

Saudi Riyal Money Market Fund

Annual Report - 2022

Public

السعودي الفرنسي كابيتال
Saudi Fransi Capital



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A. INVESTMENT FUND INFORMATION

1. Name of investment fund.

Saudi Riyal Money Market Fund

2. Investment objectives and policies

Objectives of the Fund

Saudi Riyal Money Market Fund is an open-end money market fund aiming to provide liquidity while preserving capital and may provide absolute returns from fees.

Investment Policies

The Fund Manager seeks, upon its own discretion, to achieve the Fund objectives through providing liquidity and maintenance of capital through the following strategies and controls:

- Invest in a set of financial instruments, including but not limited to bank deposits.
- Evaluate and purchase debt and sukuk bonds, provided that at the time of purchase it does not exceed 35% of the Fund's total assets.
- The Fund's investments may be in different financial institutions in the global markets, which could include Banque Saudi Fransi.
- The Fund's investments may be in different currencies other than the Fund's currency, the Saudi riyal, in accordance with investment strategies.
- Invest in units of similar, publicly available, investment funds that are licensed by the Capital Market Authority or a similar supervisory Authority outside the Kingdom with similar risk levels up to 20% of the Fund's net assets value.
- Invest in repurchase and reverse repurchase agreements.
- The Fund may seek financing, provided that it does not exceed 10% of the Fund net asset value, unless borrowed from the Fund Manager or any of its subsidiaries to cover redemptions.

3. Distribution of income and gain policy

All profit will be reinvested in the Fund. No income will be distributed to Unitholders.

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

The benchmark for the fund is (1 Week SAR deposit rate).

It is a general indicator, obtained by the fund manager through the Bloomberg website.

B. FUND PERFORMANCE

1. Financial highlights for the last 3 years

| | 2022 | 2021 | 2020 |
|---|-----------------|---------------|---------------|
| Net Asset Value (NAV) | 523,502,325 | 656,019,519 | 671,381,360 |
| NAV per Unit | 28.34 | 27.75 | 27.56 |
| Highest NAV per Unit | 28.34 | 27.75 | 27.56 |
| Lowest NAV per Unit | 27.75 | 27.56 | 27.29 |
| Number of Units | 18,473,468 | 23,642,213 | 24,359,451 |
| Income Distribution per Unit | - | - | - |
| Expense Ratio | 0.44% | 0.44% | 0.52% |
| percentage of borrowed assets from the total asset value | -- | -- | -- |
| Results of comparing the performance of the benchmark of the fund with performance of the fund. | Under Performed | Out Performed | Out Performed |

2. Performance Record

a. Total Annualized Return for 1 Year, 3 Years, 5 Years, and Since Inception

| | 1 Year | 3 Years | 5 Years | Since Inception |
|--------------|--------|---------|---------|-----------------|
| Total Return | 2.13% | 1.26% | 1.54% | 2.98% |



B. Total Annual Returns for Each of the Past 10 Years or Since Inception

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Return | 2.13% | 0.68% | 0.98% | 2.19% | 1.73% | 1.50% | 1.96% | 0.93% | 0.93% | 0.92% |

C. Fund Fees and Expenses

| | Amount (SAR) |
|--|---------------------|
| Tadawul Registration Fees | 6,332.75 |
| Regulatory Fees | 7,828.80 |
| Auditor Fee Expense | 40,028.73 |
| Remuneration of the Board of Directors | 12,040.71 |
| Benchmark Fees | - |
| Trading Expenses | - |
| Funding Fees | |
| Other | 33,301.00 |
| Custody Fee | 162,788.01 |
| Management Fee | 2,477,207.53 |
| VAT on Management Fee | 371,581.25 |
| Shariah Audit Fee Expense | |
| Total Expense Ratio % | 0.44% |

3. Material Changes to Terms and Conditions

- None

4. Exercise of Annual Voting Rights

- None

5. Fund's Board Annual Report

- a. The members of the Fund Board of Directors are as follows.

| Member Name | Member Classification |
|--|--------------------------------|
| Mr. Ehab Talib Ahmed Farhan | Chairman, Non-Independent |
| Mr. Abdullah Sulaiman Abdulaziz Al-Oraini | Vice-Chairman, Non-Independent |
| Mr. Muhammad Fathallah Abdul-Khaleq Al-Bukhari | Member, Independent |
| Mr. Hani Ibrahim Ahmed Obaid | Member, Independent |

- b. A brief about of the fund board members' qualifications

■ Mr. Ehab Talib Ahmed Farhan – Head of the Private Banking at the Banque Saudi Fransi, Wealth Management at Saudi Fransi Capital, with 13 years of experience in consulting services with the National Bank in the field of the global stock exchange and investment products. He joined Banque Saudi Fransi in 2005 as Head of the Investment Department of the Jeddah City Department. He was appointed as the Head of Wealth Management in charge at the Saudi Fransi Capital in May 2015, then joined the Saudi Fransi Capital as Head of Wealth Management until May of 2018, holder of a Bachelor's degree in Business Administration, class 1995, and a qualified financial planner certificate from the Arab Monetary Agency - Banking Institute in the year 2004.

