

**ALKHABEER DIVERSIFIED INCOME TRADED FUND – Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**ALKHABEER DIVERSIFIED INCOME TRADED FUND – Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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## Independent Auditor's Report

### **To: The Unitholders**

### **Alkhabeer Diversified Income Traded Fund – Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

**Jeddah, Kingdom of Saudi Arabia**

### **Opinion**

We have audited the financial statements of **Alkhabeer Diversified Income Traded Fund (“The Fund”)** managed by **Alkhabeer Capital Company (“The Fund Manager”)**, which comprise the statement of financial position as of December 31, 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity attributable to unitholders and the statement of cash flows for the year then ended and the accompanying notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024, and its financial performance and its cash flows for the year then ended 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 Organization for Chartered and Professional Accountants.

### **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 professional code of conduct and ethics, that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **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 year. 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. Below is the description of each key audit matters and how our audit procedures addressed to the audit matters mentioned:

<b>Key Audit Matters</b>	<b>How We Addressed Key Audit Matters</b>
<p><b>Valuation of financial assets at fair value through profit or loss</b></p> <p>As at December 31, 2024, the carrying values of financial assets at fair value through profit or loss aggregated to SAR 144.6 million (2023: SAR 145.6 million).</p>	<ul style="list-style-type: none"> <li>• We assessed the design and implementation and tested the operating effectiveness of key controls over; <ul style="list-style-type: none"> <li>- management's processes for performing valuation financial assets; and</li> <li>- IT system and the data integrity of the investment portfolio information held.</li> </ul> </li> </ul>

**Independent Auditor's Report- continued**

**To: The Unitholders**

**Alkhabeer Diversified Income Traded Fund – Expressed in Saudi Riyal**

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**Key Audit Matters - continued**

<b>Key Audit Matters</b>	<b>How We Addressed Key Audit Matters</b>
<p>The fair value of these financial assets is determined through the application of valuation techniques which often involve the exercise of judgment by management and the use of assumptions and estimates.</p> <p>Estimation uncertainty exists for those assets not traded in an active market (i.e. unquoted) and where the internal modelling techniques use:</p> <ul style="list-style-type: none"> <li>• significant observable valuation inputs (i.e. level 2 investments); and</li> <li>• significant unobservable valuation inputs (i.e. level 3 investments).</li> </ul> <p>The valuation of the Fund's financial assets in level 3 category was considered a key audit matter given the degree of complexity involved in valuing these investments and the significance of the judgments and estimates made by the management.</p> <p>Refer to note (4) to the financial statements for details of significant judgements applied in valuation of financial assets carried at fair value and note (18) which explain the valuation of investment used by the Fund including their levels in the fair value hierarchy and significant judgments and estimates.</p>	<ul style="list-style-type: none"> <li>• Ensured of Fund's ownership of these financial assets as at December 31, 2024.</li> <li>• Obtaining related reports for calculating the fair value for financial assets as at December 31, 2024 and compared it with their balances.</li> <li>• We assessed the correct classifications of the financial assets within the hierarchy and also considered IFRS 9 related disclosures in the financial statements.</li> </ul>

**Other Information Included in the Fund's 2024 Annual Report**

Other information consists of the information included in the Fund's 2024 Annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information included in its annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information is materially inconsistent with the accompanying financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement on this other information, we are required to report that fact, and we have nothing to report about on this matter.

## **Independent Auditor's Report- continued**

### **To: The Unitholders**

### **Alkhabeer Diversified Income Traded Fund – Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

**Jeddah, Kingdom of Saudi Arabia**

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

The Fund manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants, the applicable provisions of the investment funds regulation issued by the Capital Market Authority and the fund's terms and conditions and information memorandum, and for such internal control as the Fund manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (Fund Board of Directors) are responsible for overseeing the financial reporting process.

### **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 skepticism 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 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.

**Independent Auditor's Report- continued**

**To: The Unitholders**

**Alkhabeer Diversified Income Traded Fund – Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

**Jeddah, Kingdom of Saudi Arabia**

**Auditor's Responsibilities for the Audit of the Financial Statements - continued**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund manager.
- Conclude on the appropriateness of the Fund manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 to 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 the 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.

Among the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for 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.

**Crowe Solutions for Professional Consulting**



**Abdullah M. AlAzem**  
**License No. (335)**

Ramadan 23, 1446H (March 23, 2025)  
Jeddah, Kingdom of Saudi Arabia

**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**  
(Expressed in Saudi Riyal)

	Note	<b>As at December 31,</b>	
		<b>2024</b>	<b>2023</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,539,277	19,750,490
Dividends receivable	6	9,031,883	8,763,429
Prepaid expenses and other debit balances	7	1,645,647	47,173,506
Financial assets – current portion	8-b	148,749,701	104,995,324
<b>Total current assets</b>		<b>162,966,508</b>	<b>180,682,749</b>
<b>Non-current assets</b>			
Prepaid expenses and other debit balances	7	226,560	4,978,363
Financial assets – noncurrent portion	8-a,b	324,866,399	316,598,683
<b>Total non-current assets</b>		<b>325,092,959</b>	<b>321,577,046</b>
<b>Total assets</b>		<b>488,059,467</b>	<b>502,259,795</b>
<b>LIABILITIES AND EQUITY ATTRIBUTABLE TO UNITHOLDERS</b>			
<b>Current liabilities</b>			
Accrued expenses and other credit balances	9	919,916	1,477,270
Due to related parties	10	3,022,147	3,115,572
Credit facilities	11	27,111,174	28,669,984
<b>Total liabilities</b>		<b>31,053,237</b>	<b>33,262,826</b>
<b>EQUITY ATTRIBUTABLE TO UNITHOLDERS</b>		<b>457,006,230</b>	<b>468,996,969</b>
<b>Total liabilities and equity attributable to unitholders</b>		<b>488,059,467</b>	<b>502,259,795</b>
<b>Number of units issued (unit)</b>		<b>47,281,470</b>	<b>47,281,470</b>
<b>Equity per unit (SR per unit)</b>		<b>9.6657</b>	<b>9.9193</b>

