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## A) Investment Fund Information

## أ) معلومات صندوق الاستثمار

<b>1) Name of the Investment Fund</b> Al Razeen USD Liquidity Fund	<b>1) اسم صندوق الاستثمار</b> صندوق السيولة بالدولار الأمريكي (الرزين دولار)
<b>2) Investment Objectives and Policies</b> <ul style="list-style-type: none"> <li> <b>Fund's Objectives:</b>            The Fund aims to achieve liquidity and capital growth through investments in short term Money Market Instruments and long term investments such as Sukuk, bonds and structured products denominated in SAR and/or USD. The Fund will also invest in other CMA licensed public investment funds that have similar objectives and risks.         </li> <li> <b>Investment Policies and Practices:</b>            The Fund invests mainly in short term Money Market Instruments and long term investments such as Sukuk, bonds and structured products denominated in SAR and/or USD. The Fund will also invest in other CMA licensed public investment funds that have similar objectives and risks.         </li> </ul>	<b>2) أهداف وسياسات الاستثمار وممارساته</b> <ul style="list-style-type: none"> <li> <b>أهداف الصندوق:</b>            يهدف الصندوق إلى توفير السيولة وزيادة رأس المال من خلال الاستثمار في أدوات النقد قصيرة الأجل والاستثمارات طويلة الأجل مثل الصكوك والسندات والمنتجات المركبة المقومة بالريال أو الدولار أو كلاهما. بالإضافة إلى الاستثمار في الصناديق الاستثمارية العامة والمرخصة من الهيئة ذات الأهداف والمخاطر المماثلة.         </li> <li> <b>سياسات الاستثمار وممارساته</b>            يستثمر الصندوق بشكل أساسي في أدوات النقد قصيرة الأجل والاستثمارات طويلة الأجل مثل الصكوك والسندات والمنتجات المركبة المقومة بالريال أو الدولار بالإضافة إلى الاستثمار في الصناديق الاستثمارية العامة والمرخصة من الهيئة ذات الأهداف والمخاطر المماثلة.         </li> </ul>
<b>3) Distribution of Income &amp; Gain Policy</b> The Fund will not make any distributions to unitholders. Instead, capital gains and cash dividends will be reinvested in the Fund which will be reflected in and improve the value and units of the Fund.	<b>3) سياسة توزيع الدخل والأرباح</b> لن يقوم الصندوق بأي توزيعات على مالكي الوحدات. وبدلاً من ذلك سيتم إعادة استثمار الأرباح الرأسمالية والأرباح النقدية الموزعة في الصندوق. وسينعكس ذلك بارتفاع صافي قيمة الأصول وسعر وحدة الصندوق.
<b>4) The fund's reports are available upon request free of charge.</b>	<b>4) تتاح تقارير الصندوق عند الطلب وبدون مقابل.</b>
<b>5) The fund's benchmark and the service provider's website (if any)</b> US LIBOR 1-month Index. A daily reference rate published by the Intercontinental Exchange (ICE).	<b>5) المؤشر الاسترشادي للصندوق، والموقع الإلكتروني لمزود الخدمة (إن وجد)</b> مؤشر لايبور الأمريكي لشهر واحد. وهو سعر مرجعي يومي تنشره (Intercontinental Exchange ICE).

## B) Fund Performance

(ب) أداء الصندوق

- 1) A comparative table covering the last three financial years/or since inception, highlighting: (1) جدول مقارنة يغطي السنوات المالية الثلاث الأخيرة/ أو منذ التأسيس، يوضح:

Year	2021	2020	2019	السنة
NAV*	22,142,005	17,701,441	31,528,836	صافي قيمة أصول الصندوق*
NAV per Unit*	27.58	27.43	27.21	صافي قيمة أصول الصندوق لكل وحدة*
Highest Price per Unit*	27.58	27.44	27.22	أعلى سعر وحدة*
Lowest Price per Unit *	27.45	27.22	26.73	أقل سعر وحدة*
Number of Units	804,645	645,428	1,158,839	عدد الوحدات
Income Distribution Per Unit	N/A	N/A	N/A	قيمة الأرباح الموزعة لكل وحدة
Fees & Expense Ratio	0.38%	0.06%	0.17%	نسبة الرسوم والمصروفات
Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any)	N/A	N/A	N/A	نسبة الأصول المقرضة من إجمالي قيمة الأصول، ومدة انكشافها وتاريخ استحقاقها (إن وجدت)

\*In USD

\*بالدولار الأمريكي

- 2) A performance record that covers the following: (2) سجل أداء يغطي ما يلي:

- a. The total return for the fund compared to the benchmark for 1 year, 3 years, 5 years and since inception: أ. العائد الإجمالي للصندوق مقارنة بالمؤشر لسنة واحدة، ثلاث سنوات، خمس سنوات ومنذ التأسيس:

Period	Since Inception منذ التأسيس	5 Years 5 سنوات	3 Years 3 سنوات	1 Year سنة	الفترة
Return %	175.77	5.97	3.15	0.48	عائد الصندوق %
Benchmark %	118.91	6.31	2.98	0.16	عائد المؤشر %