■ Mr. Abdullah Sulaiman Abdulaziz Al-Oraini – The Head of Brokerage at the Saudi Fransi Capital Company, with 14 years of experience in the banking sector in the Kingdom, Mr. Abdullah became the Head of Brokerage in the Saudi Fransi Capital Company in 2011. He was appointed as the Head of Brokerage in 2014 at Saudi Fransi Capital. Holds a Bachelor's degree in International Business Administration from King Saud University, class of 1999.

■ Mr. Muhammad Fathallah Abdul-Khaleq Al-Bukhari – With more than 25 years of experience in the banking and investment sector inside and outside the Kingdom, holding a Bachelor's degree in English Literature from King Saud University in 1972. Mr. Mohamed is currently retired, and his last position was Director of Conformity and Compliance at the Arab National Investment Company in 2011.



■ Mr. Hani Ibrahim Ahmed Obaid – A partner in Invest Corp., with 11 years of experience in the banking and investment sector inside the Kingdom. Mr. Hani became the Fund Manager at Banque Saudi Fransi in 2004. He joined Morgan Stanley in 2008 as Vice President of Private Wealth Management, and in 2012 he became a partner in Invest Corp. Holds a Bachelor's degree in Technology Management from Wentworth University of Technology.

c. Description of the roles and responsibilities of the Fund Board.

- Approve all contracts, decisions, and substantial reports to which the fund is a party.
- Adopt a written policy regarding voting rights related to the fund's assets.
- Supervise, and when appropriate, approve or ratify any conflicts of interest disclosed by the Fund Manager in accordance with the investment funds regulations.
- Meeting at least twice annually with the Compliance Officer with the Fund Manager and/or the Compliance Committee and the competent Anti-Money Laundering and Counter-Terrorism Financing Officer, to ensure that the Fund Manager complies with all applicable regulations and bylaws.
- Approval of any recommendation submitted by the liquidator, if appointed, according to the investment funds regulations.
- Ensure that the fund terms and conditions, the information memorandum, and any other document, whether it is a contract or otherwise, is complied with by the Investment Funds Regulations.
- Ensuring that the Fund Manager fulfils its responsibilities in the interest of the unitholders in accordance with the fund terms and conditions, and the provisions of the investment funds regulations.
- Work with honesty, goodwill, interest, care and diligence in the interests of the Fund and its unitholders.
- Take minutes of the meetings that includes all the minutes of the meetings and the decisions made by the Board.

d. Details on the remuneration of fund board members.

The Fund's Board of Directors' remuneration encompass all the funds of Saudi Fransi Capital, which is supervised by the Board, knowing that these fees will be changed annually, as each share of these funds will be allocated based on the size and proportion of the asset on pro-rata basis, and they are calculated cumulatively on each calendar day and deducted on an annual basis.

The annual maximum sum of the fees and expenses of members of the Board of Directors of all the funds of Saudi Fransi Capital is estimated at SAR 60,000.00 (sixty thousand Saudi Riyals). The Fund's share of this fee is estimated at SAR 23,760.15 per year.

It is also worth noting that the Fund's share of these fees will change annually according to the Fund's assets (increase or decrease), and that each independent member will receive an amount of SAR 15,000.00 (fifteen thousand Saudi riyals) per meeting with a maximum of two meetings per year which is the minimum number of Fund board meetings for all the funds of Saudi Fransi Capital.

e. A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund. A statement showing all the funds boards that the relevant board member is participating in.

