AL-KHAIR CAPITAL IPOS FUND
(Managed by Al-Khair Capital Saudi Arabia Company)

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

Crowe

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

Al-Khair Capital IPOs Fund
(Managed by Al-Khair Capital Saudi Arabia Company)

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INDEPENDENT AUDITOR'S REPORT

TO: THE UNITHOLDERS OF
AL-KHAIR CAPITAL IPO's FUND
(Managed by Al-Khair Capital Saudi Arabia Company)

Opinion:

We have audited the financial statements of **AL-KHAIR CAPITAL IPO's FUND** ("the fund") managed by Al-Khair Capital Saudi Arabia Company (the "Fund Manager"), which comprises the statement of financial position as at December 31, 2020 and the statements of comprehensive income, changes in net assets attributable to unitholders 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", 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued):

- 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 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 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
Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant R

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

Abdullah M. Al Azem
License No. 335

2 Shaban 1442 H (March 15, 2021)
Riyadh, Saudi Arabia

Al-Khair Capital IPOs Fund

(Managed by Al-Khair Capital Saudi Arabia Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	*31 December 2020* SR	*31 December 2019* SR
ASSETS			
Cash and cash equivalents	6	**9,694,616**	703,867
Financial assets at fair value through profit or loss	8	**2,557,222**	4,591,478
Prepayments and other receivables		**20,108**	85,025
		12,271,946	5,380,370
LIABILITIES			
Management fee	12	**11,797**	15,710
Accrued expenses and other liabilities	9	**33,439**	256,878
		45,236	272,588
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		**12,226,710**	5,107,782
Units in issue		**1,499,459**	758,933
Net assets value attributable to each unit		**8.1541**	6.7302

The accompanying notes 1 to 18 form part of these financial statements.

Al-Khair Capital IPOs Fund

(Managed by Al-Khair Capital Saudi Arabia Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 SR	2019 SR
INVESTMENT INCOME			
Net gain on financial assets at fair value through profit or loss	10	**837,224**	229,126
Dividend income		**79,969**	105,266
Translation loss		**-**	(3,541)
Special commission income		**758**	-
		917,951	330,851
EXPENSES			
Management fees	12	**(50,912)**	(64,344)
Other expenses	11	**(120,966)**	(73,296)
		(171,878)	(137,640)
NET INCOME FOR THE YEAR		**746,073**	193,211
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**746,073**	193,211

The accompanying notes 1 to 18 form part of these financial statements.

Al-Khair Capital IPOs Fund

(Managed by Al-Khair Capital Saudi Arabia Company)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS

For the year ended 31 December 2020

	2020 *SR*	*2019* *SR*
NET ASSETS AT THE BEGINNING OF THE YEAR	**5,107,782**	5,437,318
CHANGES FROM OPERATIONS		
Total comprehensive income for the year	**746,073**	193,211
CHANGES FROM UNIT TRANSACTIONS		
Proceeds from units subscribed	**9,300,000**	30,000
Value of units redeemed	**(2,927,145)**	(552,747)
Net change from unit transactions	**6,372,855**	(522,747)
NET ASSETS AT THE END OF THE YEAR	**12,226,710**	5,107,782

UNIT TRANSACTIONS

Transactions in units for the year ended 31 December are summarised as follows:

	2020 *Units*	*2019* *Units*
UNITS AT BEGINNING OF THE YEAR	**758,933**	839,770
Units subscribed	**1,156,866**	4670
Units redeemed	**(416,339)**	(85,507)
Net change in units	**740,527**	(80,837)
UNITS AT END OF THE YEAR	**1,499,460**	758,933

The accompanying notes 1 to 18 form part of these financial statements.

