

**Riyad USD Diversified Trade Fund
Open-Ended Mutual Fund
(Managed by Riyad Capital)
Financial Statements
For the year ended 31 December 2023
Together with the
Independent Auditor's Report to the Unitholders and Fund Manager**

Riyad USD Diversified Trade Fund
Open-Ended Mutual Fund
(Managed by Riyad Capital)
Financial Statements
For the year ended 31 December 2023

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Independent auditor's report to the Unitholders and the Fund Manager of Riyadh USD Diversified Trade Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Riyadh USD Diversified Trade Fund (the "Fund") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the 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 year then ended;
- the statement of changes in equity attributable to the Unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the 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 in accordance with 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.

Other information

The Fund Manager is responsible for the other information. The other information comprises the information included in the Fund's 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 Fund's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent auditor's report to the Unitholders and the Fund Manager of Riyadh USD Diversified Trade Fund (continued)

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, 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 the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e., the Fund Board is responsible for overseeing the Fund's 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 the 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 the 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 the Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.



Independent auditor's report to the Unitholders and the Fund Manager of Riyadh USD Diversified Trade Fund (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the Fund Board 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.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'Khalid Mahdhar', written over a horizontal line.

Khalid Mahdhar
License No. 368

27 March 2024

Riyad USD Diversified Trade Fund
Open-Ended Mutual Fund
(Managed by Riyad Capital)
STATEMENT OF FINANCIAL POSITION
(All amounts in United States Dollar unless otherwise stated)

| | Note | As at 31 December 2023 | As at 31 December 2022 |
|---|------|------------------------------|------------------------------|
| ASSETS | | | |
| Cash and bank balances | 6.1 | 773,067 | 6,266,373 |
| Investments carried at amortized cost | 7 | 150,915,313 | 203,056,404 |
| Total assets | | 151,688,380 | 209,322,777 |
| LIABILITIES | | | |
| Management fees payable | 10 | 8,260 | 11,465 |
| Other accrued expenses | | 18,076 | 14,925 |
| Redemption payable | | 1,169,909 | 2,000 |
| Total liabilities | | 1,196,245 | 28,390 |
| Equity attributable to the Unitholders | | 150,492,135 | 209,294,387 |
| Units in issue (number) | 8 | 5,188,821.73 | 7,507,954.33 |
| Equity attributable to each unit | | 29.00 | 27.88 |

The accompanying notes 1 to 16 from an integral part of these financial statements.

Riyad USD Diversified Trade Fund
Open-Ended Mutual Fund
(Managed by Riyad Capital)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts in United States Dollar unless otherwise stated)

| | Note | For the year ended 31 December | |
|--|------|--------------------------------|-------------|
| | | 2023 | 2022 |
| <u>Income</u> | | | |
| Special commission income | | 8,076,716 | 7,186,671 |
| | | 8,076,716 | 7,186,671 |
| <u>Expenses</u> | | | |
| Fund management fees | 10 | (887,926) | (1,356,629) |
| Other expenses | 9 | (160,270) | (229,647) |
| Total expenses | | (1,048,196) | (1,586,276) |
| Net income for the year | | 7,028,520 | 5,600,395 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 7,028,520 | 5,600,395 |

The accompanying notes 1 to 16 from an integral part of these financial statements.

Riyad USD Diversified Trade Fund
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS
(All amounts in United States Dollar unless otherwise stated)

| | For the year ended 31 December | |
|--|---------------------------------------|---------------|
| | 2023 | 2022 |
| Equity attributable to the Unitholders at beginning of the year | 209,294,387 | 314,674,032 |
| Total comprehensive income for the year | 7,028,520 | 5,600,395 |
| Changes from unit transactions: | | |
| Issuance of units | 40,888,278 | 167,617,440 |
| Redemption of units | (106,719,050) | (278,597,480) |
| Net changes from unit transactions | (65,830,772) | (110,980,040) |
| Equity attributable to the Unitholders at end of the year | 150,492,135 | 209,294,387 |

The accompanying notes 1 to 16 from an integral part of these financial statements.