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

**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Saudi Riyal)

		<b>For the year ended</b>	
		<b>December 31,</b>	
	Note	<b>2024</b>	<b>2023</b>
Dividends from financial assets at amortized cost		<b>34,379,916</b>	41,343,686
Realized gains / (losses) from the sale of financial assets at fair value through profit or loss	8-a	<b>122,539</b>	(760,685)
Unrealized losses from financial assets at fair value through profit or loss	8-a	<b>(9,167,234)</b>	(1,620,402)
<b>Net revenues</b>		<b>25,335,221</b>	38,962,599
<b>Expenses</b>			
Management fees	10-13	<b>(5,288,677)</b>	(5,436,698)
Administration and custody fees	10-13	<b>(620,868)</b>	(635,670)
Other expenses	12	<b>(3,006,752)</b>	(4,370,657)
<b>Total expenses</b>		<b>(8,916,297)</b>	(10,443,025)
Finance costs	11	<b>(1,890,416)</b>	(2,546,339)
Foreign currency exchange gain / (loss)		<b>431,191</b>	(736,426)
<b>Profit for the year</b>		<b>14,959,699</b>	25,236,809
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>14,959,699</b>	25,236,809

The accompanying notes from (1) to (22) form an integral part of these financial statements



**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Saudi Riyal)

		<b>For the year ended</b>	
		<b>December 31,</b>	
	Note	<b>2024</b>	<b>2023</b>
<b>Equity attributable to unitholders</b>			
Equity attributable to unitholders at the beginning of the year		<b>468,996,969</b>	470,237,783
Dividends	20	<b>(26,950,438)</b>	(26,477,623)
Comprehensive income for the year		<b>14,959,699</b>	25,236,809
<b>Equity attributable to unitholders at the end of the year</b>		<b>457,006,230</b>	468,996,969

Transactions in units for the year are summarized as follows:

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Number of units at the beginning and at the end of the year (unit)</b>	<b>47,281,470</b>	47,281,470

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

**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Saudi Riyal)

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Profit for the year	<b>14,959,699</b>	25,236,809
<b>Adjustments:</b>		
Finance costs	<b>1,890,416</b>	2,546,339
Realized (gains) / losses from financial assets at fair value through profit or loss	<b>(122,539)</b>	760,685
Unrealized losses from financial assets at fair value through profit or loss	<b>9,167,234</b>	1,620,402
<b>Changes in operating assets and liabilities:</b>		
Dividends receivable	<b>(268,454)</b>	(2,942,561)
Prepaid expenses and other debit balances	<b>50,279,662</b>	(46,620,128)
Accrued expenses and other credit balances	<b>(695,393)</b>	975,027
Due to related parties	<b>(93,425)</b>	36,396
Net change in financial assets	<b>(61,066,788)</b>	69,721,594
Finance cost paid	<b>(1,775,218)</b>	(2,416,601)
<b>Net cash provided by operating activities</b>	<b>12,275,194</b>	48,917,962
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Net movement of credit facilities	<b>(1,558,810)</b>	(20,084,025)
Dividends paid	<b>(26,927,597)</b>	(26,476,413)
<b>Net cash used in financing activities</b>	<b>(28,486,407)</b>	(46,560,438)
<b>Net change in cash and cash equivalents</b>	<b>(16,211,213)</b>	2,357,524
Cash and cash equivalents at the beginning of the year	<b>19,750,490</b>	17,392,966
<b>Cash and cash equivalents at the end of the year</b>	<b>3,539,277</b>	19,750,490

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

# **ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (Expressed in Saudi Riyal)**

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### **1. THE FUND AND ITS ACTIVITIES**

Alkhabeer Diversified Income Traded Fund - Expressed in Saudi Riyal ("The Fund") is a public traded investment closed fund, compatible with Sharia Compliant established in accordance in the rules and regulations enforced in KSA as well as under the guidelines of Capital Market Authority ("CMA"). The Fund has been established on 7 January 2021 and managed by Alkhabeer Capital Company ("Alkhabeer Capital" or the "Fund Manager"), for the benefit of the Fund's unitholders. The Fund is ultimately supervised by the Fund Board of Directors. Alinma Investment Company acts as the Custodian of the Fund.

The objective of the Fund is to generate periodic income for investors by investing in income-generating assets that are compatible with the regulations of the Sharia Board.

The establishment of the Fund has been approved by the CMA on September 17, 2020 (corresponding to Muharram 29, 1442 H). The inception date of the Fund was January 7, 2021 (corresponding to Jamada Alawwal 23, 1442 H) and the Fund was listed on Saudi Tadawul on January 19, 2021 (corresponding to Jamada Alakhir 6, 1442 H).

In dealing with the unitholders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unitholders are considered owners of the assets of the Fund and distributions may be made in relation to their respective ownership in the total number of outstanding units.

The Fund's term is 99 years following the date of listing units on Saudi Tadawul. The term of the Fund may be extended at the Fund Manager's discretion subject to CMA approval.

The Fund is subject to the Sharia Boards guidelines in its investments and transactions.