Al-Khair Capital IPOs Fund

(Managed by Al-Khair Capital Saudi Arabia Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 *SR*	*2019* *SR*
OPERATING ACTIVITIES		
Net income for the year	**746,073**	193,211
Adjustments to reconcile net loss to net cash from operating activities:		
Movement in unrealised losses on financial assets at fair value through profit or loss	**16,517**	(1,334,029)
	762,590	(1,140,818)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	**2,017,739**	1,480,335
Prepayment & other receivables	**64,917**	(62,079)
Management fees payable	**(3,913)**	(1,416)
Accrued and other liabilities	**(223,439)**	167,448
Net cash from operating activities	**2,617,894**	443,470
FINANCING ACTIVITY		
Value of unit redeemed	**(2,927,145)**	(552,747)
Proceeds from unit subscribed	**9,300,000**	30,000
Net cash from / (used in) financing activity	**6,372,855**	(522,747)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALEN'	**8,990,749**	(79,277)
Cash and cash equivalents at the beginning of the year	**703,867**	783,144
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**9,694,616**	703,867

The accompanying notes 1 to 18 form part of these financial statements.

1 GENERAL

Al-Khair Capital IPOs Fund (the "Fund") is an open-ended investment fund established and managed by Al-Khair Capital Saudi Arabia Company (the "Fund Manager") for the benefit of the Fund's Unit Holders (the "Unit Holders"). The address of the Fund Manager is as follows:

Al Khair Capital
P.O. Box. 69410
Riyadh 11547
Kingdom of Saudi Arabia

The objective of the Fund is to provide long-term capital appreciation by investing principally in Shari'ah compliant securities listed on both local and foreign markets as well as in those shares offered during the course of Initial Public Offerings in the Kingdom of Saudi Arabia. The Fund may also invest in Shari'ah compliant cash equivalents and other mutual funds.

The Fund Manager is Alkhair Capital Saudi Arabia Company and the Custodian of the Fund is Alinma investment. The terms and conditions of the Fund have been approved by the Capital Market Authority ("CMA") on 3 Rajab 1436H (corresponding to 22 April 2015) subsequently revised and approved on 16 Sha'ban 1439H (corresponding to 2 May 2018) and on 27 Sha'ban 1440H (corresponding to 2 May 2019) The Fund commenced its operations on 14 Sha'aban 1436H (corresponding to 1 June 2015).

The books and records of the Fund are maintained in Saudi Riyals (SR).

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 6 Safar 1438H (corresponding 6 November 2016) by the New Investment Fund Regulations ("Amended Regulations") published by the Capital Market Authority on 16 Sha'aban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The enhanced requirements of Annexure 5(e) of the Amended Regulations are effective from 2018.

3 STATEMENT OF COMPLIANCE AND 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 as "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 PREPARATION

These financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss that are measured at fair value.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting 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 which are explained below:

Financial instruments

Initial recognition

The Fund records a financial asset or a financial liability in the 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. 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 the business model of the Fund for managing the financial assets, and contractual cash flow characteristics.

The Fund measures a financial asset at amortised cost when it is within the business model to hold in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and 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 that are measured at fair value through profit or loss.

The Fund designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition of financial instruments (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

A financial liability is derecognised 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

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.

Redeemable Units
Redeemable units are classified as equity instruments when:

- The redeemable units entitle the Unit Holder 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 Unit Holder'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 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 Unit Holders. 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents
Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise of balances in bank accounts.

For the purpose of statement of cash flows, cash and cash equivalent include cash at banks.

Dividend income
Dividend income is recognised in profit or loss 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 the statement of comprehensive income in a separate line item.

Special commission income
Special commission income is recognised on an effective yield basis.

Net gain or loss on financial assets and liabilities at Fair Value through Profit or Loss ("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 period and from reversal of the prior period's unrealised gains and losses for financial instruments, which were realised in the reporting period. 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, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments)

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 the 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 the 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
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 using the effective interest rate method.

Management fees
Fund management fees are recognised on an accruals basis and charged to the statement of comprehensive income.

Fund management fees are charged at agreed rates with the Fund Manager and as stated in the Terms and Conditions of the Fund.

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies
Transactions in foreign currencies are recorded in Saudi Riyal at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange ruling at that date, resulting exchange gains and losses are taken to the statement of comprehensive income.