There is no actual or potential conflict of interest between the interests of the fund board member and the interests of the fund.

f. Statement of all fund's board member participates in

The Fund's Board members participate in other fund boards under the management of Saudi Fransi Capital as follows:

| Fund Name | Ehab Farhan | Abdullah AlOraini | Hani Obaid | Muhammad Bukhari |
|------------------------------------|-------------|-------------------|--------------------|--------------------|
| Al-Badr Murabaha Fund - US Dollars | Chairman | Member | Independent Member | Independent Member |
| US Dollar Money Market Fund | Chairman | Member | Independent Member | Independent Member |
| Al-Saffa Saudi Equity Trading Fund | Chairman | Member | Independent Member | Independent Member |



| | | | | |
|--|----------|--------|--------------------|--------------------|
| Al Qasr GCC Real Estate and Construction Equity Trading Fund | Chairman | Member | Independent Member | Independent Member |
| Al-Badr Murabaha Fund - SAR | Chairman | Member | Independent Member | Independent Member |
| Saudi Riyal Money Market Fund | Chairman | Member | Independent Member | Independent Member |
| Saudi Istithmar Equity Fund | Chairman | Member | Independent Member | Independent Member |
| Al-Danah GCC Equity Trading Fund | Chairman | Member | Independent Member | Independent Member |
| Saudi Fransi Capital Saudi Equity Income Fund | Chairman | Member | Independent Member | Independent Member |
| Saudi Fransi Capital Income Fund | Chairman | Member | Independent Member | Independent Member |
| Saudi Fransi GCC IPO Fund | Chairman | Member | Independent Member | Independent Member |
| Saudi Fransi Capital Fixed Income Fund Class (A) | Chairman | Member | Independent Member | Independent Member |
| Saudi Fransi Capital Fixed Income Fund Class (B) | Chairman | Member | Independent Member | Independent Member |
| Taleem REIT | Member | - | Independent Member | Independent Member |
| Bonyan REIT | - | - | Independent Member | - |

g. The following is a summary of the key decisions approved and the matters discussed by the Fund Board:

- Review of new market developments
- Fund's performance review
- Fund's compliance with all applicable rules and regulations
- Acceptance of the independent board members

c. FUND MANAGER

1. Name and address of the fund manager

Saudi Fransi Capital
Head Office: PO Box 23454, Riyadh 11426, Saudi Arabia
Phone +966 11 282 6666 - Fax +966 11 282 6725
Website: www.sfc.sa

2. Names and addresses of sub-manager and/or investment adviser

None

3. A Review of Investment Activities

The inflation levels in 2022 has continuous to rise in the United States to record levels, with that the US Federal Reserve has worked on raising interest rates at a higher pace during 2022. This had a positive reflect on the money market and fixed income markets, as the markets received the decision in offering higher deposit rates, which resulted in an improved performance of managed money market funds.



With the methodology change for SAIBOR index, the "Saudi interbank interest rate", which is the reference price for the cost of interbank financing in Saudi riyals, which has been implemented at the beginning of 2022, a raise in deposit rates from Saudi banks has occurred so it be in line with the index, this had a positive impact on the managed money market funds.

4. Fund's Performance

| | 2022 |
|--|-------|
| Saudi Riyal Money Market Fund – Performance | 2.13% |
| Benchmark Performance | 2.31% |

The Fund underperformed the benchmark by 18 bps

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

- Updating the terms and conditions according to the requirements of Annex (1) of the updated Investment Funds Regulations.
- Update the financial disclosure summary based on the audited statements for the year 2020
- New External Auditor

6. Any other information that would enable unitholders to make an informed judgment about the Fund's activities

None

7. Investment in Other Investment Funds

During the year the Fund invested in Riyadh SAR Trade Fund and Al Rajhi Commodity Fund-SAR, the Fund has fully redeemed all its investment in other investment funds before end of the year.

8. Special Commission received by the fund manager during the period

The fund receives a 20% discount on management fees for Riyadh SAR Trade Fund and a 20% discount on management fees for Al Rajhi Commodity Fund-SAR.

9. Any other data and information required by the Regulations

- Fund Manager's Subscriptions in Units in an Investment Fund
None
- Conflicts of Interest
None
- Breach of Investment Limitations
 - Non –Compliance with Article IFR-54 (D): The fund held 26.23% versus 25.00% of the fund NAV in Emirates NBD, This breach has occurred due to changes in the market circumstance that is beyond the control of the fund manager. This breach was rectified on 15 May 2022.
 - Non-compliance with the terms and conditions of the Fund Paragraph - 3: The percentage of investments in funds similar to the Fund and licensed by the Capital Market Authority or a similar regulatory body outside the Kingdom with a similar risk level reached 20.27% from the maximum limit of 20%. This breach was rectified on October 30, 2022.
- Incorrect Valuation or Pricing
None

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

Since the inception of the fund.

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

Al-Rajhi Commodity Fund 0.16%
Riyad Trading -SAR fund 0.007%.