### **2. REGULATORY AUTHORITY**

The Fund was established and its units are offered based on the Investment Funds Regulations issued by CMA, Resolution number 1-219-2006 dated 03/12/1427H ("Investment Funds Regulations") issued by Royal Decree No. M/30 dated 2/6/1424H and amended by the CMA Board Resolution No. 2-22-2021 dated 12/7/1442H (corresponding to 24/2/2021) to be updated with the rapid developments and changes regarding the regulations and rules of the Authority in the Kingdom of Saudi Arabia.

### **3. BASIS OF PREPARATION**

#### **Statement of compliance**

The Fund's financial statements 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 Organization for Chartered and Professional Accountants, and the provisions specified by the Fund regulations issued by the CMA, the terms and conditions of the Fund and the information memorandum.

#### **Basis of measurement**

These financial statements of the Fund have been prepared on a historical cost basis except for the items that are measured at fair value, present value, net realizable value, and replacement cost in line with the accrual basis of accounting and going concern basis for the Fund.

#### **Functional and presentation currency**

The accompanying financial statements are presented in Saudi Riyal, which is the Fund's functional and presentation currency.

**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**New standards, amendments to standards and interpretations:**

There are standards and interpretations that became effective from January 1, 2024. The Fund Manager believes that the amendments will not have a material impact on the Fund's financial statements.

**- Amendments to IFRS 16 – Lease Obligations on a Sale and Leaseback Basis:**

These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how the Fund accounts for sale and leaseback transactions after the transaction date. Sale and leaseback transactions in which some or all of the lease payments are considered variable lease payments depend on an index or rate that is highly likely to be affected.

**- Amendments to IAS 1 – Non-Current Liabilities with Commitments and Classification of Liabilities as Current or Non-Current:**

These amendments clarify how compliance with conditions that a fund must meet within twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information the fund provides regarding liabilities subject to these conditions.

**- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements:**

These amendments require disclosures to enhance the transparency of supplier financing arrangements and their effects on an entity's liabilities, cash flows, and exposure to liquidity risk.

**Standards Issued but Not Yet Applied:**

The following is a list of new standards and amendments to standards effective for annual periods beginning on or after January 1, 2025, with early application permitted. However, the Fund has not applied them in preparing these financial statements. The Fund is currently evaluating the impact of applying these standards on its financial statements.

**- Amendments to IAS 27 – Non-Conversion:**

An entity is affected by the adjustments when it has a foreign currency transaction that is not convertible into another currency at the measurement date for a specific purpose.

**- Amendments to IFRS 9 and IAS 7 – Classification and Measurement of Financial Instruments:**

The Amendments:

- Clarifying the timing requirements for the recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system.
- Clarifying and adding additional guidance for assessing whether a financial asset meets the SPPI criterion.
- Adding new disclosures for certain instruments with contractual terms that can alter cash flows (such as certain instruments with features linked to achieving environmental, social, and governance objectives).
- Updating the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**  
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**- IFRS 18, "Presentation and Disclosure in Financial Statements"**

The new standard for presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. Key new concepts introduced in IFRS 18 include:

- The structure of the statement of profit or loss;
- The required disclosures in the financial statements for certain profit or loss performance measures reported outside the entity's financial statements (i.e., performance measures determined by management);
- Strengthened aggregation and classification principles that apply to the interim financial statements and notes in general.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash at banks and cash at portfolios, and deposits held at call with banks with maturities of three months.

**Credit facilities**

Credit facilities are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the recoverable amount is recognized in profit or loss over the period of the credit facilities using the effective interest rate method. Fees paid on the credit facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be withdrawn. In this case, the fee is deferred until the withdrawal occurs.

When there is no evidence that it is probable that some or all of the facility will be withdrawn, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it belong.

IAS 23, "Borrowing costs" requires any incremental transaction cost to be amortized using the Effective Interest Rate (EIR). The Fund accounts for finance cost (interest cost and amortization of transaction cost) as per the effective interest rate method. For floating rate loans, EIR determined at initial recognition of loan liabilities is used for the entire contract period.

Borrowing cost incurred for any qualifying assets are capitalized as part of the cost of the asset.

**Accrued expenses and other credit balances**

Liabilities are recognized for the amount to be paid in the future for services received, whether billed by the supplier or not.

**Expenses**

All expenses are classified as operating expenses unless another classification is consistent with the nature of the item of expense and circumstances of the Fund.

**Revenue recognition**

Revenue is recognised 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. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and taxes.

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Realized gains and losses on investments at financial assets sold are determined on a weighted average cost basis.

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 following is an explanation of the sources of revenue:

**a) Sukuk investments**

Investments are made in sovereign or quasi-sovereign sukuk or corporate sukuk offered publicly or privately, issued locally and internationally and in compliance with the regulations of the Sharia Board, and the currency of these sukuk is either the Saudi Riyals, the US dollar, or any other currency linked to the US dollar. The Fund Manager has the right to invest in any investment grade sukuk issuance, and he must not invest more than 5% of the Fund's assets in sukuk rated below investment grade, or in unrated sukuk, provided that the credit rating rate of the sukuk portfolio is an investment (Baa3-/BBB) or higher as rated by Standard & Poor's/Fitch or Moody's). In the event that the credit rating degrees vary according to the companies approved for the rating, the lower rating grade must be applied.

The Fund can invest in the sukuk by an intermediary broker, and the Fund Manager is responsible for appointing the intermediary broker in accordance with the rules and regulations issued by the Capital Market Authority.

**b) Trade finance deals**

Investments in trade finance deals are made through a diversified portfolio of short-term trade finance deals with asset guarantees and/or insurance contracts, in compliance with the Sharia Board's controls, distributed in global markets outside the Kingdom of Saudi Arabia and subject to the rules and regulations issued by the financial and supervisory bodies regulating those markets. in the countries in which you work. The Fund Manager will contract with an executing broker to carry out the trade finance deals. In this case, the implementing broker shall abide by the indicative investment controls agreed upon with the Fund Manager, and the Fund Manager shall be responsible for appointing the implementing broker in accordance with the rules and regulations issued by the Capital Market Authority.

