SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

Crowe

Al Azem & Al Sudairy & Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

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Crowe

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INDEPENDENT AUDITOR'S REPORT

TO: THE UNITHOLDERS OF
SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)

Opinion:

We have audited the financial statements of **Saudi Fransi GCC IPO Fund** ("the Fund") managed by Saudi Fransi Capital (the "Fund Manager"), which comprises the statement of financial position as at December 31, 2020, the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the Saudi Organization for Certified Public Accountants – "SOCPA" and other standards and pronouncements issued by the SOCPA ("IFRSs as endorsed in KSA").

Basis of Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) as endorsed in 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 ethical requirements that are relevant to our audit of the financial statements in Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the Saudi Organization for Certified Public Accountants – "SOCPA", other standards and pronouncements issued by the SOCPA, the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, the Fund's terms and conditions and Information Memorandum, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT (Continued)
SAUDI FRANSI GCC IPO FUND
(Managed by Saudi Fransi Capital)

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 as endorsed in 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

العظم والسديري وال الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
License No 323/11/148
ترخيص رقم ١٤٨/١١/٣٢٣
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Certified Public Accountant R

Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants

Abdullah M. Al Azem
License No. 335

23 Shaban 1442H (April 5, 2021).
Riyadh, Saudi Arabia

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	*31 December 2020 SR*	*31 December 2019 SR*
ASSETS			
Cash and cash equivalents	7	**4,195,815**	4,945,442
Investments measured at fair value through profit or loss (FVTPL)	8	**213,288,881**	247,829,012
Prepayments		**15,165**	-
Dividend receivable		**290,939**	-
TOTAL ASSETS		**217,790,800**	252,774,454
LIABILITIES			
Management fee payable	10	**365,891**	385,387
Accruals and other liabilities		**48,101**	61,841
TOTAL LIABILITIES		**413,992**	447,228
Net assets attributable to the Unit Holders		**217,376,808**	252,327,226
Units in issue		**23,840,231**	30,727,792
Value per unit		**9.1181**	8.2117

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	***For the year ended 31 December 2020 SR***	*For the year ended 31 December 2019 SR*
INVESTMENT INCOME			
Net gain on investments measured at fair value through profit or loss (FVTPL)	9	**17,391,915**	7,518,441
Dividend income		**4,332,502**	13,288,482
Other income		**23,664**	4,476
Foreign exchange (loss) / gains		**(189,092)**	289,397
		21,558,989	21,100,796
EXPENSES			
Management fees	10	**(4,002,939)**	(4,920,776)
Other expenses	11	**(416,529)**	(548,208)
		(4,419,468)	(5,468,984)
NET INCOME FOR THE YEAR		**17,139,521**	15,631,812
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,139,521**	15,631,812

STATEMENT OF CHANGES IN NET ASSETS
For the year ended 31 December 2020

	For the year ended 31 December 2020 SR	*For the year ended 31 December 2019 SR*
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS AT THE BEGINNING OF THE YEAR	**252,327,226**	305,459,676
CHANGES FROM OPERATIONS		
Net income for the year	**17,139,521**	15,631,812
Other comprehensive income	-	-
Total comprehensive income	**17,139,521**	15,631,812
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units sold	**210,706**	1,427,374
Value of units redeemed	**(52,300,645)**	(70,191,636)
Net change from unit transactions	**(52,089,939)**	(68,764,262)
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS AT THE END OF THE YEAR	**217,376,808**	252,327,226

UNIT TRANSACTIONS

Transactions in units during the years are summarised as follows:

	For the year ended 31 December 2020 Units	*For the year ended 31 December 2019 Units*
UNITS AT THE BEGINNING OF THE YEAR	**30,727,792**	39,342,840
Units sold	**26,367**	180,293
Units redeemed	**(6,913,928)**	(8,795,341)
Net change in units	**(6,887,561)**	(8,615,048)
UNITS AT THE END OF THE YEAR	**23,840,231**	30,727,792

STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	*For the year ended 31 December 2020 SR*	*For the year ended 31 December 2019 SR*
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		**17,139,521**	15,631,812
Adjustments to reconcile net income for the year to net cash generated from operating activities:			
Unrealised gain on investments measured at fair value through profit or loss (FVTPL)	9	**(47,205,275)**	(436,086)
		(30,065,754)	15,195,726
Changes in operating assets and liabilities:			
Investments measured at fair value through profit or loss (FVTPL)		**81,745,406**	33,015,438
Prepayments		**(15,165)**	15,997
Dividend receivable		**(290,939)**	-
Management fee payable		**(19,496)**	(98,836)
Accruals and other liabilities		**(13,740)**	(62,628)
Net cash generated from operating activities		**51,340,312**	48,065,697
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units sold		**210,706**	1,427,374
Value of units redeemed , net of redemption payable		**(52,300,645)**	(72,912,957)
Net cash used in financing activities		**(52,089,939)**	(71,485,583)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(749,627)**	(23,419,886)
Cash and cash equivalents at the beginning of the year		**4,945,442**	28,365,328
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**4,195,815**	4,945,442

1. GENERAL

Saudi Fransi GCC IPO Fund (the "Fund") is an open-ended Shariah compliant investment fund based on an agreement between Saudi Fransi Capital (the "Fund Manager") and investors (the "Unitholder"). The Fund commenced its operations on 7 Ramadan 1436H (corresponding to 24 June 2015).

The objective of the Fund is to provide long term capital growth by investing in initial public offerings and newly listed companies during their first five years of listing in the stock markets of the Gulf Cooperation Council (GCC) Countries. Further, the Fund has the authority to invest in rights issues for the companies listed in the Saudi stock market. Moreover, the Fund can also invest in shares and rights issues of the companies that were registered and accepted for listing in the parallel market.

The Fund updated its terms and conditions, which have been approved by the Capital Market Authority "CMA" on 12 Muharram 1442H (corresponding to 31 August 2020).

The Fund Manager and Administrator of the Fund is Saudi Fransi Capital. The Custodian of the Fund is HSBC Saudi Arabia.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and effective from 7 Safar 1438H (corresponding 7 November 2016) by the New Investment Fund Regulations ("Amended Regulations") published by the Capital Market Authority on 16 Sha'aban 1437H (corresponding to 24 May 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to "IFRS as endorsed in KSA").

Assets and liabilities in the statement of financial position are presented in the order of liquidity.

An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 13.

3.2 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for investment measured at fair value through profit or loss (FVTPL) that are measured at fair value.

3.3 FUNCTIONAL CURRENCY

These financial statements are presented in Saudi Riyal ("SR"), which is the Fund's functional currency.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2019.

Financial instruments

Initial recognition

The Fund records financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets or financial liabilities are measured at their fair value. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

Classification

The Fund classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortised cost.

These classifications are on the basis of business model of the Fund for managing the financial assets, and contractual cash flow characteristics.

The Fund measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in either profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Fund classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method except for financial liabilities measured at fair value through profit or loss.

Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Fund assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 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 economic best 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 utilise 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 assets and 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 12.

Trade date accounting

The Fund follows trade date accounting for all purchases and sales of financial assets (i.e. the date that the Fund commits to purchase or sell the assets).

Cash and cash equivalents

Cash and cash equivalent include accounts maintained with the bank and custodian.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

Accrued expenses and other payables

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

The undiscounted value of all financial liabilities of the Fund at the reporting date approximate to their carrying values due to the fact that all are to be settled within one year from the reporting date, accordingly, the said liabilities are not recognised at amortized cost.

Management fees

Fund management fee is payable at an agreed rate with the Fund Manager. The Fund Manager will charge a management fee of 1.75% p.a. plus applicable taxes on the net asset value accrued daily and paid on a monthly basis.

Expenses

Expenses are measured and recognized on an accrual basis in the accounting year in which they are incurred.

Zakat and income tax

Zakat at the Fund level is the obligation of the Unitholders and is not provided for in these financial statements.

Net asset value per unit

Net assets value per unit as disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units in issue at year end.