D. CUSTODIAN

1. Name and address of custodian.

HSBC Saudi Arabia Limited
Head Office: Olaya - Al-Mrooj 7267
P.O. Box: 2255 Riyadh 12283, Saudi Arabia
Phone +966 92000 5920 - Fax +966 11 299 2385
Website: www.hsbcSaudi.com
Email: saudiArabia@hsbc.com

2. Duties and Responsibilities

- The Custodian is responsible for its obligations in accordance with the provisions of the Investment Funds Regulations, whether it fulfils its responsibilities directly or assigns it to a third party under the provisions of the Investment Funds Regulations or the list of authorized persons.
- The Custodian is liable towards the Fund Manager and unitholders for the losses of the Fund resulting from its fraud, shortcoming, misbehavior or deliberate negligence.
- The Custodian is responsible for preserving and protecting the Fund's assets for the benefit of unitholders, and it is also responsible for taking all necessary administrative measures in relation to preserving the Fund's assets.

E. Fund Operator

1) Name and address of fund operator.

Saudi Fransi Capital
Head Office: PO Box 23454, Riyadh 11426, Saudi Arabia
Phone +966 11 282 6666 - Fax +966 11 282 6725
Website: www.sfc.sa

2) A brief description of its duties and responsibilities

- Operation of the Fund
- The fund operator is responsible for evaluating the fund's assets
- The fund operator shall be responsible for the pricing of the units and responsible for the erroneous valuation or pricing
- The fund operator is responsible for the full and fair evaluation of the fund's assets
- The fund operator shall prepare, maintain and update a register of unit holders
- Maintain books and records related to the operation of the fund
- Maintain a record of all issued and canceled units, and an updated record showing the fund's existing units balance
- The fund operator is responsible for the process of distributing profits to unit holders
- The fund operator is responsible for executing and regulating all subscription and redemption requests

F. AUDITOR

1. Name and address of auditor

Price Waterhouse Coopers
Head Office: Kingdome Tower, King Fahad Road
P.O Box 8282, Riyadh 11482, Saudi Arabia
Phone: +966.11.2110400 - Fax: +966.11.2110401
Website: www.pwc.com/middle-east



The Fund's Reports are available upon request free of charge. These reports are also available on the fund manager's website for free www.sfc.sa and on the Saudi Stock Exchange (Tadawul)

Saudi Fransi Capital (Closed Joint Stock Company owned by Banque Saudi Fransi) – Commercial Registration 1010231217 – Authorized and Regulated by the Capital Market authority (CMA) under license 11153-37

G. FINANCIAL STATEMENTS



SAUDI RIYAL MONEY MARKET FUND
(Managed by Saudi Fransi Capital Company)

FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

SAUDI RIYAL MONEY MARKET FUND
(Managed by Saudi Fransi Capital Company)

FINANCIAL STATEMENTS

For the year ended 31 December 2022

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Independent auditor's report to the Unitholders and Fund Manager of Saudi Riyal Money Market Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saudi Riyal Money Market Fund (the "Fund") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity attributable to the Unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Responsibilities of Fund Manager and Fund Board for the financial statements

Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority, the Fund's terms and conditions and information memorandum, and for such internal control as Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Fund Board is responsible for overseeing the Fund's financial reporting process.



Independent auditor's report to the Unitholders and Fund Manager of Saudi Riyal Money Market Fund (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional 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 Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Bader I. Benmohareb', is written over a faint, circular stamp or watermark.

Bader I. Benmohareb
License Number 471

March 30, 2023

SAUDI RIYAL MONEY MARKET FUND
(Managed by Saudi Fransi Capital Company)

STATEMENT OF FINANCIAL POSITION

| | | <i>As at 31 December 2022</i> | <i>As at 31 December 2021</i> |
|---|--------------|---------------------------------------|---------------------------------------|
| | <i>Notes</i> | SR | SR |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | 7 | 2,182,560 | 14,139,162 |
| Investments measured at fair value through profit or loss (FVTPL) | | - | 76,043,557 |
| Investments measured at amortised cost | 8 | 521,679,223 | 566,543,710 |
| Prepayments and other assets | | 2,475 | 3,110 |
| TOTAL ASSETS | | 523,864,258 | 656,729,539 |
| <u>LIABILITIES</u> | | | |
| Payable against unit redeemed | | 117,248 | 452,313 |
| Management fee payable | 10 | 172,093 | 224,127 |
| Accruals and other liabilities | | 72,592 | 33,580 |
| TOTAL LIABILITIES | | 361,933 | 710,020 |
| Equity attributable to the Unitholders | | 523,502,325 | 656,019,519 |
| Units in issue | | 18,473,468 | 23,642,213 |
| Equity per unit in Saudi Riyals | | 28.3381 | 27.7478 |