Net assets value
The 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 outstanding at the year end.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS as endorsed in the KSA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Funds' accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

Going concern
The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value Measurement
The Fund measures its investments in financial instruments, such as equity instruments, debentures, other commission bearing investments and derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).
The Fund measures financial instruments at fair value at each reporting date. Fair values of those financial instruments are disclosed in note 12.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are several standards and interpretations that are issued, but not yet effective, up to the date of issuance 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)	**9,687,451**	679,137
Cash with the custodian	**7,165**	24,730
	9,694,616	703,867

The bank balances represent the cash in a current account maintained with Alinma bank.

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 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss represents investments in equity securities which are measured at fair value. The fair value is determined by reference to the stock exchange, i.e.; Tadawul quoted closing prices or net asset valuation as at the end of the reporting period, in case of investment in units of mutual funds.

The investment portfolio is allocated among the various economic sectors as follows:

		31 December 2020	
Equities investments (by sectors)	*Cost SR*	*Market Value SR*	*% of Market Value*
Real Estate Mgmt & Dev't	**674,445**	**634,620**	**25%**
Consumer Services	**623,718**	**594,250**	**23%**
Energy	**382,663**	**448,452**	**18%**
Industrials	**301,183**	**285,350**	**11%**
Information Technology	**210,149**	**213,750**	**8%**
Health Care Equipment & Svc	**150,306**	**140,200**	**5%**
Financials	**147,104**	**131,400**	**5%**
Materials	**105,775**	**109,200**	**5%**
Total investment portfolio	**2,595,343**	**2,557,222**	**100%**

		31 December 2019	
Equities investments (by sectors)	*Cost SR*	*Market Value SR*	*% of Market Value*
Energy	866,955	882,037	19%
Consumer Services	744,579	774,214	17%
Real Estate Mgmt & Dev't	599,923	582,032	13%
Materials	499,828	519,959	11%
Information Technology	523,118	467,408	10%
Retailing	474,018	452,228	10%
Transportation	368,785	358,020	8%
Industrials	280,869	284,130	6%
Health Care Equipment & Svc	176,694	193,050	4%
Real Estate	78,313	78,400	2%
Total investment portfolio	4,613,082	4,591,478	100%

9 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2020 SR	*31 December 2019 SR*
Payable from traders	-	231,401
Audit fee	16,800	16,800
Board members fees (note 12)	5,000	-
Custodian fees	7,516	7,516
VAT Payable	4,123	1,161
	33,439	256,878

10 NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 SR	*2019 SR*
Unrealised (loss) / gain	(16,518)	1,334,029
Realised gain / (loss)	853,742	(1,104,903)
	837,224	229,126

11 OTHER EXPENSES

	2020 SR	*2019 SR*
Audit fees	35,200	33,600
Ideal rating fees	38,278	37,459
Board member fees (note 12)	10,000	10,000
Custodian fees	15,000	15,750
Regulator fees	7,500	7,500
Tadawul fees	5,250	5,250
Others	9,738	3,737
Reversal of excess provisions charged	-	(40,000)
	120,966	73,296

12 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund include the Unit Holders, the Fund Manager, the Shareholder of the Fund Manager (Al-Khair Capital), the Fund's Board members and other funds managed by the Fund Manager.

The Fund Manager charges the Fund on every dealing day a management fee at an annual rate of 1.25% of the Fund's net assets value. This is accrued on each dealing date and deducted on a quarterly basis.

As per the terms and conditions, the Fund Manager recovers from the Fund any other expenses incurred on behalf of the Fund by a maximum of 0.5% annually of net assets value, such as audit fee, regulatory, legal, brokerage, consultation services and other similar charges. Fund has imposed an early redemption commission of 0.25% for redemption within first 30 days of subscription.

In the ordinary course of its activities, the Fund transacts business with its related parties. All the related party transactions are carried out based on mutually agreed prices under formal agreement, which is approved by the Fund Board.