Foreign currency translation

Transactions in foreign currencies are translated into SAR at the exchange rate at the dates of the transactions.

Foreign exchange gains and losses arising from translation are included in statement of comprehensive income. Monetary assets and liabilities denominated in foreign currencies are retranslated into SAR at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income as net foreign exchange losses.

Net gain or loss on financial assets and liabilities at FVTPL

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

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year's unrealised gains and losses for financial instruments, which were realised in the reporting year. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend income

Dividend income is recognised in statement of comprehensive income on the date on which the right to receive the payment for dividend is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVPL is recognised in statement of comprehensive income in a separate line item.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Going concern

The Fund Manager 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 upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

New IFRS, amendments and interpretations issued not yet effective and not early adopted

There are several standards and interpretations that are issued, but not yet effective, up to the date of the Fund's financial statements. In the opinion of the Board, these standards will have no significant impact on the financial statements of the Fund. The Fund intends to adopt these standards, if applicable.

7. CASH AND CASH EQUIVALENTS

	31 December 2020 SR	*31 December 2019 SR*
Cash at bank (See note below)	**4,528**	1,055,724
Cash with the custodian	**4,191,287**	3,889,718
	4,195,815	4,945,442

This cash is deposited in current account maintained with Banque Saudi Fransi (Note 10).

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

8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

These investments are composed of the following:

	31 December 2020 SR	*31 December 2019 SR*
Investments in equities (see "a" below)	**213,288,881**	247,829,012
	213,288,881	247,829,012

a.) The sector-wise composition of investments in equities on the last day of the year is summarized below:

	31 December 2020		
Equity Sectors	*Cost SR*	*Market Value SR*	*% of Market Value*
Commercial and Professional Services	**13,630,610**	**14,574,294**	**6.83**
Consumer Services	**9,445,969**	**14,302,510**	**6.71**
Energy	**32,207,190**	**30,020,620**	**14.08**
Health Care Equipment and Services	**7,964,700**	**17,363,046**	**8.14**
Information technology	**8,407,920**	**9,403,646**	**4.41**
Materials	**21,766,448**	**26,112,718**	**12.24**
Real Estate Investment Trust	**6,585,140**	**9,038,428**	**4.24**
Real Estate Management & Development	**17,801,238**	**17,150,808**	**8.04**
Food and beverage	**11,627,484**	**12,767,986**	**5.99**
Retailing	**9,638,285**	**10,759,470**	**5.04**
Shares - Other Foreign	**65,362,351**	**51,795,355**	**24.28**
Total investment portfolio	**204,437,335**	**213,288,881**	**100.00**

	31 December 2019		
Equity Sectors	*Cost SR*	*Market Value SR*	*% of Market Value*
Materials	58,269,480	51,155,309	20.64
Shares - Other Foreign	49,531,720	37,651,366	15.19
Real Estate Investment Trust	46,554,229	33,476,732	13.51
Transportation	18,538,461	10,881,000	4.39
Retailing	27,307,694	27,327,483	11.03
Real Estate Management & Development	17,801,238	19,957,926	8.05
Shares – Other local	5,850,717	7,300,677	2.95
Capital Goods	10,331,005	7,986,600	3.22
Consumer Services	5,147,736	8,110,000	3.27
Energy	46,850,720	43,981,919	17.75
Total investment portfolio	286,183,000	247,829,012	100.00

8. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

The geographical composition of investments in equities on the last valuation day of the year is summarized below:

Description by geographical segment

	Cost SR	**Market value SR**
31 December 2020		
Saudi Arabia	**139,074,984**	**161,493,525**
United Arab Emirates	**49,027,839**	**31,701,765**
Kuwait	**16,334,512**	**20,093,591**
	204,437,335	**213,288,881**

Description by geographical segment

	Cost SR	*Market value SR*
31 December 2019		
Saudi Arabia	236,651,280	210,177,646
United Arab Emirates	32,878,503	21,343,694
Kuwait	16,653,217	16,307,672
	286,183,000	247,829,012

9. NET GAIN ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	For the year ended 31 December 2020 SR	*For the year ended 31 December 2019 SR*
Realised (loss) / gain, net	**(29,813,360)**	7,082,355
Unrealised gain, net	**47,205,275**	436,086
	17,391,915	7,518,441

Realised (loss) / gain on disposal of investments measured at fair value through profit or loss (FVTPL) is computed net of brokerage and other trade fee amounting to SR 49,024 (31 December 2019: SR 74,826).

