 2023 (date of commencement of operation) to 31 December 2023. According to the Terms and Conditions of the Fund, the financial statements for the subsequent period will be prepared from 1 January to 31 December.

The Fund is governed by the Investment Funds Regulations ("IFR") published by the Capital Market Authority ("CMA") on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) as amended by the resolution of the CMA Board on 12 Rajab 1442H (corresponding to 24 February 2021).

1.1 Primary market operation (Issuance and Redemption of Units)

The primary market operations are only carried out by the Fund Manager who is the authorised Market Maker. The Issuance and Redemption activities are done on the basis of blocks of exchange traded fund (ETF) units (for the Fund, one block equals 100,000 ETF Units), referred to Issuance and Redemption of Units respectively. The process of issuance and redemption of ETF units is on an in-kind basis whereby the Market Maker interexchange ETF Units of the Fund and the basket of assets, through the Custodian, for the purpose of issuance and redemption of ETF units. The issued units are then freely floated on Tadawul for public trading.

2 MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost convention, except for fair valuation of investment held at fair value through statement of income (FVSI).

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.

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

ALBILAD MSCI US TECH ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 23 JANUARY 2023 (DATE OF COMMENCEMENT OF OPERATION)
TO 31 DECEMBER 2023

(All amounts in Saudi Riyals '000' unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (continued)

2.2 Critical accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, is described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Going concern

The Fund Manager 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.

2.3 Changes in accounting policy and disclosures

(i) New standards effective in current year

The adoption of the following new IFRS /amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after 1 January 2023 did not have any significant impact on the Fund's financial statements.

The Fund has adopted the following amendments, interpretations and revisions to existing standards, which were issued by the IASB and are applicable from 1 January 2023:

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures	1 January 2023

ALBILAD MSCI US TECH ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 23 JANUARY 2023 (DATE OF COMMENCEMENT OF OPERATION)
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(All amounts in Saudi Riyals '000' unless otherwise stated)

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures (continued)

(i) New standards effective in current year (continued)

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
Amendment to IAS 8- Defintion of accounting estimate	The amendment to IAS 8 Accounting Policies, Changes in Accounting estimates and errors clarifies how fund should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction -	There amendments require funds to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
Amendment to IAS 12 - International tax reform - pillar two model rules -	These amendments give funds temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected funds.	1 January 2023

(ii) Standards issued but not yet effective and not early adopted

The listing of standards and interpretations has issued which are applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective. These amendments and standards are not expected to have a significant impact on the financial statements of the Fund.

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a fund's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some fund's supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024

ALBILAD MSCI US TECH ETF
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(All amounts in Saudi Riyals '000' unless otherwise stated)

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures (continued)

(ii) Standards issued but not yet effective and not early adopted (continued)

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.	Available for optional adoption / effective date deferred indefinitely
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Riyals (“SAR”) which is the Fund’s functional and presentation currency. All financial information presented in SAR has been rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at date of the statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the statement of comprehensive income. However, the Fund did not have any foreign currency transactions during the period ended 31 December 2023.

2.5 Cash and cash equivalents.

For the purposes of the statement of cash flows, cash and cash equivalents comprise balance with Bank Albilad and balance held in a custodian account with Riyadh Capital. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

ALBILAD MSCI US TECH ETF
NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in Saudi Riyals '000' unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments

2.6.1 Measurement methods

Initial recognition and measurement

Financial assets and liabilities are recognised at the time when the Fund becomes party to the contractual provisions of the instrument i.e. Trade date. The Fund records investments in equities on a 'trade date' basis.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through statement of income (FVSI), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVSI are expensed in the statement of income.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an impairment loss being recognised in the statement of income when an asset is newly originated.

2.6.2 Classification and measurement of financial instruments

The Fund classifies its equity instruments at FVSI and other financial assets at amortised cost. The classification requirements for equity and debt instruments are described below:

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 equity.

The Fund classifies its investments as held at FVSI. The Fund subsequently measures all equity investments at FVSI, except where the Fund Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income (FVOCI). The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the statement of income, 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 recognised in the statement of income when the Fund's right to receive dividend is established.

2.6.2 Classification and measurement of financial instruments

The subsequent unrealised revaluation gains / loss on investment held at FVSI is recognised in statement of income. Currently the Fund's investments in shares is classified as FVSI.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

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

Based on the business model and cash flow characteristics, the debt financial assets can be classified as held at amortised cost, FVSI and FVOCI.