**c) Leasing agreements**

Investments in Al-Ijarah transactions are made through a diversified portfolio consisting of medium to long-term lease contracts that are used to supply different types of equipment in multiple sectors, and are compatible with the controls of the Sharia Board and distributed in global markets outside the Kingdom of Saudi Arabia and are subject to the rules and regulations issued by the financial and supervisory bodies Regulating those markets in the countries in which they operate. These include - but are not limited to - transportation, public utilities, shipping, hygiene and maintenance, chemical production, food packaging, and health care. Al-Ijarah transactions are secured by the ownership of the assets in favor of the fund. The Fund Manager will contract with an executing broker to carry out Al-Ijarah transactions. In this case, the implementing broker shall abide by the indicative investment controls agreed upon with the Fund Manager, and the Fund Manager shall be responsible for appointing the implementing broker in accordance with the rules and regulations issued by the Capital Market Authority.

## **ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (Expressed in Saudi Riyal)**

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#### **d) Income funds**

Investments are made in income funds that are managed by fund managers, including the Fund Manager, who are licensed by the CMA or a similar entity in the event of investing in funds outside the Kingdom of Saudi Arabia, provided that they are in compliance with the Sharia Board's regulations. These funds invest in different income-generating asset classes, including "but not limited to" trade finance, credit finance, Al-Ijarah, sukuk, income-generating shares and Murabaha deals. The Fund Manager will make sure when investing in any of these funds that the investment strategy of the target fund is compatible with the investment strategy of the Fund. Income funds that can be invested in include funds offered publicly or privately, provided that the investment in private funds does not exceed 25% of the fund's net asset value.

#### **Finance costs**

Finance cost is recognized in the statement of profit or loss for the year in which they are incurred.

#### **Dividends**

Interim and final dividends are recorded as liability in the period in which they are approved by the Fund Board of Directors.

#### **Zakat**

According to the rules for Zakat levy from investors in investment funds, investment funds are not obligated to pay zakat. Instead, they are only required to submit an Information declaration on the calculation of the zakat base for the fund. Therefore, no provision is made for such liabilities in these financial statements.

#### **Net equity per unit**

The net equity per unit is calculated and disclosed in the financial position by dividing the net assets of the Fund attributable to unitholders by the number of issued units.

#### **Financial instruments**

A financial instrument is any contract that results in a financial asset of one entity and a financial liability or equity instrument in another entity.

#### **Financial assets**

##### **Classification and initial recognition**

The Fund classifies its financial assets in the following measuring categories:

- Financial assets measured at fair value (either through profit or loss, or through other comprehensive income), and
- Financial assets measured at amortized cost.

Classification depends on the business model of the Fund to manage financial assets, and on the contractual terms of cash flows.

For assets that are measured at fair value, gain and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investment in debt instruments, it depends on the business model in which investment is held. For investment in equity instruments, it depends on whether the Fund has made an irreversible selection at the time of initial recognition to account for the equity instruments at fair value through OCI. The Fund reclassifies debt instruments only when its business model for managing those assets changes.

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At initial recognition, the Fund measures a financial asset (not classified as part of fair value through profit or loss) at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset through OCI. In the case of financial assets measured at fair value through profit or loss, the transaction costs are recorded in profit or loss.

**Equity instruments**

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present the gains or losses from fair value on equity investments in OCI, gains or losses from fair value will not be reclassified subsequently to profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income when the Fund's right to receive payments is established. Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are treated separately within net assets.

Changes in the fair value of financial assets measured at fair value are recognized at fair value through profit or loss in profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund classified its debt instruments:

• **Financial assets at Amortized cost**

A financial asset is measured at amortized cost if it meets the following conditions and is not classified as fair value through profit or loss:

- The asset is maintained within a business model that aims to retain assets to collect contractual cash flows.
- The contractual provisions of the financial asset give rise to cash flows on specific dates that are limited to payments of principal and commission only on the amount of principal outstanding.

• **Fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, are measured at fair value through other comprehensive income (FVOCI). Movements in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from OCI to retained earnings. Realized gain or loss are recognized in profit or loss.

• **Financial assets measured at fair value through profit or loss**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through statement of profit or loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship as part of profit or loss. It is recognized in net as gains or losses in the year it occurs. Similarly, interest income from these financial assets is included as financial interest in gains or losses.

**Effective interest rate method**

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash inflows through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net book value on initial recognition.



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**Impairment**

The Fund assesses on a forward-looking basis the expected credit losses associated with its financial assets measured at amortized cost and FVOCI. The impairment methodology used depends on whether there has been a significant increase in credit risk.

**Financial assets at fair value through profit or loss.**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

**Financial liabilities**

**A financial liability is classified as follows:**

- Contractual obligation to deliver cash or another financial asset to another entity.
- Contractual obligation to exchange financial instruments with another entity under conditions that are expected to be unfavorable to the entity.
- A non-derivative contract for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

**Recognition and measurement**

All financial liabilities are recognized initially at fair value. Subsequently, it is measured at amortized cost using effective interest rate methods. The Fund's financial liabilities include accrued expenses and other credit balances and due to related parties.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**De-recognition of financial assets**

The Fund de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognizes its retained interest in the asset and liability related to the amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognize the financial asset and also recognizes the liabilities associated with the proceeds received.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the amount of the consideration received and accrued is recognized in the profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the gain or loss previously recognized in the revaluation reserve is reclassified to the profit or loss. In contrast, on

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de-recognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTPL, the gains or losses are recognized in profit or loss.