The transactions and year end balances with the related parties are as follows:

		Amount of Transactions		*Balance Debit (Credit)*	
Name of related party	*Nature of transactions*	*31 December 2020 SR*	*31 December 2019 SR*	*31 December 2020 SR*	*31 December 2019 SR*
The Fund Manager	Management fee	**(50,912)**	(64,344)	**(11,797)**	(15,710)
	Value of units held	-	-	**1,597,215**	1,076,102
The Fund's Board members	Board members' fee	**(10,000)**	(10,000)	**(5,000)**	-
Other Funds managed by the Fund Manager	Financial assets at FVTPL	-	(1,152,812)	-	-

The units in issue as at 31 December 2020 include 195,879 units (31 December 2019: 159,891 units) held by Al-Khair Capital Saudi Arabia Company the (the "Fund Manager") which represents a 13.06% (31 December 2019: 21.07%) holding in the Fund.

13 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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 such financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 that are not measured at fair value as the carrying amount is a reasonable approximation of fair value. During the year ended 31 December 2019, 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.

SR	*Carrying value*	*Level 1*	*Level 2*	*Level 3*	*Total*
31 December 2020					
Financial assets measured at fair value					
Financial assets at fair value through profit or loss	**2,557,222**	**2,557,222**	-	-	**2,557,222**
Total	**2,557,222**	**2,557,222**	-	-	**2,557,222**

SR	*Carrying value*	*Level 1*	*Level 2*	*Level 3*	*Total*
31 December 2019					
Financial assets measured at fair value					
Financial assets at fair value through profit or loss	4,591,478	4,591,478	-	-	4,591,478
Total	4,591,487	4,591,478	-	-	4,591,478

14 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:

As at 31 December 2020	*Within 12 months SR*	*After 12 months SR*	*Total SR*
ASSETS			
Cash and cash equivalents	**9,694,616**	-	**9,694,616**
Financial assets at fair value through profit or loss	**2,557,222**	-	**2,557,222**
Prepayments and other receivables	**20,108**	-	**20,108**
TOTAL ASSETS	**12,271,946**	-	**12,271,946**
LIABILITIES			
Management fees payable	**11,797**	-	**11,797**
Accrued expenses and other liabilities	**33,439**	-	**33,439**
TOTAL LIABILITIES	**45,236**	-	**45,236**

As at 31 December 2019	*Within 12 months SR*	*After 12 months SR*	*Total SR*
ASSETS			
Cash and cash equivalents	703,867	-	703,867
Financial assets at fair value through profit or loss	4,591,478	-	4,591,478
Prepayments and other receivables	85,025	-	85,025
TOTAL ASSETS	5,380,370	-	5,380,370
LIABILITIES			
Management fees payable	15,710	-	15,710
Accrued expenses and other liabilities	256,878	-	256,878
TOTAL LIABILITIES	272,588	-	272,588

15 FINANCIAL RISK MANAGEMENT

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 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	**9,694,616**	703,867
Financial assets at fair value through profit or loss	**2,557,222**	4,591,478
	12,251,838	5,295,345

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 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. However, the Fund is allowed to borrow in order to satisfy redemptions. The Fund's securities are considered to be readily realizable as they are all listed on the stock market in the Kingdom of Saudi Arabia. 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.

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.

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 Company'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.

Currency risk

Currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The financial instruments of the Fund i.e. cash, financial assets at fair value through profit or loss and payables are denominated in Saudi Arabian Riyals. Accordingly, the Fund is not exposed to any currency risk.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments or its future cash flows will fluctuate due to changes in the market interest rates. The time deposit placed by the Fund is a short term fixed interest rate deposit. Apart from that the Fund is not subject to any interest rate risk as all other financial assets and liabilities are non-commission bearing.

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 industry concentration.

Sensitivity analysis
The table below sets out the effect on profit or loss 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%	**127,861**	229,574
Weakening of 5%	**(127,861)**	(229,574)

16 SUBSEQUENT EVENTS

No events have occurred subsequent to the reporting date and before the issuance of these financial statements which require adjustment to, or disclosure, in these financial statements.

17 LAST VALUATION DAY

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

18 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund Board on 2 Shaban 1442H corresponding to 5 March 2021.