RIYAD GULF EQUITY FUND (EX-SAUDI)
OPEN-ENDED MUTUAL FUND
(MANAGED BY RIYAD CAPITAL)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
TOGETHER WITH THE INDEPENDENT AUDITOR'S
REPORT TO THE UNITHOLDERS

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders
Riyad Gulf Equity Fund (Ex-Saudi)
(An Open-Ended Mutual Fund)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Riyad Gulf Equity Fund (Ex-Saudi)** ("the Fund"), managed by Riyad Capital (the "Fund Manager"), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, statement of changes in equity attributable to the Unitholders and statement of cash flows for the year then ended, and notes to the financial statements, which includes material accounting policy 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 International Financial Reporting Standards ("IFRSs") 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") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for Opinion

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

Other Matter

The financial statements of the Fund for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on March 27, 2024.

Other information included in the Fund's 2024 Annual Report

The Fund Manager is responsible for the other information. The other information consist of the information included in the Fund's 2024 annual report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

Independent Auditor's Report
To the Unitholders
Riyad Gulf Equity Fund (Ex-Saudi) (Continued)

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

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

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

Those charged with governance, 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 ISAs 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 ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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.

Independent Auditor's Report
To the Unitholders
Riyad Gulf Equity Fund (Ex-Saudi) (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 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 disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte and Touche & Co.
Chartered Accountants

Tariq bin Mohammed Al-Fattani
Certified Public Accountant
License No. 446

Ramadan 27, 1446 H
(March 27, 2025)

STATEMENT OF FINANCIAL POSITION
(ALL AMOUNTS IN SAUDI ARABIAN RIYAL UNLESS OTHERWISE STATED)

	Note	As at 31 December 2024	As at 31 December 2023
ASSETS			
Cash and cash equivalents	6	**3,085,440**	3,902,393
Investments carried at fair value through profit or loss (FVPL)	7	**140,111,419**	137,832,730
Other receivable		**-**	123,855
Total assets		**143,196,859**	141,858,978
LIABILITIES			
Management fees payable	11	**8,013**	228,652
Accrued expenses		**132,300**	128,869
Total liabilities		**140,313**	357,521
Equity attributable to the Unit holders		**143,056,546**	141,501,457
Units in issue (number)	8	**9,229,714.95**	10,226,696.73
Equity attributable to each unit		**15.50**	13.84

The accompanying notes 1 to 17 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME /(LOSS)
(ALL AMOUNTS IN SAUDI ARABIAN RIYAL UNLESS OTHERWISE STATED)

		For the year ended 31 December	
	Note	**2024**	2023
Income			
Net gain / (loss) from investments carried at FVPL	9	**11,980,644**	(5,085,839)
Dividend income		**6,611,578**	6,049,232
Total income		**18,592,222**	963,393
Expenses			
Management fees	11	**(2,665,418)**	(2,795,110)
Other expenses	10	**(704,852)**	(702,824)
Total expenses		**(3,370,270)**	(3,497,934)
Net income / (loss) for the year		**15,221,952**	(2,534,541)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		**15,221,952**	(2,534,541)

The accompanying notes 1 to 17 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS
(ALL AMOUNTS IN SAUDI ARABIAN RIYAL UNLESS OTHERWISE STATED)

	For the year ended 31 December	
	2024	2023
Equity attributable to the Unitholders at beginning of the year	**141,501,457**	147,136,965
Total comprehensive income / (loss) for the year	**15,221,952**	(2,534,541)
Subscriptions and redemptions by the Unitholders		
Issuance of units	**336,153**	265,500
Redemption of units	**(14,003,016)**	(3,366,467)
Net changes from unit transactions	**(13,666,863)**	(3,100,967)
Equity attributable to the Unitholders at end of the year	**143,056,546**	141,501,457

The accompanying notes 1 to 17 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(ALL AMOUNTS IN SAUDI ARABIAN RIYAL UNLESS OTHERWISE STATED)

	Note	For the year ended 31 December	
		2024	2023
Cash flows from operating activities:			
Net income / (loss) for the year		**15,221,952**	(2,534,541)
Adjustments for:			
Unrealized (gain) / loss on investments carried at FVPL	9	**(13,104,855)**	1,974,410
		2,117,097	(560,131)
Net changes in operating assets and liabilities:			
Investments carried at FVPL		**10,826,166**	(1,539,795)
Dividend Receivable		**123,855**	-
Management fees payable		**(220,639)**	123,746
Accrued expenses		**3,431**	32,862
Net cash generated from / (used in) operating activities		**12,849,910**	(1,943,318)
Cash flows from financing activities:			
Proceeds from issuance of units		**336,153**	265,500
Redemptions of the units, net off payable*		**(14,003,016)**	(3,377,456)
Net cash used in financing activities		**(13,666,863)**	(3,111,956)
Net changes in cash and cash equivalents balances		**(816,953)**	(5,055,274)
Cash and cash equivalents at beginning of the year		**3,902,393**	8,957,667
Cash and cash equivalents at end of the year	6	**3,085,440**	3,902,393
***Supplementary Information**			
Payable to unitholders on account of redemption		**-**	(10,989)

The accompanying notes 1 to 17 form an integral part of these financial statements.