The Fund's financial liabilities are de-recognized only if relieved, cancelled or expired. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable, including any non-cash assets transferred or liabilities incurred, is recognized in profit or loss.

## **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

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

### **Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to the models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and price volatility risk. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

### **Impairment in the value of financial assets carried at amortized cost**

The Fund recognizes an allowance for expected credit losses for all debt instruments not listed at fair value through profit or loss. Expected credit losses are determined on the basis of the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at approximately the effective commission rate. Expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the contractual terms.

## **5. CASH AND CASH EQUIVALENTS**

	<b>2024</b>	2023
Cash at banks	<b>3,154,764</b>	17,668,107
Cash at investment portfolios*	<b>384,513</b>	2,082,383
	<b><u>3,539,277</u></b>	<u>19,750,490</u>

\* This item represents cash available to the Fund deposited in a special bank account with the Investment Portfolio Manager to be used for investment purposes in the investment portfolios. The Fund has the right to withdraw these amounts at any time.

## **6. DIVIDENDS RECEIVABLE**

The balance represents the profits due to the Fund resulting from investing in financial assets that the Fund has not received up to the date of the financial statements.

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**7. PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	<b>2024</b>	2023
Prepaid commissions	<b>1,872,207</b>	1,966,956
Advance to purchase investment	-	3,468,659
Other debit balances*	-	46,716,254
	<b>1,872,207</b>	52,151,869
Less: current portion	<b>(1,645,647)</b>	(47,173,506)
Non-current portion	<b>226,560</b>	4,978,363

\* Other debit balances represent investments in trade financing (Murabaha) where the maturity period has ended, subsequent to the year ended December 31, 2024. these amounts were recovered.

**8. FINANCIAL ASSETS**

**a- Fair value through profit or loss:**

<b><u>December 31, 2024</u></b>	<b>Investments in funds*</b>	<b>Sukuk investments**</b>	<b>Total</b>
Balance at the beginning of the year	113,021,511	32,609,516	145,631,027
Additions	16,352,018	-	16,352,018
Disposals	(8,303,317)	-	(8,303,317)
Unrealized losses	(7,803,261)	(1,363,973)	(9,167,234)
Realized gain	122,539	-	122,539
Balance at the end of the year	<b>113,389,490</b>	<b>31,245,543</b>	<b>144,635,033</b>
	Investments in funds*	Sukuk investments**	Total
<b><u>December 31, 2023</u></b>			
Balance at the beginning of the year	121,174,954	32,766,994	153,941,948
Additions	9,888,229	-	9,888,229
Disposals	(15,818,063)	-	(15,818,063)
Unrealized losses	(1,462,924)	(157,478)	(1,620,402)
Realized losses	(760,685)	-	(760,685)
Balance at the end of the year	113,021,511	32,609,516	145,631,027

\* The source of fair value is net asset value as announced by the fund manager.

\*\* The source of fair value is the market value of the Sukuk described in the investment portfolio report, the details of the Sukuk are as follows:

<b><u>2024:</u></b>			
<b>Suk name</b>	<b>Profit %</b>	<b>Maturity date</b>	<b>Fair Value</b>
Saudi Electricity Company 2043	5.6%	April 8, 2043	<b>6,984,464</b>
Saudi Electricity Company 2044	5.5%	April 8, 2044	<b>13,711,550</b>
Indonesia 2050	3.8%	June 23, 2050	<b>6,471,135</b>
Sharka 2031	3.2%	July 13, 2031	<b>4,078,394</b>
			<b>31,245,543</b>

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Suk name	Profit %	Maturity date	Fair Value
Saudi Electricity Company 2043	5.6%	April 8, 2043	7,180,496
Saudi Electricity Company 2044	5.5%	April 8, 2044	14,189,521
Indonesia 2050	3.8%	June 23, 2050	7,182,670
Sharka 2031	3.2%	July 13, 2031	4,056,829
			<u>32,609,516</u>

**b- Amortized cost:**

<u>December 31, 2024</u>	Investments in trade financing	Leasing deals	Islamic leasing and finance 18*	Islamic leasing and finance 19*	Islamic leasing and finance 23	Islamic leasing and finance 33	Total
Balance at the beginning of the year	104,995,324	61,572,104	71,123,104	33,232,364	5,040,084	-	275,962,980
Additions	202,330,936	-	-	-	-	13,144,600	215,475,536
Matured	(158,576,559)	(2,152,618)	(1,268,943)	(237,415)	(221,914)	-	(162,457,449)
Balance at the end of the year	<u>148,749,701</u>	<u>59,419,486</u>	<u>69,854,161</u>	<u>32,994,949</u>	<u>4,818,170</u>	<u>13,144,600</u>	<u>328,981,067</u>
					Less: current portion		<u>(148,749,701)</u>
					Non- current portion		<u>180,231,366</u>

The details of financial assets at amortized cost are as follows:

2024:

<u>Investment in Trade</u>	<u>finance deals:</u>	<u>Profit %</u>	<u>Maturity date</u>	<u>December 31, 2024</u>
Chanel Capital Murabaha		7.5%	March 4, 2025 – Jan 4, 2026	<b>57,460,680</b>
Hurizon Capital Murabaha		8%	December 31, 2034	<b>44,691,640</b>
Hurizon Capital Murabaha		14.32%	March 31, 2025	<b>16,939,408</b>
Hurizon Capital Murabaha		14.30%	March 31, 2025	<b>5,633,400</b>
Hurizon Capital Murabaha		14.30%	March 31, 2025	<b>15,022,400</b>
Hurizon Capital Murabaha		14.33%	March 31, 2025	<b>9,002,173</b>
				<u><b>148,749,701</b></u>