Riyad USD Diversified Trade Fund
Open-Ended Mutual Fund
(Managed by Riyadh Capital)
STATEMENT OF CASH FLOWS
(All amounts in United States Dollar unless otherwise stated)

| | Note | For the year ended 31 December | |
|---|------|--------------------------------|---------------|
| | | 2023 | 2022 |
| Cash flows from operating activities: | | | |
| Net income for the year | | 7,028,520 | 5,600,395 |
| Net changes in operating assets and liabilities: | | | |
| Investments carried at amortized cost | | 30,641,091 | 110,627,228 |
| Management fees payable | | (3,205) | (374,490) |
| Other accrued expenses | | 3,151 | (53,522) |
| Net cash generated from operating activities | | 37,669,557 | 115,799,611 |
| Cash flows from financing activities: | | | |
| Proceeds from issuance of units | | 40,888,278 | 167,617,440 |
| Redemptions of the units, net off payable* | | (105,551,141) | (278,599,530) |
| Net cash used in financing activities | | (64,662,863) | (110,982,090) |
| Net changes in cash and cash equivalents | | (26,993,306) | 4,817,521 |
| Cash and cash equivalents at beginning of the year | | 33,766,373 | 28,948,852 |
| Cash and cash equivalents at end of the year | 6.1 | 6,773,067 | 33,766,373 |
| *Supplementary information | | | |
| Net changes in redemption payable | | 1,169,909 | 2,050 |

The accompanying notes 1 to 16 from an integral part of these financial statements.

Riyad USD Diversified Trade Fund
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(All amounts in United States Dollar unless otherwise stated)

1 FUND AND ITS ACTIVITIES

The Riyad USD Diversified Trade Fund (the “Fund”) is a fixed income fund managed through an agreement between Riyad Capital (the “Fund Manager”) and the investors in the Fund (the “Unitholders”). The objective of the Fund is to seek preservation of capital and realize a reasonable return thereon, through invest direct or indirect in debt instruments compliant with the principles of Islamic Sharia.

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.

The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s Agreement, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas.

The Fund commenced its activities 18 June 1988, where the terms and conditions of the Fund were originally approved by the Saudi Central Bank (SAMA). On 20 December 2008, the terms and conditions of the fund were approved by the Capital Markets Authority (CMA) through their letter dated 12 Dhul Hijja 1429H (corresponding to 20 December 2008).

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha’ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations became effective starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

The Fund does not present current and non-current assets and liabilities separately in the statement of financial position, instead, assets and liabilities are presented in order of their liquidity.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, using the accrual basis of accounting and the going concern concept except for the investments measured at fair value through profit or loss at fair value. The Fund presents its statement of financial position in the order of liquidity.

3.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the main economic environment in which the fund operates (the “functional currency”) and are expressed in United States Dollar (USD), which is fund functional and operational currency and all financial information presented is rounded to the nearest USD.

3.4 Critical accounting judgments, estimates and assumption

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. There are no areas of significant judgement or significant assumption used in the preparation of these financial statements expect for allowance for credit loss.

There are no significant estimates or judgements involved in the preparation of financial statements that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period. 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.

3 BASIS OF PREPARATION (continued)

3.5 Going concern

The Fund Manager of the Fund 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.

3.6 Expected credit loss

Expected credit loss (ECL) against financial assets is a significant estimate used in the preparation of these financial statements. The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weights of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

4 MATERIAL ACCOUNTING POLICIES

4.1 New Standards, Interpretations and Amendments Adopted by the Fund

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2023 except for the adoption of the following amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after 1 January 2023. The Fund has assessed that the below amendments have no significant impact on the financial statements.

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For the year ended 31 December 2023

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.1 New Standards, Interpretations and Amendments Adopted by the Fund (continued)

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 |
| Narrow scope amendments to IAS 1 | Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. | 1 January 2023 |
| Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction - | These amendments require companies 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 companies 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 companies. | 1 January 2023 |
| Amendments to IAS 8 | Definition of accounting estimates | 1 January 2023 |

The adoption of the above amendments to standards and interpretations did not have any significant impact on these financial statements.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.2 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The listing is of standards and interpretations issued, which the Fund reasonably expects to be applicable at a future date. The Fund intends to adopt these standards when they become effective.

| Standard / Interpretation | Description | Effective from periods beginning on or after the following date |
|---|--|--|
| 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 company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. | 1 January 2024 |
| 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 |

4.3 Cash and bank balances

For the purposes of the statement of cash flows, cash and bank balances consists of cash in investment account, balance with custodian and Murabaha deposits with an original maturity of less than three months at the date of acquisition. Cash and bank balances are carried at amortized cost in the statement of financial position.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments

4.4.1 Initial recognition and measurement

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

Financial asset at amortized cost

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

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

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

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

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

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

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

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

4.4.1 Initial recognition and measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and commission

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. Interest or ‘Commission’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example: liquidity risk and administrative costs), as well as profit margin.