1. FUND AND ITS ACTIVITIES

The Riyad Gulf Equity Fund (the "Fund") is an equity fund managed through an agreement between Riyad Capital (the "Fund Manager") and the Fund's investors (the "Unitholders"). The objective of the Fund is to invest in companies listed in United Arab Emirates, Kuwait, Bahrain, Qatar and Oman stock exchanges within the criteria set by the Shariah Committee of Riyad Capital.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares a separate financial statement 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 on 14 February 2006, 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).

The Fund's Board of Directors approved the change of name of the Fund from Riyad Gulf Equity Fund to Riyad Gulf Equity Fund (ex-Saudi) on 28 October 2024.

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 12 Rajab 1442H (corresponding to 24 February 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"), and to comply with the applicable provisions of the Investment Funds regulations issued by the Capital Market Authority ("CMA") and the Fund's Terms and Conditions.

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 Saudi Arabian Riyal (SAR), which is Fund functional and operational currency and all financial information presented is rounded to the nearest SAR.

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.

3. BASIS OF PREPARATION (CONTINUED)

3.5 Going concern

The Fund Manager of the Fund has assessed 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 Fund Manager is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern.

4. MATERIAL ACCOUNTING POLICY INFORMATION

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 January 1, 2024. The Fund Manager has assessed that the below amendments have no significant impact on the financial statements.

The Fund has adopted the following amendments, interpretations and revisions to existing standards, which were issued by the IASB and are applicable from January 1, 2024:

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 Fund'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 and Classification of liabilities as current or non-current	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
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (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 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026.
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

4.3 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents 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 cash equivalents are carried at amortized cost in the statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4 Financial instruments

4.4.1 Classification and measurement of financial assets

4.4.1.1 Initial recognition and measurement

Financial assets are recognized when the Fund becomes a party to the contractual provisions of the instrument. The Fund records financial instruments on a 'trade date' basis.

At initial recognition, the Fund measures a financial asset at its fair value. In the case of a financial asset not recorded at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset, such as fees and commissions are adjusted. For financial assets held at fair value through profit or loss, the transaction costs are expensed in the statement of profit or loss. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognized for debt financial assets measured at amortized cost, which results in an ECL charge being recognized in the statement of profit or loss.

4.4.1.2 classification and subsequent measurement of financial assets

On initial recognition, the Fund classifies its financial assets in the following measurement categories:

- Amortized cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through statement of profit or loss ("FVPL")

<u>Debt instruments</u>

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

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

Business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

Factors considered by the Fund in determining the business model for a group of assets include:

- past experience on how the cash flows for these assets were collected.
- how the asset's performance is internally evaluated and reported to key management personnel.
- how risks are assessed and managed; and
- how managers are compensated.

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 originated or newly purchased financial assets going forward.

Debt securities held for trading, if any, are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payment of principal and interest (the "SPPI" test).

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4 Financial instruments (continued)

4.4.1 Classification and measurement of financial assets (continued)

4.4.1.2 classification and subsequent measurement of financial assets (continued)

The SPPI assessment is performed on initial recognition of an asset, and it is not subsequently reassessed.

Based on these factors, the Fund classifies its debt instruments into one of the following three measurement categories:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any Allowance for expected credit losses recognized and measured as described in Note 4.4.2.3. Profit earned from these financial assets is recognized in the statement of profit or loss using the effective interest rate method.

Fair value through statement of profit or loss ("FVPL"): If debt instrument's cash flows do not represent solely SPPI or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated at FVPL, then it is measured at FVPL. A gain or loss on a debt investment measured at FVPL, where cashflows do not represents solely SPPI, is recognized in the statement of profit or loss, within "Net gain/(loss) on investments mandatorily measured at FVPL", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value, or which are held for trading are presented separately from debt investments that are mandatorily measured at FVPL, within "Net gain/ (loss) in investments designated at FVPL or held for trading".