10. TRANSACTIONS WITH RELATED PARTIES

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

Related parties include Saudi Fransi Capital ("the Fund Manager"), Banque Saudi Fransi (the Bank and the shareholder of the Fund Manager), the Funds' Board of Directors (BOD), affiliates of the Fund Manager, the Funds managed by the Fund Manager and the Unit holders of the Fund.

In the ordinary course of its activities, the Fund transacts business with related parties.

The Fund pays the Fund Manager a management fee calculated at an annual rate of 1.75% per annum plus applicable taxes calculated on the total net assets value on daily basis. The fee is intended to compensate the Fund Manager for administration and management of the Fund.

Subscription fee up to 3 percent of the invested amount is adjusted by deduction from the gross subscription, hence, it does not affect or reflect in the financial statements of the Fund.

Related party transactions for the years ended and balances are as follows:

		Amount of Transactions		*Balance Receivable / (Payable)*	
Name of related party	*Nature of transactions*	***For the year ended 31 December 2020 SR***	*For the year ended 31 December 2019 SR*	***31 December 2020 SR***	*31 December 2019 SR*
Saudi Fransi Capital	Management fee	**(4,002,939)**	(4,920,776)	**(365,891)**	(385,387)
	Brokerage fee	**(6,577)**	(12,170)	-	-
Board of Directors	Annual remuneration	**(5,202)**	-	-	-

The units in issue as at 31 December 2020 include 149,545 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital (31 December 2019: 234,526 units).

At the end of the year, cash balance with the Banque Saudi Fransi is SR 4,528 (31 December 2019: SR 1,055,724).

11. OTHER EXPENSES

	For the year ended 31 December 2020 SR	*For the year ended 31 December 2019 SR*
Custody fees	**296,301**	365,333
Audit fees	**36,800**	33,600
Benchmark fees	**21,492**	31,875
CMA fees	**7,500**	7,500
Directors fee	**5,202**	-
Tadawul registration fee	**5,250**	5,250
Others	**43,984**	104,650
	416,529	548,208

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the principal or the most advantageous market must be accessible to the Fund.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.

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 any significant input is not based on observable market data.

The Fund's financial assets consist of bank balance, investments held at FVTPL and investments held at amortised cost. The Fund's financial liabilities consist of management fee payable and accruals and other liabilities.

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

		Fair value			
	Carrying value SR	*Level 1 SR*	*Level 2 SR*	*Level 3 SR*	*Total SR*
31 December 2020					
Investments measured at FVTPL	**213,288,881**	**213,288,881**	-	-	**213,288,881**
31 December 2019					
Investments measured at FVTPL	247,829,012	247,829,012	-	-	247,829,012

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

13. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

31 December 2020	*Within 12 months SR*	*After 12 months SR*	*Total SR*
ASSETS			
Cash and cash equivalents	**4,195,815**	-	**4,195,815**
Investments measured at fair value through profit or loss (FVTPL)	**213,288,881**	-	**213,288,881**
Dividend receivables	**290,939**		**290,939**
TOTAL ASSETS	**217,775,635**	-	**217,775,635**
LIABILITIES			
Management fee payable	**365,891**	-	**365,891**
Accruals and other liabilities	**48,101**	-	**48,101**
TOTAL LIABILITIES	**413,992**	-	**413,992**

31 December 2019	*Within 12 months SR*	*After 12 months SR*	*Total SR*
ASSETS			
Cash and cash equivalents	4,945,442	-	4,945,442
Investments measured at fair value through profit or loss (FVTPL)	247,829,012	-	247,829,012
TOTAL ASSETS	252,774,454	-	252,774,454
LIABILITIES			
Management fee payable	385,387	-	385,387
Accruals and other liabilities	61,841	-	61,841
TOTAL LIABILITIES	447,228	-	447,228

14. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Fund's objective in managing risk is the protection of unitholder's value. Risk is inherent in the Fund's activities and is managed through a process of ongoing risk identification, measurement and monitoring. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes foreign currency risk and equity price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management

The Fund's Investment Manager is primarily responsible for identifying and controlling risks.

14. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk measurement and reporting system

Monitoring and controlling risks is primarily set up to be performed based on limits as specified in the Investment Fund Regulations. These limits reflect the business strategy and the market environment of the Fund. In addition, the Compliance Department of the Fund Manager monitors the exposures against the approved limits.

Risk mitigation

The Fund's investment guidelines as specified in Terms and Conditions, Information memorandum and fact sheet set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

Concentration risk

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Fund's policies and procedures include guidelines to focus on maintaining a diversified portfolio based on the recommendations of Investment Committee.

Note 8 to the financial statements analyse the Fund's concentration of equity portfolio by industrial and geographical distribution.

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 does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

The Fund Manager seeks to limit its credit risk by monitoring credit exposure, credit ratings and by dealing with reputed counterparties.

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

	31 December 2020 SR	*31 December 2019 SR*
Cash and cash equivalents	**4,195,815**	4,945,442
Dividend receivable	**290,939**	-
	4,486,754	4,945,442

14. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, equity prices and interest rates, will affect the Fund's income or cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Equity Price Risk

Equity price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices.

The Fund's investments are susceptible to market price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of industrial distribution.

Sensitivity analysis

The table below sets out the effect on statement of comprehensive income of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	31 December 2020 SR	*31 December 2019 SR*
Strengthening of 5%	**10,664,444**	12,391,451
Weakening of 5%	**(10,664,444)**	(12,391,451)

Currency risk

Currency risk is the risk that the value of a financial instrument may fluctuate due to change in foreign exchange rates. The financial instruments of the Fund i.e. cash and cash equivalents, investments held at FVTPL, dividend receivables and payables are mainly denominated in Saudi Arabian Riyals, however some of the investments held at FVTPL and cash and cash equivalents are denominated in Kuwaiti Dinar and United Arab Emirates Dirhams. Generally, there is no major fluctuation in the exchange rates between Kuwaiti Dinar, United Arab Emirates Dirhams and Saudi Arabian Riyals, since the respective currencies has been pegged to United States Dollars. Accordingly, the Funds is not exposed to material currency risk for its financial assets and liabilities.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities that are settled by delivering cash or another financial assets.

The Fund's terms and conditions provide for the terms of subscriptions and redemptions of units and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions. The Fund's securities are considered to be readily realizable as they are all listed on the stock exchanges of the Kingdom of Saudi Arabia, Kuwait and United Arab Emirates. The Fund Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

In addition to the above, the Fund can potentially utilize an overdraft facility offered by the Fund Manager to meet liquidity requirements.

The undiscounted value of all financial liabilities of the Fund at the reporting date approximate to their carrying values and all are to be settled within one year from the reporting date.

15. IMPACT OF COVID 19

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews. Later on, the situation has improved with the easing of lockdown restrictions.

In response to the spread of the Covid-19 virus, the Fund Manager has proactively assessed its impacts on the operations of the Fund and has taken a series of proactive and preventative measures to ensure the health and safety of its employees.

For the year ended 31 December 2020, there is no major impact of Covid-19 pandemic on the operations of the Fund.

The Fund Manager continues to monitor the evolving situation carefully and will take required actions. Further, the Fund will continue to follow the Government policies and advice and, in parallel, will do utmost to continue Fund's operations in the best and safest way possible without jeopardizing the health of employees.

16. LAST VALUATION DAY

The last valuation day of the year was 31 December 2020 (31 December 2019: 31 December 2019).

17. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund Board on 23 Shaban 1442H (corresponding to April 5, 2021).