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

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

Reclassifications

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

Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit losses (“ECL”) associated with its financial assets carried at amortized cost. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

4.4.2 Classification of financial liabilities

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVPL.

4.4.3 Recognition and initial measurement

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. Financial assets measured at FVPL are initially recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. Financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition issue.

4.4.4 Subsequent measurement

Financial assets at FVPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognised in profit or loss in ‘Net gain from investments carried at FVPL’ in the statement of comprehensive income.

Financial assets and financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest / commission method and is recognised in the statement of comprehensive income.

Any gain or loss on de-recognition is also recognised in the statement of comprehensive income.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

4.4.4 Subsequent measurement (continued)

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative commission using the effective interest / commission method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

4.4.5 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in statement of comprehensive income. Any commission in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability. The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognised. The Fund derecognises a financial liability when its contractual obligations are discharged or canceled or expire.

4.4.6 Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortized cost. The Fund recognizes 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 is 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 if the asset has low credit risk at the reporting date.

4.5 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.

4.6 Other accrued expenses

Other accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective profit rate method.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.7 Provision

A provision is recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognized for future operating loss.

4.8 Redeemable units

The Fund is open for subscriptions/ redemptions of units from Sunday to Thursday. The net assets value of the Fund is determined every day from Sunday to Thursday (each a "Valuation Day"). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the value of net assets (fair value of Fund assets *minus* Fund liabilities) by the total number of outstanding units on the relevant Valuation Day.

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

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata shares of the Fund's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

4.9 Zakat / Taxation

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

4.10 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 dividend is established.

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

Profit on murabaha contracts and sukuk is recognised on effective commission rate method.

The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective commission rate, the Fund manager estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses. In case of no derecognition, the carrying amount of the financial asset is adjusted if the Fund manager revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as impairment losses.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.11 Management fees

Management fee is calculated at rate mentioned in terms and conditions of the Fund and is payable monthly in arrears.

4.12 Other expenses

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

4.13 Equity value per unit

The equity 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 year end.

5 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 0.50% per annum (2022: 0.50% per annum) of the Fund's equity. In addition, on each valuation day the Fund Manager charges the Fund, custody fee at the rate of 0.005% per annum (2022: 0.005% per annum) of the Fund's equity and USD 8 per transaction.

The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fees, legal fees and other similar charges. These charges are not expected to exceed in total 0.20% (2022: 0.20%) per annum of the Fund's equity.

6 CASH AND CASH EQUIVALENTS

6.1 Cash and bank balances included in the statement of cash flows comprise of the following:

| | Note | As at 31 December 2023 | As at 31 December 2022 |
|---|---------|------------------------------|------------------------------|
| Cash in investment accounts | 6.2, 10 | 692,586 | 6,265,803 |
| Balance with custodian | | 80,481 | 570 |
| Cash and bank balances | | 773,067 | 6,266,373 |
| Murabaha placements having maturity of three month or less from the date of acquisition | 7.1 | 6,000,000 | 27,500,000 |
| Cash and cash equivalents in statement of cash flows | | 6,773,067 | 33,766,373 |

6.2 Cash in investment accounts is held in investment accounts with Riyadh Capital and a cash balance with the custodian. The Fund does not earn profit on these investment accounts.

7 INVESTMENTS CARRIED AT AMORTIZED COST

| | Note | As at 31 December 2023 | As at 31 December 2022 |
|------------------------------------|------|------------------------------|------------------------------|
| Investments in Murabaha placements | 7.1 | 50,000,000 | 101,500,000 |
| Investments in Sukuks | | 99,214,275 | 99,429,550 |
| | | 149,214,275 | 200,929,550 |
| Accrued special commission income | | 1,701,038 | 2,126,854 |
| Total | | 150,915,313 | 203,056,404 |

7.1 Above placement also include placements with original maturity of 3 months or less amounting to USD 6,000,000 (2022: USD 27,500,000) and included in the cash and bank balances for the purpose of cashflows.

7.2 The rate of special commission income for above investment carried at amortized cost ranging from 2.92% to 6.30% per annum (2022: from 2.93% to 5.85% per annum).