Fair value through other comprehensive income ("FVOCI"): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in statement of profit or loss. When the debt financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the year.

<u>Equity instruments</u>

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

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

4.4.3 Financial liabilities

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVPL where transactions cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of profit or loss.

Subsequently, all special commission bearing financial liabilities other than those held at FVPL are measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on settlement.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4 Financial instruments (continued)

4.4.4 Fair value of financial instruments

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

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

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4.4.5 Derecognition of financial instruments

A financial asset is derecognized, when the contractual rights to receive the cash flows from the financial asset expire or the asset is transferred, and the transfer qualifies for de-recognition. In instances where the Fund is assessed to have transferred a financial asset, the asset is derecognized if the Fund has transferred substantially all the risks and rewards of ownership. Where the Fund has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Fund has not retained control of the financial asset. The Fund recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expired.

4.4.6 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 an enforceable legal right to offset the recognized amounts and there is an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.5 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

4.6 Provisions

A provision is recognised 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 recognised for future operating loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 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.

4.8 Zakat / Taxation

Zakat / taxation is the obligation of the unitholders and therefore, no provision for such liability is made in these financial statements. Value added taxes applicable for expenses are recognized in the statement of comprehensive income.

4.9 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.

Special commission income is recognized in the statement of profit or loss based on effective yield basis.

4.10 Management fees

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

4.11 Other expenses

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

4.12 Equity 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 1.85% (2023: 1.85%) per annum of the Fund's net assets value. In addition, on a daily basis the Fund Manager charges the Fund, custody and administration fees each at the rate of 0.08% (2023: 0.08%) plus USD 50 per transaction and 0.10% (2023: 0.10%) per annum of the Fund’s net asset value respectively.

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% (2023: 0.20%) per annum of the Fund’s net assets value.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

	Note	**As at 31 December 2024**	As at 31 December 2023
Cash in investment accounts	11, 6.1	**278,904**	80,758
Balance with custodian		**2,806,536**	3,821,635
		3,085,440	3,902,393

6.1 Cash in investment account is held in an investment account with Riyad Capital and a cash balance with the custodian. The Fund does not earn profit on this investment account

7. INVESTMENTS CARRIED AT FVPL

The Fund primarily invests in companies listed in United Arab Emirates, Kuwait, Oman, Qatar and Bahrain stock exchanges within the criteria set by the Shariah Committee of the Fund manager. The geographical concentration of the investment portfolio in each country is summarized as follows:

	As at 31 December 2024	As at 31 December 2023
United Arab Emirates	**81,363,022**	72,876,949
Qatar	**36,214,300**	41,331,193
Kuwait	**22,158,565**	23,156,302
Oman	**375,532**	468,286
Total fair value	**140,111,419**	137,832,730

8. UNIT TRANSACTIONS

Transactions in units for the year are summarized as follows:

	As at 31 December 2024	As at 31 December 2023
Units at the beginning of the year	**10,226,696.73**	10,453,583.49
Units issued	**24,207.56**	19,142.05
Units redeemed	**(1,021,189.34)**	(246,028.81)
Net change in units	**(996,981.78)**	(226,886.76)
Units at the end of the year	**9,229,714.95**	10,226,696.73

9. NET GAIN / (LOSS) FROM INVESTMENTS CARRIED AT FVPL

	For the year ended 31 December	
	2024	2023
Realized loss from sale of investments carried at FVPL	**(1,124,211)**	(3,111,429)
Unrealized gain / (loss) from revaluation of investments carried at FVPL	**13,104,855**	(1,974,410)
	11,980,644	(5,085,839)

10. OTHER EXPENSES

	Note	**For the year ended 31 December**	
		2024	2023
Tadawul fee		**5,000**	5,000
CMA fee		**7,500**	7,500
Professional fees	10.1	**23,500**	22,000
Custody fee		**118,356**	132,116
Other expenses		**128,428**	92,924
VAT expenses		**422,068**	443,284
		704,852	702,824

10.1 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 2024 amounting to SAR 15 thousand and SAR 8.5 thousand respectively. (2023: SAR 17 thousand and SAR 5 thousand respectively)

11. TRANSACTIONS AND BALANCE WITH RELATED PARTY

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

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.