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<b>Leasing Agreements</b>	<b>Profit %</b>	<b>Maturity date</b>	<b>December 31, 2024</b>
Lease equipments	6.5%	December 31, 2025	<b>59,419,486</b>
<b>Islamic Finance and lease</b>	<b>Profit %</b>	<b>Maturity date</b>	<b>December 31, 2024</b>
Eighteenth	6.5%	November 5, 2025	<b>69,854,161</b>
Nineteenth	6.5%	November 25, 2025	<b>32,994,949</b>
Twenty-Three	6%	August 26, 2026	<b>4,818,170</b>
Thirty-Three	7.75%	January 25, 2029	<b>13,144,600</b>
			<b>120,811,880</b>

<u>December 31, 2023</u>	Investments in trade financing	Leasing deals	Islamic leasing and finance 18*	Islamic leasing and finance 19*	Islamic leasing and finance 23	Total
Balance at the beginning of the year	148,454,360	62,136,598	86,320,217	37,265,528	5,578,037	339,754,740
Additions	218,458,354	613,333	-	-	-	219,071,687
Matured	(261,917,390)	(1,177,827)	(15,197,113)	(4,033,164)	(537,953)	(282,863,447)
Balance at the end of the year	104,995,324	61,572,104	71,123,104	33,232,364	5,040,084	275,962,980
					Less: current portion	(104,995,324)
					Non- current portion	<u>170,967,656</u>

The details of financial assets at amortized cost are as follows:

<b>Investment in Trade finance deals:</b>	<b>Profit %</b>	<b>Maturity date</b>	<b>December 31, 2023</b>
Chanel Capital Murabaha	7.5%	March 4, 2025 – Jan 4, 2026	57,373,470
Hurizon Capital Murabaha	12%	January 3, 2024	15,946,450
Hurizon Capital Murabaha	14.42%	January 12, 2024	8,988,510
Hurizon Capital Murabaha	14.38%	February 26, 2024	17,062,044
Hurizon Capital Murabaha	12%	April 3, 2024	5,624,850
			<b>104,995,324</b>
<b>Leasing Agreements</b>	<b>Profit %</b>	<b>Maturity date</b>	<b>December 31, 2024</b>
Lease equipments	6.5%	December 31, 2025	<b>61,572,104</b>
<b>Islamic Finance and lease</b>	<b>Profit %</b>	<b>Maturity date</b>	<b>December 31, 2024</b>
Eighteenth	6.5%	November 5, 2025	71,123,104
Nineteenth	6.5%	November 25, 2025	33,232,364
Twenty-Three	6%	August 26, 2026	5,040,084
			<b>109,395,552</b>

\*The credit facilities are secured against the investment classified at amortized cost from Islamic leasing and finance (18) and (19) at NBK as shown in Note (11).

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**9. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	<b>2024</b>	2023
Accrued finance interest	<b>115,198</b>	129,738
Accrued professional and consulting fees	<b>60,375</b>	137,771
Other accrued expenses	<b>744,343</b>	1,209,761
	<b>919,916</b>	1,477,270

**10. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties' transactions represent the management fees, administration fees, custody fees, and compensations to the independent Board Members.

a) Due to related parties comprise the following:

Related parties	Nature of relationship	Nature of transaction	Volume of transaction for the year ended December 31,		Balance as at December 31,	
			2024	2023	2024	2023
Alkhabeer Capital Company	Fund Manager	Management fees	<b>5,288,677</b>	5,436,698		
		Administration fees	<b>528,868</b>	543,670		
		Payments	<b>(5,918,970)</b>	(5,987,999)	<b>2,909,147</b>	3,010,572
Alinma Investment Company	Custodian	Custody Fees	<b>92,000</b>	92,000		
		Payments	<b>(92,000)</b>	(34,973)	<b>92,000</b>	92,000
Fund Board of Directors	Board of Directors	Compensation to Independent Fund Board Members	<b>42,000</b>	26,000		
		Payments	<b>(34,000)</b>	(39,000)	<b>21,000</b>	13,000
Second Diversified Income Investment Company (a one-person company)	Subsidiary of Custodian	Expenses paid on behalf of the Company	<b>18,375</b>	9,625		
		Payments	<b>(18,375)</b>	(9,625)	-	-
					<b>3,022,147</b>	3,115,572

b) All transactions with related parties are approved by the Fund Manager.

**11. CREDIT FACILITIES**

On November 25, 2021, a credit facility agreement (Murabahat) was signed between the Fund and the National Bank of Kuwait in order to obtain bank financing with a maximum amount of SR 78,750,000. The balance of these facilities as of December 31, 2024 amounted to SR 27,111,174 (2023: the amount of SR 28,669,984). These facilities represent short-term Murabaha (6 months and less). The facility agreement is guaranteed against investments classified at amortized cost as shown in Note (8). These facilities are charged with financing interest prevailing rates from 1.47% to 1.72% (every three months), (2023: from 1.60% to 1.72% (every three months). The term of these facilities expires on December 31, 2026.

Finance costs for the year ended December 31, 2024 amounted to SR 1,890,416 (2023: SR 2,546,339).