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8 UNIT TRANSACTIONS

Transactions in units for the year are summarized as follows:

| | As at 31 December 2023 | As at 31 December 2022 |
|---|---------------------------------------|------------------------------|
| Units at the beginning of the year | 7,507,954.33 | 11,535,245.77 |
| Units issued | 1,447,174.82 | 6,115,615.03 |
| Units redeemed | (3,766,307.42) | (10,142,906.47) |
| Net change in units | (2,319,132.6) | (4,027,291.44) |
| Units at the end of the year | 5,188,821.73 | 7,507,954.33 |

9 OTHER EXPENSES

| | For the year ended 31 December | |
|--------------------|---------------------------------------|---------|
| | 2023 | 2022 |
| VAT expenses | 135,661 | 206,644 |
| Other | 9,465 | 3,332 |
| Custody fees | 9,279 | 13,814 |
| Professional fees* | 5,865 | 5,857 |
| | 160,270 | 229,647 |

* This includes auditor's remuneration for the statutory audit and interim review of the fund's financial statements and interim financial information for the year ended 31 December 2023 amounting to USD 4.53 thousand and USD 1.33 thousand respectively. (2022: USD 4.53 thousand and USD 1.33 thousand respectively).

10 TRANSACTIONS AND BALANCES WITH RELATED PARTY

Related parties of the Fund include "Riyad Capital" being the Fund Manager, "Riyad Bank" being the shareholder of Riyadh Capital, other funds managed by the Fund Manager and the Fund's Board.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties' transactions are in accordance with terms and conditions of the Fund.

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10 TRANSACTIONS AND BALANCES WITH RELATED PARTY (continued)

The significant related party transactions entered into by the Fund during the year and the balances resulting from such transactions are as follows:

| Related Party | Relationship | Nature of transactions | Net amount of transaction during the year | | Closing balances receivable / (payable) | |
|---------------|----------------|---------------------------------------|---|--------------|---|------------------|
| | | | 2023 | 2022 | 31 December 2023 | 31 December 2022 |
| | | Fund management fee | (887,926) | (1,356,629) | (8,260) | (11,465) |
| Riyad Capital | Fund Manager | Investment accounts | (5,573,217) | (10,683,049) | 692,586 | 6,265,803 |
| | Shareholder of | Investments carried at amortized cost | - | 25,000,000 | 25,000,000 | 25,000,000 |
| Riyad Bank | Riyad Capital | Special Commission income | 1,000,000 | 875,000 | 375,000 | 375,000 |

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11 FINANCIAL INSTRUMENTS BY CATEGORY

| As at 31 December 2023 | Amortized cost | FVPL |
|---|-----------------------|-------------|
| Assets as per statement of financial position | | |
| Cash and bank balances | 773,067 | - |
| Investment carried at amortized cost | 150,915,313 | - |
| Total assets | 151,688,380 | - |
| Liabilities as per statement of financial position | | |
| Management fees payable | 8,260 | - |
| Other accrued expenses | 15,701 | - |
| Redemption payable | 1,169,909 | - |
| Total liabilities | 1,193,870 | - |
| As at 31 December 2022 | | |
| Assets as per statement of financial position | | |
| Cash and bank balances | 6,266,373 | - |
| Investment carried at amortized cost | 203,056,404 | - |
| Total assets | 209,322,777 | - |
| Liabilities as per statement of financial position | | |
| Management fees payable | 11,465 | - |
| Other accrued expenses | 11,742 | - |
| Redemption payable | 2,000 | - |
| Total liabilities | 25,207 | - |

12 FINANCIAL RISK MANAGEMENT

12.1 Financial risk factors

The objective of the Funds is to safeguard its 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, liquidity risk and operational risk.

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

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

The financial instruments included in these financial statements principally include cash bank balances, investments carried at amortized cost, Management fees payable, other accrued expenses and redemption payable. The recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and liabilities are offset and net amounts are reported in the financial statements, when the Fund has a legally enforceable right to disburse the recognized amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously.

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

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12 FINANCIAL RISK MANAGEMENT (continued)

12.1 Financial risk factors (continued)

(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: currency risk, interest rate risk and other price risk.

(i) Foreign exchange risk

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

All of the Fund's transactions and balances are in USD, therefore the Fund is exposure to foreign exchange risk is insignificant.

(ii) Special Commission rate risk

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

Currently all investments of the Fund are in Murabaha and Sukuk which carry fixed commission rate. Since these investments are classified as amortized cost, any changes in the market rates would not have any impact on the net income of the Fund.