ALBILAD MSCI US TECH ETF
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FOR THE PERIOD FROM 23 JANUARY 2023 (DATE OF COMMENCEMENT OF OPERATION)
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(All amounts in Saudi Riyals '000' unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

2.6.3 Impairment of financial assets measured at amortised cost

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt financial assets carried at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Under IFRS 9, loss allowances are measured on either of the following bases:

- a) 12-month ECLs: these ECLs that result from possible default events within the 12 months after the reporting date; and
- b) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly.

2.6.4 De-recognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- a) Transferred substantially all of the risks and rewards of the asset or
- b) Neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

2.6.5 Financial liabilities

All financial liabilities are initially recognised at fair value less transaction cost except for financial liabilities measured at FVSI where transaction cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income. The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVSI.

2.7 Trade date accounting

Regular way purchases and sales of financial assets are recognised / derecognised 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.

ALBILAD MSCI US TECH ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 23 JANUARY 2023 (DATE OF COMMENCEMENT OF OPERATION)
TO 31 DECEMBER 2023

(All amounts in Saudi Riyals '000' unless otherwise stated)

2 MATERIAL ACCOUNTING POLICIES (continued)

2.8 Offsetting of financial instruments

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 set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Accruals and other liabilities

Liabilities are recognised for amounts to be paid for goods or services received whether or not billed to the Fund. Accruals and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

2.10 Equity attributable to the Unitholders

Equity attributable to Unitholders is equity and is made up of units issued and retained earnings.

(a) Redeemable Units

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 equity 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 share of the Fund's equity.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the statement of income, the change in the recognised equity or the change in the fair value of the recognised and unrecognised equity of the Fund over the life of the instrument.

In addition - in order to classify instruments as equity - the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised equity or the change in the fair value of the recognised and unrecognised equity of the Fund.
- The effect of substantially restricting or fixing the residual return to the instrument holders.

The Fund's redeemable participating units meet the definition of puttable instruments classified as equity instruments under IAS 32.16 A-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 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 recognised in equity attributable to Unitholders. If the redeemable units subsequently have all the features and meet the conditions set out in paragraphs 16A and 16B of IAS 32, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification. The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

The Fund's distributions, if any, are classified as dividends paid in the statement of changes in equity attributable to the Unitholders.

(b) Trading in the units

Units of the Fund are available for purchasing only in the Kingdom of Saudi Arabia at Tadawul by natural and corporate persons. The equity value of the Fund is determined on every day from Sunday to Thursday ("Valuation Days") by dividing the net value of assets (fair value of total assets minus liabilities) by the total number of outstanding units on the relevant Valuation Day.

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2 MATERIAL ACCOUNTING POLICIES (continued)

2.11 Taxation

Taxation is the obligation of the Unitholders and therefore, no provision for such liability is made in these financial statements.

2.12 Zakat

Zakat is the obligation of the Unitholders and therefore, no provision for such liability is made in these financial statements.

2.13 Value added tax (VAT)

Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of services to customers. The other entities that transact business with the Fund withhold taxes or recover VAT on services rendered to the Fund. As the Fund cannot recover these amounts, these are expensed in the statement of income.

2.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received, excluding discounts, taxes and rebates.

Dividend income is recognised when the Fund's right to receive dividends is established. For equity securities, this is usually the ex-dividend date. Dividend income on FVSI equity securities is recognised in the statement of income as separate line item.

Realised gain on disposal of investments held at FVSI is measured as the difference between the sales proceed and the carrying value before disposal.

In accordance with the Sharia Board's resolutions, income prohibited by Sharia received by the Fund is excluded from the determination of income and is recorded as other liabilities in the statement of financial position. Such amount is determined based on the information available to the Fund Manager on the nature of earnings of investees upon the preparation of these financial statements. Income prohibited by Sharia is paid to charities on a quarterly basis.

2.15 Management fee

Management fee is calculated at rate of 0.75% per annum of the Fund's net assets value. In addition, on a daily basis the Fund Manager charges the Fund, custody fees 0.05% of the Fund's Net Asset Value of the listed financial securities and Investment Fund Units and 0.03% of the Fund's Net Asset Value of the Money Markets, to be calculated on each Calendar Day and deducted on a monthly basis.

2.16 Other expenses

Other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the Fund.

2.17 Equity value per unit

The Equity value per unit as disclosed in the statement of financial position is calculated by dividing the equity of the Fund by the number of units outstanding at period end.

3 MANAGEMENT FEE, AND OTHER CHARGES

The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit and legal fees, and other similar charges.