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**12. OTHER EXPENSES**

	<b>For the year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Investments and registration expenses	<b>1,629,449</b>	3,117,750
Commission expenses	<b>965,717</b>	927,727
Professional and consulting fees	<b>201,190</b>	203,579
Compensations to independent Fund Board of Directors (Note 10)	<b>42,000</b>	26,000
Other expenses	<b>168,396</b>	95,601
	<b>3,006,752</b>	4,370,657

**13. ADMINISTRATIVE FEES AND OTHER EXPENSES**

The Fund is managed by the Fund manager, management fees and expenses are calculated per the terms and conditions of the Fund as follows:

**a) ADMINISTRATIVE FEES**

The Fund administrator is entitled to receive fees equivalent to 0.1% annually (as indicated in the Fund's terms and conditions) of the net asset value that is paid semi-annually.

**b) MANAGEMENT FEES**

The Fund manager is entitled to receive fees equivalent to 1% annually (as indicated in the terms and conditions of the Fund) of the net asset value that is paid semi-annually

**c) CUSTODY FEES**

The custodian is entitled to receive a maximum fee equivalent to 0.1% (as indicated in the terms and conditions of the Fund) of the annual total assets, or a minimum of SR 100,000 per year that is paid semi-annually. According to the framework agreement for custodian services, the Fund Manager must pay the annual fees to the Custodian, which are calculated at a 1.5-point basis (0.00015) percent of the Fund's net asset value, with a minimum fee of SR 80,000 and a maximum fee of SR 100,000.

**d) SUBSCRIPTIONS FEES**

The Fund manager is entitled to receive a subscription fee of 1% of the paid and allocated subscription amounts in the event of any future proposals to increase the Fund's capital, and these subscription fees are deducted upon receipt of the subscription amount and paid to the Fund manager, in addition to the subscription amount.

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According to the rules for zakat levy from investors in investment funds, investment funds are not obligated to pay zakat. Instead, they are only required to submit an informational declaration regarding the calculation of the fund's zakat base. The details of the zakat base are as follows:

	<u>2024</u>
<b><u>Adjustment on net adjusted profit:</u></b>	
Profit as per book for the year	<u>14,959,699</u>
<b>Adjusted profit for the year</b>	<u>14,959,699</u>
<b><u>Zakat base:</u></b>	
Equity attributable to unitholders	457,006,230
Due to related parties	3,022,147
Credit facilities	640,880
Book value of non-current assets based on authority	<u>(7,679,506)</u>
<b>Zakat base</b>	<u>452,989,751</u>
<b>Fund's zakat base is the largest between zakat base and adjusted profit</b>	<u>452,989,751</u>
The value of zakat according to the fund's zakat base	<u>11,708,426</u>
Number of units issued (unit)	<u>47,281,470</u>
<b>The value for zakat per unit</b>	<u>0.2476</u>
	<u>2023</u>
<b><u>Adjustment on net adjusted profit:</u></b>	
Profit as per book for the year	<u>25,236,809</u>
<b>Adjusted profit for the year</b>	<u>25,236,809</u>
<b><u>Zakat base:</u></b>	
Equity attributable to unitholders	468,996,969
Book value of non-current assets based on authority	<u>(2,600,000)</u>
<b>Zakat base</b>	<u>466,396,969</u>
<b>Fund's zakat base is the largest between zakat base and adjusted profit</b>	<u>466,396,969</u>
The value of zakat according to the fund's zakat base	<u>12,021,448</u>
Number of units issued (unit)	<u>47,281,470</u>
<b>The value for zakat per unit</b>	<u>0.2543</u>

**15. SHARIA COMPLIANCE**

The Fund operates in accordance with the provisions of Sharia law, as determined by the Sharia advisor. The Sharia advisor has reviewed the Fund's public offering document and confirmed that it is in compliance with Sharia provisions.



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**16. LAST VALUATION DATE**

The last date for the valuation during the year is December 31, 2024.

**17. RISK MANAGEMENT**

The Fund's activities expose it to various financial risks, and these risks include: market risk (including currency risk, fair value risk and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial market conditions and seeks to minimize potential adverse effects on the Fund's financial performance.

**a) Market risk:-** Market risks represented by the following:

• **Currency risk**

Currency risk is the risk that the value of a financial instrument denominated in foreign currencies will fluctuate due to changes in foreign exchange rates, in case the Fund does not hedge its currency exposure by means of hedging instruments.

During the year, the Fund did not engage in any significant transactions in currencies other than Saudi Riyals and US Dollars and accordingly the Fund does not have material exposure to other foreign currencies during the year ended December 31, 2024. Further, since the Saudi Riyal is pegged to the US dollar, the Fund is not exposed to significant foreign currency risk.

• **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates. The Fund is exposed to interest rate risk because it borrows funds at variable interest rates. Interest rate risk is managed by the Fund by obtaining financing at a cost that is appropriate to its target returns, thus mitigating any negative impact of higher interest costs from facilities or lower investment returns.

• **Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than currency risk or interest rate risk). The fund manager strives to diversify investments across different sectors and financial instruments issued by different issuers and in various financial markets, and to meet due diligence requirements.

**b) Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation, causing the other party to incur a financial loss. Financial assets that potentially expose the Fund to concentrations of credit risk consist primarily of cash and cash equivalents, financial assets at amortized cost, and other receivables. Cash is placed with reputable financial institutions, and management reviews outstanding cash and other receivables.

**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

**NOTES TO THE FINANCIAL STATEMENTS  
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(Expressed in Saudi Riyal)****c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis to ensure the availability of sufficient funds. The Fund's manager monitors the liquidity requirements by ensuring that sufficient funds are available to fulfill any commitments as they arise, either through new contributions or by taking Murabaha facilities. The Fund has sufficient liquidity to meet its obligations.