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**	**Amount of transaction during the year**		**Closing balances receivable / (payable)**	
			2024	2023	**31 December 2024**	31 December 2023
Riyad Capital	Fund Manager	Management fee	**(2,665,418)**	(2,795,110)	**(8,013)**	(228,652)
		Cash in investment account	**198,146**	(435,819)	**278,904**	80,758
		Brokerage fees	**(113,703)**	(68,925)	**-**	-

12. FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2024	**Amortised cost**	**FVPL**
Assets as per statement of financial position		
Cash and cash equivalents	**3,085,440**	**-**
Investments carried at FVPL	**-**	**140,111,419**
Total	**3,085,440**	**140,111,419**
Liabilities as per statement of financial position		
Management fees payable	**8,013**	**-**
Accrued expenses	**117,960**	**-**
Total liabilities	**125,973**	**-**

31 December 2023	**Amortised cost**	**FVPL**
Assets as per statement of financial position		
Cash and cash equivalents	3,902,393	-
Investments carried at FVPL	-	137,832,730
Total	3,902,393	137,832,730
Liabilities as per statement of financial position		
Management fees payable	228,652	-
Accrued expenses	86,215	-
Total liabilities	314,867	-

13. FINANCIAL RISK MANAGEMENT

13.1 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 and bank balances, investments carried at FVPL, management fees payable and accrued expenses. 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.

(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.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) *Foreign exchange risk*

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

The Fund invests in the financial instruments and enters in to transactions that are denominated in the currencies other than its functional currency. These currencies are Qatari Riyal (QAR), Emirati Dirham (AED), Bahraini Riyal (BHD), Kuwait Dinar (KWD) and Omani Riyal (OMR). Consequently, the Fund is exposed to risk that exchange rate if its functional currency relative to foreign currencies may change in a manner that has an adverse effect on the fair value of future cash flows of the Fund's financial assets denominated in the currencies other that Saudi Riyal.

The effect on the statement of comprehensive income (as a result of the change in the exchange rates with respect to the foreign currency exposure as at December 31, 2024 due to a 1% change in the foreign exchange rates, with all other variables held constant is SR 1,429,180 (2023: SR 1,422,954).

(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 financial instruments will fluctuate due to changes in market commission rates.

The Fund is not subject to commission rate risk, as it does not have any commission bearing financial instruments.

(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. The Fund has investment in equity shares which are classified as held at FVPL. The Fund Manager closely monitors the price movement of its financial instruments listed at Saudi Exchange. The Fund manages the risk through diversification of its investment portfolio by investing in various industry sectors.

The effect on the net assets value as a result of the change in the fair value of the investments as a 31 December 2024 and 31 December 2023 due to a reasonably possible change of 1% in equity indices with all other variables held constant is as follows:

	31 December 2024		31 December 2023	
	Potential reasonable change %	**Effect on Equity**	Potential reasonable change %	Effect on Equity
United Arab Emirates	**+/-1%**	**813,630**	+/-1%	728,769
Qatar	**+/-1%**	**362,143**	+/-1%	413,312
Kuwait	**+/-1%**	**221,586**	+/-1%	231,563
Oman	**+/-1%**	**3,755**	+/-1%	4,683

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (continued)

(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 cash and cash equivalents. 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 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 2024	As at 31 December 2023
Cash and bank balances	**3,085,440**	3,902,393
Other receivable	**-**	123,855
	3,085,440	4,026,248

(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 Monday and 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 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.

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

(d) Operational risk

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

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

13.2 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.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.3 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 was 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 curried 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.

The fair value of investments carried at FVPL are based on quoted prices in active markets and are therefore classified within Level 1 and the units of mutual fund held by the Fund are valued based on NAV published by the fund manager.

All financial liabilities as at 31 December 2024 and 31 December 2023 were classified as financial liabilities measured at amortized cost. The table does not include fair value information for financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) measured at fair value as at 31 December 2024 and 2023.

	Carrying amount	**Fair value**			
As at 31 December 2024		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Investments held at FVPL	**140,111,419**	**140,111,419**	-	-	**140,111,419**
	140,111,419	**140,111,419**	-	-	**140,111,419**

	Carrying amount	**Fair value**			
As at 31 December 2023		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Investments held at FVPL	137,832,730	137,832,730	-	-	137,832,730
	137,832,730	137,832,730	-	-	137,832,730

14. LAST VALUATION DAY

The last valuation day of the year was 31 December 2024 (31 December 2023).

15. 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.

16. INFORMATIVE ZAKAT RETURN SUBMISSION

Under the current system of zakat and taxation in the Kingdom of Saudi Arabia, the Fund does not pay any zakat and income tax. Zakat and income tax are considered to be the obligation of the unitholders and are not provided in the accompanying financial statements.

17. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund’s Board on 20 March 2025 (corresponding to 20 Ramadan 1446H).