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

SAUDI RIYAL MONEY MARKET FUND
 (Managed by Saudi Fransi Capital Company)
 STATEMENT OF COMPREHENSIVE INCOME

| | | <i>For the year ended 31 December 2022 SR</i> | <i>For the year ended 31 December 2021 SR</i> |
|--|--------------|---|---|
| | <i>Notes</i> | <u>SR</u> | <u>SR</u> |
| <u>INVESTMENT INCOME</u> | | | |
| Special commission income | 9 | 16,355,057 | 6,340,306 |
| Net gain on investments measured at FVTPL | | 1,790,435 | 865,223 |
| Other income | | 94,980 | 109,272 |
| | | <u>18,240,472</u> | <u>7,314,801</u> |
| <u>EXPENSES</u> | | | |
| Management fees | 10 | (2,848,789) | (2,630,241) |
| Other expenses | 11 | (262,321) | (240,102) |
| | | <u>(3,111,110)</u> | <u>(2,870,343)</u> |
| NET INCOME FOR THE YEAR | | <u>15,129,362</u> | <u>4,444,458</u> |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>15,129,362</u> | <u>4,444,458</u> |

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

SAUDI RIYAL MONEY MARKET FUND
(Managed by Saudi Fransi Capital Company)

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

| | <i>For the year ended 31 December 2022 SR</i> | <i>For the year ended 31 December 2021 SR</i> |
|--|---|---|
| EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE YEAR | 656,019,519 | 671,381,360 |
| CHANGES FROM OPERATIONS | | |
| Total comprehensive income for the year | 15,129,362 | 4,444,458 |
| CHANGES FROM UNIT TRANSACTIONS | | |
| Value of units issued | 658,583,430 | 137,998,201 |
| Value of units redeemed | (806,229,986) | (157,804,500) |
| Net change from unit transactions | (147,646,556) | (19,806,299) |
| EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE YEAR | 523,502,325 | 656,019,519 |

UNIT TRANSACTIONS

Transactions in units are summarised as follows:

| | <i>For the year ended 31 December 2022 Units</i> | <i>For the year ended 31 December 2021 Units</i> |
|---|--|--|
| UNITS AT THE BEGINNING OF THE YEAR | 23,642,213 | 24,359,451 |
| Units issued | 23,600,206 | 4,998,923 |
| Units redeemed | (28,768,951) | (5,716,161) |
| Net change in units | (5,168,745) | (717,238) |
| UNITS AT THE END OF THE YEAR | 18,473,468 | 23,642,213 |

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

SAUDI RIYAL MONEY MARKET FUND
(Managed by Saudi Fransi Capital Company)

STATEMENT OF CASH FLOWS

| | <i>For the year ended 31 December 2022</i> | <i>For the year ended 31 December 2021</i> |
|---|--|--|
| <i>Notes</i> | <i>SR</i> | <i>SR</i> |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Net income for the year | 15,129,362 | 4,444,458 |
| <i>Adjustments to reconcile net income to net cash generated from / (used in) operating activities:</i> | | |
| Unrealised loss on investments measured at FVTPL | - | 238,464 |
| | 15,129,362 | 4,682,922 |
| Changes in operating assets and liabilities: | | |
| Investments measured at amortised cost | 44,864,487 | (104,519,890) |
| Investments measured at FVTPL | 76,043,557 | 53,984,443 |
| Prepayments and other assets | 635 | 6,851 |
| Management fee payable | (52,034) | 3,681 |
| Accruals and other liabilities | 39,012 | 2,211 |
| Net cash generated from / (used in) operating activities | 136,025,019 | (45,839,782) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Proceeds from units issued | 658,583,430 | 137,998,201 |
| Payment against units redeemed, net | (806,565,051) | (157,352,187) |
| Net cash used in financing activities | (147,981,621) | (19,353,986) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (11,956,602) | (65,193,768) |
| Cash and cash equivalents at the beginning of the year | 14,139,162 | 79,332,930 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 2,182,560 | 14,139,162 |

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

SAUDI RIYAL MONEY MARKET FUND (Managed By Saudi Fransi Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

Saudi Riyal Money Market Fund (the “Fund”) is an open-ended investment fund established based on an agreement between Saudi Fransi Capital Company (the “Fund Manager”) and investors (the “Unitholders”). The Fund commenced its operations on 15 Dhul-Qadah 1407H (corresponding to 11 July 1987).