**December 31, 2024:****Non-derivative financial liabilities**

	<b>Book value</b>	<b>Less than a year</b>	<b>More than a year</b>
Credit facilities	27,111,174	27,111,174	-
Due to related parties	3,022,147	3,022,147	-
Accrued expenses and other credit balances	919,916	919,916	-
	<b>31,053,237</b>	<b>31,053,237</b>	<b>-</b>

**December 31, 2023:****Non-derivative financial liabilities**

	<b>Book value</b>	<b>Less than a year</b>	<b>More than a year</b>
Credit facilities	28,669,984	28,669,984	-
Due to related parties	3,115,572	3,115,572	-
Accrued expenses and other credit balances	1,477,270	1,477,270	-
	<b>33,262,826</b>	<b>33,262,826</b>	<b>-</b>

**18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	<b>Book Value</b>		<b>Fair Value</b>			
	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Level (1)</b>	<b>Level (2)</b>	<b>Level (3)</b>	<b>Total</b>
<b><u>December 31, 2024:</u></b>						
<b><u>Financial Assets</u></b>						
Cash and cash equivalents	3,539,277	-	-	-	-	3,539,277
Dividends receivables	9,031,883	-	-	-	-	9,031,883
Financial assets	328,981,067	144,635,033	-	-	144,635,033	473,616,100
	<b>341,552,227</b>	<b>144,635,033</b>	<b>-</b>	<b>-</b>	<b>144,635,033</b>	<b>486,187,260</b>
<b><u>Financial Liabilities</u></b>						
Due to related parties	3,022,147	-	-	-	-	3,022,147
Credit facilities	27,111,174	-	-	-	-	27,111,174
Accrued expenses and other credit balances	919,916	-	-	-	-	919,916
	<b>31,053,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,053,237</b>

**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**

(Managed by Alkhabeer Capital Company)

**NOTES TO THE FINANCIAL STATEMENTS  
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(Expressed in Saudi Riyal)**

	Book Value		Fair Value			
	Amortized Cost	Fair Value	Level (1)	Level (2)	Level (3)	Total
<u>December 31, 2023:</u>						
<b><u>Financial Assets</u></b>						
Cash and cash equivalents	19,750,490	-	-	-	-	19,750,490
Dividends receivables	8,763,429	-	-	-	-	8,763,429
Financial assets	275,962,980	145,631,027	-	-	145,631,027	421,594,007
	304,476,899	145,631,027	-	-	145,631,027	450,107,926
<b><u>Financial Liabilities</u></b>						
Due to related parties	3,115,572	-	-	-	-	3,115,572
Credit facilities	28,669,984	-	-	-	-	28,669,984
Accrued expenses and other credit balances	1,477,270	-	-	-	-	1,477,270
	33,262,826	-	-	-	-	33,262,826

**19. GEOGRAPHICAL OPERATING SEGMENTS**

<b><u>December 31, 2024</u></b>	<b>Inside the Kingdom</b>	<b>Outside the Kingdom</b>	<b>Total</b>
<b>Financial assets</b>	<b>7,679,505</b>	<b>465,936,595</b>	<b>473,616,100</b>
<b>Dividends form financial assets at amortized cost</b>	<b>-</b>	<b>34,379,916</b>	<b>34,379,916</b>
<b>Realized gains from the sale of financial assets at fair value through profit or loss</b>	<b>122,539</b>	<b>-</b>	<b>122,539</b>
<b>Unrealized gains / (losses) from financial assets at fair value through profit or loss</b>	<b>49,506</b>	<b>(9,216,740)</b>	<b>(9,167,234)</b>
	<u><b>172,045</b></u>	<u><b>25,163,176</b></u>	<u><b>25,335,221</b></u>
<b><u>December 31, 2023</u></b>	<b>Inside the Kingdom</b>	<b>Outside the Kingdom</b>	<b>Total</b>
Financial assets	23,971,171	397,622,836	421,594,007
Dividends form financial assets	500,000	40,843,686	41,343,686
Realized losses from the sale of financial assets at fair value through profit or loss	(760,685)	-	(760,685)
Unrealized (Losses) / gains from financial assets at fair value through profit or loss	(2,129,095)	508,693	(1,620,402)
	<u>(2,389,780)</u>	<u>41,352,379</u>	<u>38,962,599</u>

**ALKHABEER DIVERSIFIED INCOME TRADED FUND - Expressed in Saudi Riyal**  
(Managed by Alkhabeer Capital Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Expressed in Saudi Riyal)

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The Fund achieves continuous investment returns, and all Fund operations are carried out inside and outside the Kingdom of Saudi Arabia. The Fund's operations are monitored by the Fund's management under one sector. The following is a statement of geographic information for local and foreign investments, as well as investment income during the year:

**20. DIVIDENDS**

The Fund Board of Directors approved the distribution of dividends and the details are as follows:

<b>Approval Date</b>	<b>The period paid for</b>	<b>Amount per Unit</b>	<b>Total</b>
<b><u>2024</u></b>			
February 1, 2024	July 1, 2023 to December 31, 2023	<b>0.29</b>	<b>13,711,626</b>
August 7, 2024	January 1, 2024 to June 30, 2024	<b>0.28</b>	<b>13,238,812</b>
			<b><u>26,950,438</u></b>
<b><u>2023</u></b>			
January 26, 2023	July 1, 2022 to December 31, 2022	0.28	13,238,811
July 31, 2023	January 1, 2023 to June 30, 2023	0.28	13,238,812
			<b><u>26,477,623</u></b>

**21. SUBSEQUENT EVENTS**

On February 10, 2025, the fund's Board of Directors approved a dividend distribution for the period from July 1, 2024, to December 31, 2024, amounting to SAR 0.23 per unit, with a total of SAR 10,874,738 to be distributed to unitholders.

**22. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Fund's Board of Directors for the year ended December 31, 2024 on Ramadan 23, 1446H (March 23, 2025).