(iii) Price risk

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

The price risk arises primarily from uncertainty about the future prices of the financial instruments that the Fund holds.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk for its investments carried at amortized cost and cash and bank balances. Cash in investment accounts held with the Fund Manager and the cash balances held with the custodian are held in banks which has sound credit rating. The Fund holds its cash in banks which has a long-term credit rating of "BBB+" by Fitch, and there is no historical history of default to recover the balance.

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

| | As at 31 December 2023 | As at 31 December 2022 |
|---------------------------------------|---------------------------------------|------------------------------|
| Cash and bank balances | 773,067 | 6,266,373 |
| Investments carried at amortized cost | 150,915,313 | 203,056,404 |
| | 151,688,380 | 209,322,777 |

Amounts arising from ECL

Impairment on financial assets carried at amortized cost has been measured on a 12-month expected loss basis. The Fund considers that these exposures have low credit risk based on the external credit ratings of the counterparties. 12-month and lifetime probabilities of default are based on the approved ECL methodology and impairment policy of the Fund. Loss Given Default (LGD) parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties. However, if the asset were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective profit rate.

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12 FINANCIAL RISK MANAGEMENT (continued)

12.1 Financial risk factors (continued)

(b) Credit risk (continued)

Expected credit loss measurement

Under the expected credit loss model, credit losses are recognised prior to a credit event occurring. The impairment model requires more timely and forward-looking information that allows for a more accurate reflection of the credit risk inherent in the exposures.

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

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

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

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

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

The Fund has a policy to invest with counterparties with no restrictions related to their investment grade. All the investments are initially classified under stage 1. If at any subsequent reporting date the credit rating of the counterparty deteriorates by 2 notches based on the average rate from available rating agencies scale but still above B+, then the Fund downgrades the investment with such counterparty to Stage 2. In case if the credit rating of the counterparty decreases further with an indication of default, then investment with such counterparty is further downgraded to Stage 3.

The Fund has set out the following definition of default:

Definition of default:

The Fund considers a financial asset to be in default when the counterparty makes default in payment of principal or profit.

Probability of Default (PD):

Through the yearly review of investments in debt instruments, the Fund shall draw a yearly transition matrix to compute account-based PD over the one-year horizon for the past 5 years. The Fund Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is assessed using the average rate using external credit ratings of rating agencies.

Loss Given Default (LGD):

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

For LGD estimation on its non-collateralised portfolio, the Fund shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 5 years prior to the assessment date. In absence of history, bench making is performed.

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12 FINANCIAL RISK MANAGEMENT (continued)

12.1 Financial risk factors (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued)

Exposure at Default (EAD):

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

Discount rate

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

As at 31 December 2023, the Fund has investments with credit ratings ranging from A to BBB-.

The cash and bank balances and investments carried at amortized cost are held with counterparties having strong credit rating, and hence, low credit risk. Therefore, ECL is immaterial.

Credit quality analysis

The following table shows an analysis of the credit quality of financial assets as at 31 December.

| | 2023 | | Total |
|---------------------------------------|-------------------------|----------------------------------|--------------------|
| | Investment grade | Non- Investment grade | |
| Financial assets | | | |
| Cash and bank balances | 773,067 | - | 773,067 |
| Investments carried at amortized cost | 150,915,313 | - | 150,915,313 |
| Total | 151,688,380 | - | 151,688,380 |
| | 2022 | | |
| | Investment grade | Non- Investment grade | Total |
| Financial assets | | | |
| Cash and bank balances | 6,266,373 | - | 6,266,373 |
| Investments carried at amortized cost | 203,056,404 | - | 203,056,404 |
| Total | 209,322,777 | - | 209,322,777 |

(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 from Sunday to Thursday, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date.

The Fund has investments in murabaha deals with maturities ranging from 1 to 12 months. Therefore, Fund can realise its investment within 12 months after the current reporting date. However, sukuk held by the Fund have maturities ranging from 1 year to 2 years.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short-term loans from the Fund Manager.

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12 FINANCIAL RISK MANAGEMENT (continued)

12.1 Financial risk factors (continued)

(c) **Liquidity risk** (continued)