The objective of the Fund is capital preservation and providing liquidity.

During the year, the Fund updated its terms and conditions on 6 Muharram 1444H (corresponding to 4 August 2022) which have been approved by the Capital Market Authority “CMA”.

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

2. REGULATORY 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 amended by resolution of the Board of the Capital Market Authority on 12 Rajab 1442H (corresponding to 24 February 2021) effective from 19 Ramadan 1442H (corresponding 1 May 2021) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 17 Rajab 1442H (corresponding to 1 March 2021) in addition to the new amendment number 2-22-2021 issued on 12 Rajab 1442H (Corresponding to 24 February 2021) 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”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

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 held at fair value through profit or loss (FVTPL).

3.3 FUNCTIONAL CURRENCY

These financial statements are presented in Saudi Riyal (“SR”), which is the Fund’s functional and presentation currency. All financial information presented has been rounded to the nearest SR.

3.4 SUBSCRIPTION/REDEMPTION

Subscription / redemption requests are accepted on every working day. The value of the Fund’s portfolio is determined daily. The equity value of the Fund for the purpose of purchase or sale of units is determined by dividing the total equity (fair value of the Fund’s assets minus Fund’s liabilities) of the Fund by the total number of outstanding Fund units.

SAUDI RIYAL MONEY MARKET FUND (Managed by Saudi Fransi Capital Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 2021. These have been consistently applied from prior years unless otherwise stated below.

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. For financial assets and financial liabilities at FVTPL, the transaction costs are expensed in the statement of comprehensive income.

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 at fair value through profit or loss.

Derecognition of financial instruments

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

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.

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For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 lifetime 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.

Redeemable Units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the Unitholder to a pro rata share of the Fund’s net assets in the event of the Fund’s liquidation.
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the Unitholder’s rights to a pro rata share of the Fund’s net assets.
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

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

The Fund’s redeemable participating units meet the definition of puttable instruments classified as equity instruments under IAS 32.16 A-B and accordingly are classified as equity instruments.

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in net assets attributable to the Unitholders. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund’s own equity instruments.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 accessible 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 placements of money market instruments, purchase of Sukuks and sales of financial assets classified at FVTPL (i.e. the date that the Fund commits to place, purchase or sell the assets).

Cash and cash equivalents

Cash and cash equivalent include accounts maintained with Banque Saudi Fransi (the "bank") and the Custodian.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Fund has a present 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 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 up to 0.5% per annum plus applicable VAT of the net asset value of fund accrued daily and paid on a monthly basis.

Expenses

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

Zakat and income tax

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

Equity value per unit

Equity value per unit as disclosed in the statement of financial position is calculated by dividing the equity of the Fund by the number of units 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 profit or loss. 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, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gain from financial instruments at FVTPL.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the financial statements requires Fund Manager 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. There are no significant accounting estimates, judgements and assumptions used in the preparation of these financial statements.

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 Fund Manager 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 going concern basis.

Fair value of financial instruments (Refer to Note 4)

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2022. The Fund Manager has assessed that the amendments have no significant impact on the Fund's financial statements.

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

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

| Standard / Interpretation | Description | Effective from periods beginning on or after |
|--|--|--|
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendment to IAS 8 | Definition of accounting estimate | 1 January 2023 |
| IFRS 17, 'Insurance contracts' | New Insurance standard | 1 January 2023 |
| Amendments to IAS12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |

7. CASH AND CASH EQUIVALENTS

| | <i>31 December</i> <i>2022</i> <i>SR</i> | <i>31 December</i> <i>2021</i> <i>SR</i> |
|---------------------------|--|--|
| Bank balances (See below) | 31,443 | 1,487,325 |
| Cash with custodian | 2,151,117 | 12,651,837 |
| | 2,182,560 | 14,139,162 |

The bank balances represent the cash in a current account maintained with Banque Saudi Fransi (Note 11)

The Fund Manager has conducted a review as required under IFRS 9 and based on such an assessment, the effect of expected credit loss ("ECL") allowance against the carrying value of cash and cash equivalents is insignificant as the balances are held with investment grade credit rated financial institutions and therefore no ECL has been recognised in these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. INVESTMENTS MEASURED AT AMORTISED COST