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4 CASH AND CASH EQUIVALENTS

	Note	As at 31 December 2023
Bank balance	6	<u>8</u>

5 INVESTMENT HELD AT FAIR VALUE THROUGH STATEMENT OF INCOME

The Fund invests primarily in stocks listed in US Market concentrated in technology sector that comply with the Shariah Supervisory Committee Standards. The sector-wise portfolio of investments carried at FVSI is summarised as follows:

	As at 31 December 2023		
	Cost	Market value	Unrealised gain / (loss)
Technology	6,054	8,013	1,960
Healthcare	2,783	2,815	32
Consumer cyclicals	819	1,130	311
Industrials	277	325	48
Real estate	80	88	7
Energy	55	39	(16)
Basic materials	38	26	(12)
Consumer, non-cyclicals	53	44	(8)
Non-financial corporations	27	40	14
	<u>10,185</u>	<u>12,520</u>	<u>2,335</u>

The following table represents the movement of the investments held at FVSI during the period:

	As at 31 December 2023
Movement of FVSI investments during the period	
Opening	-
Purchase of investments	33,381
Sale of investments	(23,196)
Unrealised gain on re-measurement of investment held at FVSI	2,335
Closing	<u>12,520</u>

6 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the Fund Manager, Custodian, other funds managed by the Fund Manager, Fund Board, key management personnel and any businesses which are controlled, either directly or indirectly, by the unitholders or over which they exercise significant influence ("affiliate"). The Fund enters into transactions in the normal course of business with these parties at prices and terms agreed between the parties.

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.

Following table contains the details of transactions with related parties:

Related party	Nature of relationship	Nature of transaction	Note	For the period from 23 January 2023 (date of commencement of operation) to 31 December 2023
AlBilad Investment Company	Fund Manager	Management fee		91
Riyad Capital	Custodian of the Fund	Custody fee	7	6
Fund Board	Members of the Fund Board	Fund Board fee	7	3

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6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Balances with related parties

Following table summarises the details of balances with related parties:

Nature of Balance	Related Party	As at 31 December 2023
Bank balances	Riyad Capital - Custodian of the Fund	8
Custody fee payable	Riyad Capital - Custodian of the Fund	6
Accrued management fee	AlBilad Investment Company – Fund Manager	33
Fund Board fee payable	Members of the Fund Board	2

7 OTHER EXPENSES

	Note	For the period from 23 January 2023 (date of commencement of operation) to 31 December 2023
Administrative expenses		3
Custodian fees	6	6
Administration fees		58
Audit fees		30
Fund Board fee	6	3
Incorporation expenses		15
Other expenses		319
		<u>434</u>

8 FINANCIAL RISK MANAGEMENT

8.1 Financial risk factors

The objective of the Funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its Unitholders and to ensure reasonable safety to the Unitholders.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity 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 risks are 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

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, commission rate risk and price risk.

(i) 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.

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8 FINANCIAL RISK MANAGEMENT (continued)

8.1 Financial risk factors (continued)

(a) Market Risk (continued)

(i) Price risk (continued)

The price risk arises primarily from uncertainty about the future prices of the financial instruments that the Fund holds. The Fund is exposed to market risk due to its investment held at FVSI. The Fund Manager closely monitors the price movement of its financial instruments listed at US Stock Exchange in technology sector. The Fund's Portfolio Constituents are evaluated according to the latest closing of the US Market. Accordingly, the indicative Unit price announced in the Market will reflect the closing price of the Market on the preceding day, which may be different from the Unit trading price. The Fund manages the risk through diversification of its investment portfolio by investing in various industry sectors as allowed by the Terms and Condition of the Fund.

Geographical distribution of the FVSI investment portfolio of the Fund is disclosed in the table below:

Geographical area	As at 31 December 2023	
	% of total market value	Market Value
United States	95.6%	11,966
Ireland	3.4%	430
Canada	0.3%	41
Netherlands	0.5%	57
Switzerland	0.2%	26
Total	100%	12,520

Industry concentration of the investment portfolio of the Fund, is disclosed in the table below:

Industry sector	As at 31 December 2023	
	% of total market value	Market value
Technology	64.0%	8,013
Healthcare	22.5%	2,815
Consumer cyclicals	9.0%	1,130
Industrials	2.6%	325
Real estate	0.7%	88
Energy	0.3%	39
Basic materials	0.2%	26
Consumer, non-cyclicals	0.4%	44
Non-financial corporations	0.3%	40
	100.0%	12,520

The effect on the equity value (as a result of change in fair value of investments as at 31 December) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constant is as follows:

Industry sector	As at 31 December 2023	
	Potential reasonable change %	Effect on NAV
Technology	+/-5%	401
Healthcare	+/-5%	141
Consumer cyclicals	+/-5%	57
Industrials	+/-5%	16
Real estate	+/-5%	4
Energy	+/-5%	2
Basic materials	+/-5%	1
Consumer, non-cyclicals	+/-5%	2
Non-financial corporations	+/-5%	2
		626

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8 FINANCIAL RISK MANAGEMENT (continued)

8.1 Financial risk factors (continued)

(a) Market Risk (continued)

(ii) Foreign currency 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 Fund trades in Saudi Riyal, while most of the Fund's Investments is denominated in US Dollar and Fund investments in other currencies are not significant. Currently, SAR is pegged to US Dollar therefore the Fund is not exposed to foreign exchange risk. Consequently, no foreign currency sensitivity analysis has been presented.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. As at 31 December 2023, the Fund is exposed to significant credit risk on the following:

	As at 31 December 2023
Cash and cash equivalents	8
Dividend receivable	2
Total	10

Cash and cash equivalents are held with the financial institutions with investment grade credit rating, therefore the impact of expected credit losses on these balances is insignificant.