The table below shows an analysis of financial assets and financial liabilities by when recovery or settlement is expected:

| As at 31 December 2023 | Less than 7 days | 7 days to 1 month | 1 month – 12 months | Over 12 months | Total |
|---------------------------------------|-----------------------------|------------------------------|--------------------------------|---------------------------|--------------------|
| Financial assets | | | | | |
| Cash and bank balances | 773,067 | - | - | - | 773,067 |
| Investments carried at amortized cost | 5,092,278 | 11,670,897 | 33,708,308 | 100,443,830 | 150,915,313 |
| | 5,865,345 | 11,670,897 | 33,708,308 | 100,443,830 | 151,688,380 |
| Financial liabilities | | | | | |
| Management fees payable | - | 8,260 | - | - | 8,260 |
| Redemption payable | 1,169,909 | - | - | - | 1,169,909 |
| Other accrued expenses | - | 18,076 | - | - | 18,076 |
| | 1,169,909 | 26,336 | - | - | 1,196,245 |
| Liquidity gap | 4,695,436 | 11,644,561 | 33,708,308 | 100,443,830 | 150,492,135 |
| As at 31 December 2022 | | | | | |
| Financial assets | | | | | |
| Cash and bank balances | 6,266,373 | - | - | - | 6,266,373 |
| Investments carried at amortized cost | 7,300,040 | 41,283,009 | 55,043,805 | 99,429,550 | 203,056,404 |
| | 13,566,413 | 41,283,009 | 55,043,805 | 99,429,550 | 209,322,777 |
| Financial liabilities | | | | | |
| Management fees payable | - | 11,465 | - | - | 11,465 |
| Redemption payable | 2,000 | - | - | - | 2,000 |
| Other accrued expenses | - | 14,925 | - | - | 14,925 |
| | 2,000 | 26,390 | - | - | 28,390 |
| Liquidity gap | 13,564,413 | 41,256,619 | 55,043,805 | 99,429,550 | 209,294,387 |

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12 FINANCIAL RISK MANAGEMENT (continued)

12.1 Financial risk factors (continued)

(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.

12.2 Capital risk management

The Fund's capital represents the net assets of the Unitholders. The Fund's objectives when managing capital are to maintain the ability to continue as a going concern and achieve returns for Unitholders and benefits for other stakeholders, as well as maintaining the capital base to support the development of the Fund's investment activities. In order to maintain or adjust the capital structure, the Fund Manager may call up an unfunded commitment, if any, from, or any additional capital from the Unitholders or distribute the funds to the Unitholders.

12.3 Fair value estimation

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

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

Determination of fair value and fair value hierarchy

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

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

The fair value hierarchy has the following levels:

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

All of Fund's financial assets are measured at amortized cost. All financial liabilities as at 31 December 2023 (31 December 2022) were classified as financial liabilities measured at amortized cost. Fund classifies its financial assets and financial liabilities that are measured at amortized cost as fair value at level 3.

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12 FINANCIAL RISK MANAGEMENT (continued)

12.3 Fair value estimation (continued)

Determination of fair value and fair value hierarchy (continued)

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

| 2023 | Carrying amount | Fair value | | | Total |
|---|--------------------|------------|---------|--------------------|--------------------|
| | | Level 1 | Level 2 | Level 3 | |
| <i>Financial assets not measured at fair value</i> | | | | | |
| Cash and bank balances | 773,067 | - | - | 773,067 | 773,067 |
| Investment carried at amortized cost | 150,915,313 | - | - | 150,915,313 | 150,915,313 |
| | 151,688,380 | - | - | 151,688,380 | 151,688,380 |
| <i>Financial liabilities not measured at fair value</i> | | | | | |
| Management fees payable | 8,260 | - | - | - | 8,260 |
| Redemption payable | 1,169,909 | - | - | - | 1,169,909 |
| Other accrued expenses | 18,076 | - | - | - | 18,076 |
| | 1,196,245 | - | - | - | 1,196,245 |
| 2022 | Carrying amount | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| <i>Financial assets not measured at fair value</i> | | | | | |
| Cash and bank balances | 6,266,373 | - | - | 6,266,373 | 6,266,373 |
| Investment carried at amortized cost | 203,056,404 | - | - | 203,056,404 | 203,056,404 |
| | 209,322,777 | - | - | 209,322,777 | 209,322,777 |
| <i>Financial liabilities not measured at fair value</i> | | | | | |
| Management fees payable | 11,465 | - | - | 11,465 | 11,465 |
| Redemption payable | 2,000 | - | - | 2,000 | 2,000 |
| Other accrued expenses | 14,925 | - | - | 14,925 | 14,925 |
| | 28,390 | - | - | 28,390 | 28,390 |

13 LAST VALUATION DAY

The last valuation day of the year was 31 December 2023 (31 December 2022).

14 SUBSEQUENT EVENTS

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

15 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, Tax and Customs 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. 3119419266 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.

16 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund's Board on 26 March 2024 (corresponding to 16 Ramadan 1445AH).