Investments measured at amortised costs comprised the following:

| | <i>31 December</i> <i>2022</i> <i>SR</i> | <i>31 December</i> <i>2021</i> <i>SR</i> |
|--|--|--|
| Money market placements (see note "a" below) | 494,783,873 | 554,261,960 |
| Investment in Sukuk (see note "b" below) | 26,895,350 | 12,281,750 |
| | 521,679,223 | 566,543,710 |

a) The composition of money market placements by remaining maturity as at each year-end is set out below:

31 December 2022

| <i>Remaining maturity</i> | <i>% of</i> <i>Value</i> | <i>Cost</i> <i>SR</i> |
|---------------------------|-----------------------------|--------------------------|
| Up to 1 month | 34.06 | 168,542,202 |
| 1-3 months | 47.59 | 235,441,971 |
| 3-6 months | 18.35 | 90,799,700 |
| | 100.00 | 494,783,873 |

31 December 2021

| <i>Remaining maturity</i> | <i>% of</i> <i>Value</i> | <i>Cost</i> <i>SR</i> |
|---------------------------|-----------------------------|--------------------------|
| Up to 1 month | 21.89 | 121,301,382 |
| 1-3 months | 32.71 | 181,294,847 |
| 3-6 months | 27.80 | 154,106,939 |
| 6-9 months | 17.60 | 97,558,792 |
| | 100.00 | 554,261,960 |

b) The carrying value of investments in sukuk is summarised as follows:

| | <i>31 December</i> <i>2022</i> <i>SR</i> | <i>31 December</i> <i>2021</i> <i>SR</i> |
|----------------|--|--|
| Carrying value | 26,895,350 | 12,281,750 |
| | 26,895,350 | 12,281,750 |

The composition of investment in sukuk by maturity as at each year-end is set out below;

| | <i>31 December</i> <i>2022</i> <i>SR</i> | <i>31 December</i> <i>2021</i> <i>SR</i> |
|-----------|--|--|
| 3-5 years | 26,895,350 | 12,281,750 |
| | 26,895,350 | 12,281,750 |

Fund Manager has conducted a review as required under IFRS 9 and based on such assessment; Fund Manager believes that there is no significant impairment loss against the carrying value of net investment measured at amortised cost at the reporting date as money market placements are short term and held with investment grade counterparties. The Sukuk are held with investment grade counterparties.

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For the year ended 31 December 2022

9. SPECIAL COMMISSION

| | <i>For the year ended 31 December 2022</i> | <i>For the year ended 31 December 2021</i> |
|-------------------------------------|--|--|
| | <i>SR</i> | <i>SR</i> |
| Income from money market placements | 15,963,104 | 5,900,484 |
| Income from investment in Sukuk | 391,953 | 439,822 |
| | 16,355,057 | 6,340,306 |

10. TRANSACTIONS AND BALANCES 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 Company (“the Fund Manager”), Banque Saudi Fransi (the Bank and the shareholder of the Fund Manager), the Fund Board, affiliates of the Fund Manager and the Funds managed by the Fund Manager.

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

The Fund pays the Fund Manager a management fee calculated a rate up to 0.5% per annum 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.

Related party transactions and balances are as follows:

| | <i>Nature of transactions</i> | <i>Amount of Transactions (Expense)/ income</i> | | <i>Balances Receivables / (payables)</i> | |
|-------------------------|-----------------------------------|--|--|--|---------------------------------------|
| | | <i>For the year ended 31 December 2022</i> | <i>For the year ended 31 December 2021</i> | <i>As at 31 December 2022</i> | <i>As at 31 December 2021</i> |
| <i>Related party</i> | | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| Saudi Fransi Capital | Management fees | (2,848,789) | (2,630,241) | (172,093) | (224,127) |
| Board of Directors | Annual remuneration | (12,041) | (12,158) | - | - |
| Banque Saudi Fransi | Interest income Bank balance | 65,641 | 88,611 | - | - |
| | | - | - | 31,443 | 1,487,325 |

The units in issue as at 31 December 2022, include 21,875 units held by the employees of Banque Saudi Fransi and Saudi Fransi Capital Company (31 December 2021: 207,897 units).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11. OTHER EXPENSES

| | | <i>For the year ended 31 December 2022 SR</i> | <i>For the year ended 31 December 2022 SR</i> |
|--------------------------|-------------|---|---|
| | <i>Note</i> | | |
| Custody fee | | 162,788 | 150,299 |
| Audit fee | | 40,029 | 40,250 |
| Directors fee | 10 | 12,041 | 12,158 |
| CMA fee | | 7,829 | 7,500 |
| Tadawul registration fee | | 6,333 | 5,750 |
| Other | | 33,301 | 24,145 |
| | | <u>262,321</u> | <u>240,102</u> |