(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 realisable 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 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 settles its financial liabilities relating to accrued management fee and other expenses on quarterly basis.

The expected maturity of the assets and liabilities of the Fund is less than 12 months.

Interest rate and liquidity risk management

The Fund is not exposed to interest rate risk as it does not have any interest-bearing financial assets. Ultimate responsibility for liquidity risk management rests with the Fund Manager, which has established an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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8 FINANCIAL RISK MANAGEMENT (continued)

8.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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

At 31 December 2023	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
Financial assets					
Cash and cash equivalents	8	-	-	-	8
Investments held at FVSI	12,520	-	-	-	12,520
Dividend receivable	-	2	-	-	2
	12,528	2	-	-	12,530
Financial liabilities					
Accrued management fee	-	-	33	-	33
Accruals and other liabilities	-	-	66	-	66
	-	-	99	-	99
Liquidity gap	12,528	2	99	-	12,431

(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.

8.2 Capital risk management

The capital of the Fund is represented by the equity attributable to holders of redeemable units. The amount of equity attributable to holders of redeemable units can change significantly on each Valuation Day, as the Fund is subject to subscriptions and redemptions at the discretion of Unitholders on every Valuation Day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for Unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain the capital structure, the Fund's policy is to monitor the level of subscriptions and redemptions relative to the assets it expects to be able to liquidate and adjust the amount of dividend distributions the Fund pays to redeemable units.

The Fund Board and Fund Manager monitor capital on the basis of the value of equity attributable to redeemable Unitholders.

9 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 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.

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9 FAIR VALUE ESTIMATION (continued)

The estimated fair value of the Fund's financial assets and liabilities not carried at fair value, is not considered to be significantly different from their carrying values. The fair value of investments held at FVSI are based on quoted prices in active markets and are therefore classified within Level 1.

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) at 31 December 2023:

At 31 December 2023	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets not measured at fair value					
Cash and cash equivalents	8	-	-	8	8
Dividend receivable	2	-	-	2	2
Financial assets measured at fair value					
Investments held at FVSI	12,520	12,520	-	-	12,520
	12,530	12,520	-	10	12,530
Financial liabilities not measured at fair value					
Accrued management fee	33	-	-	33	33
Accruals and other liabilities	66	-	-	66	66
	99	-	-	99	99

10 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities for the period ended 31 December 2023 are classified under amortized cost category except for investment, which is classified and measured at fair value.

Financial assets	Measurement category	As at 31 December 2023
Cash and cash equivalents	Amortised cost	8
Investments held at FVSI	FVSI	12,520
Dividend receivable	Amortised cost	2
Total financial assets		12,530
Financial liabilities		
Accrued management fee	Amortised cost	33
Accrual and other liabilities	Amortised cost	66
Total financial liabilities		99

11 SEGMENT REPORTING

The Fund carries a portfolio of equity instruments of entities listed on US Stock of Exchange. The Fund Manager periodically assesses the performance and allocates resources to the business as one unit and, as such, no separate operating segments were identified for financial reporting purposes. Consequently, segment reporting as required by IFRS 8 'Operating Segments' has not been disclosed.

12 LAST VALUATION DAY

In accordance with the terms and conditions of the Fund, the last valuation day for the purposes of preparation of these financial statements was 31 December 2023.

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13 INFORMATIVE ZAKAT RETURN SUBMISSION

Article 3 of Zakat Collection Rules for Investing in Investment Funds, stipulates that all investment funds approved to be established by the CMA after the effective date of the resolution (1 January 2023), must register with Zakat and Income Tax Authority (ZATCA) for Zakat purposes before the end of the first fiscal year from the date of the approval on their establishment and submit an informative zakat return within 120 days of fiscal year end. The Fund received its registration certificate no.10223000525007 from ZATCA on 11 December 2023. The Fund will submit the informative zakat return in due course.

The responsibility of paying zakat on investment in the Fund's units remains with the unitholders and the Fund does not have the zakat obligation.

14 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund Board 25 March 2024.