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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.

| | <i>Carrying value SR</i> | <i>Fair value</i> | | | <i>Total SR</i> |
|-------------------------------|----------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | | <i>Level 1 SR</i> | <i>Level 2 SR</i> | <i>Level 3 SR</i> | |
| <i>31 December 2022</i> | | | | | |
| Investments measured at FVTPL | - | - | - | - | - |
| <i>31 December 2021</i> | | | | | |
| Investments measured at FVTPL | 76,043,557 | 76,043,557 | - | - | 76,043,557 |

The above table 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. The fair values of financial instruments are not significantly different from the carrying values included in the financial statements due to the short duration of material financial instruments.

During the year ended 31 December 2022, 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.

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NOTES TO THE FINANCIAL STATEMENTS

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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:

| | <i>Within 12 months SR</i> | <i>After 12 months SR</i> | <i>Total SR</i> |
|---|------------------------------------|-----------------------------------|---------------------|
| 31 December 2022 | | | |
| ASSETS | | | |
| Cash and cash equivalents | 2,182,560 | - | 2,182,560 |
| Investments measured at amortised cost | 494,783,873 | 26,895,350 | 521,679,223 |
| Other assets | 2,475 | - | 2,475 |
| TOTAL ASSETS | 496,968,908 | 26,895,350 | 523,864,258 |
| LIABILITIES | | | |
| Payable against unit redeemed | 117,248 | - | 117,248 |
| Management fee payable | 172,093 | - | 172,093 |
| Accruals and other liabilities | 72,592 | - | 72,592 |
| TOTAL LIABILITIES | 361,933 | - | 361,933 |
| 31 December 2021 | | | |
| ASSETS | | | |
| Cash and cash equivalents | 14,139,162 | - | 14,139,162 |
| Investments measured at fair value through profit or loss (FVTPL) | 76,043,557 | - | 76,043,557 |
| Investments measured at amortised cost | 554,261,960 | 12,281,750 | 566,543,710 |
| Other assets | 3,110 | - | 3,110 |
| TOTAL ASSETS | 644,447,789 | 12,281,750 | 656,729,539 |
| LIABILITIES | | | |
| Payable against unit redeemed | 452,313 | - | 452,313 |
| Management fee payable | 224,127 | - | 224,127 |
| Accruals and other liabilities | 33,580 | - | 33,580 |
| TOTAL LIABILITIES | 710,020 | - | 710,020 |

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, credit risk and liquidity risk arising from the financial instruments it holds.

Risk management

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 approved by the Credit Committee of the Fund Manager based on the recommendation of Risk Management Division of SFC which conducts an independent assessment. These limits reflect the business strategy, credit worthiness of the counterparty 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 single or group of counterparties 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 portfolio based on the counter party limits approved by the Credit Committee on the recommendation of Risk Management Division.

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.

| | <i>31 December</i> <i>2022</i> <i>SR</i> | <i>31 December</i> <i>2021</i> <i>SR</i> |
|---------------------------------------|--|--|
| Cash and cash equivalents | 2,182,560 | 14,139,162 |
| Investments at FVTPL | - | 76,043,557 |
| Investment measured at amortised cost | 521,679,223 | 566,543,710 |
| Prepayments and other assets | 2,475 | 3,110 |
| | 523,864,258 | 656,729,539 |

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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.

(i) 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 is not exposed to any commission rate risk as it does not have any equity financial assets.

(ii) Interest rate risk

Interest rate risk is the risk that the value of the future cashflows of a financial instrument or fair value of fixed coupon financial instruments will fluctuate due to changes in the market interest rates. The Fund is subject to interest rate risk on its interest-bearing assets including investments held at amortised cost. The Fund does not account for any fixed rate interest bearing financial assets at fair value and therefore, a change in interest rates at the reporting date would not have any effect on the financial statements.

(iii) 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, investments at FVTPL, investments held at amortized cost and payables are largely denominated in Saudi Arabian Riyals. The only other currency the Fund has invested is in USD, which is pegged against Saudi Riyals. Accordingly, the Fund is not exposed to any significant currency risk.

Liquidity risk

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

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 (money market instruments) are considered to be realizable as the said securities can be redeemed as and when required (by early termination and/or pre-maturity). 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. LAST VALUATION DAY

The last valuation day of the year for the purpose of the preparation of the financial statements was 31 December 2022 (31 December 2021: 31 December 2021).

16. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Fund Board on 5 Ramadhan 1444H (corresponding to 27 March 2023).