- b. The annual total return for the fund compared to the benchmark for the last 10 years/ or since inception: ب. العائد الإجمالي السنوي للصندوق مقارنة بالمؤشر للعشر سنوات الماضية/ أو منذ التأسيس:

Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	السنة
Return %	0.48	0.82	1.79	1.58	1.09	1.23	0.39	0.21	0.45	1.03	عائد الصندوق %
Benchmark %	0.16	0.52	2.25	2.03	1.12	0.49	0.20	0.16	0.19	0.24	عائد المؤشر %

c. Actual fees and fund expenses paid by the investment fund during the year as a percentage of average Net Asset Value:

ج. مقابل الخدمات والعمولات والأتعاب التي تحملها الصندوق على مدار العام كنسبة مئوية من متوسط صافي قيمة أصول الصندوق:

Fees and Expenses	ألف دولار USD '000	النسبة المئوية %	الرسوم والمصروفات
Management Fees*	42	0.20%	أتعاب الإدارة*
VAT on Management Fees	6	0.03%	ضريبة القيمة المضافة على أتعاب الإدارة
Custodian Fees	14	0.06%	رسوم الحفظ
Auditor Fees	13	0.06%	أتعاب مراجع الحسابات
Fund Admin Expenses	0	0.00%	مصاريف العمليات الإدارية
CMA Fees	2	0.01%	رسوم هيئة السوق المالية
Tadawul Fees	1	0.00%	رسوم نشر معلومات الصندوق على موقع تداول
Shariah Committee Fees	0	0.00%	أتعاب خدمات اللجنة الشرعية
Independent Fund Board Remunerations	4	0.02%	مكافآت أعضاء مجلس إدارة الصندوق المستقلين
<b>Total Fees and Expenses</b>	<b>82</b>	<b>0.38%</b>	<b>مجموع الرسوم والمصاريف</b>

\*The fund management fee is 0.50% of NAV, and it reduced temporarily to 0.20% of NAV.

\*أتعاب إدارة الصندوق 0.50% من صافي قيمة الأصول، وتم تخفيضها مؤقتاً إلى 0.20% من صافي قيمة أصول الصندوق.

### 3) Material Changes

#### 1. Economic Outlook:

- The U.S Federal Open Market Committee (FOMC) maintained its' target FFR stable at a range of 0% to 0.25% in 2021, and continued to use QE to support credit and economic recovery throughout the year until November when it officially announced tapering its monthly asset purchase program, then doubling the pace of its monthly asset purchase reduction in December amid improving labor markets and inflationary pressures to end expectedly by March of 2022.
- The Tapering along with higher market expectation of rate hikes in the upcoming year has resulted in an upward shift in the U.S treasury yield curve with shorter-term yields increasing faster compared to longer-term bond yields attributed to concerns related to policy tightening and its impact on the economy; 5-Year treasury notes yield increased by 90 Bps (from 0.36% to 1.26%), 10-Year treasury notes yield increased by 60 Bps (from 0.91% to 1.51%), while the 30-Year treasury bonds yield increased by 26 Bps (from 1.64% to 1.90%).

### 3) تغيرات جوهرية حدثت خلال الفترة

#### 1. نظرة عامة على أداء الاقتصاد:

- حافظت اللجنة الفيدرالية الأمريكية للسوق المفتوحة (FOMC) على معدل الفائدة المستهدف ضمن نطاق ما بين 0% و 0.25% خلال 2021م، كما استمرت باستخدام برنامج التيسير الكمي لدعم الائتمان والاقتصاد على مدار العام حتى شهر نوفمبر حيث تم تقليص برنامج شراء السندات تدريجياً، ومن ثم مضاعفة وتيرة التقليل في ديسمبر بسبب تحسن معدلات البطالة وارتفاع التضخم. لينتهي البرنامج حسب توقعات اللجنة بحلول مارس 2022م.
- أدى تخفيض وتيرة الشراء الشهرية لبرنامج التيسير الكمي بالإضافة إلى توقعات السوق بارتفاع أسعار الفائدة خلال العام المقبل إلى ارتفاع منحى عوائد سندات الخزينة الأمريكية، وارتفاع عوائد السندات قصيرة الأجل بشكل أسرع مقارنة بعوائد السندات طويلة الأجل ويعود ذلك إلى مخاوف متعلقة بتشديد السياسة النقدية وتأثيرها المتوقع على نمو الاقتصاد؛ كما ارتفع عائد سندات الخزينة لـ 5 سنوات بمقدار 90 نقطة أساس (من 0.36% إلى 1.26%) ، وارتفع عائد سندات الخزينة لـ 10 سنوات بمقدار 60 نقطة أساس (من 0.91% إلى 1.51%) ، في حين ارتفع عائد سندات الخزينة لـ 30 عاماً بمقدار 26 نقطة أساس (من 1.64% إلى 1.90%).
- حافظ البنك المركزي السعودي (ساما) على معدلات اتفاقيات إعادة الشراء المعاكس (الريو العكسي) ومعدل اتفاقيات إعادة الشراء (الريو) عند نفس المستوى خلال

- The Saudi Central bank (SAMA) maintained its' policy rates in 2021, the Reverse Repo rate at 0.50%, and Repo rate at 1.00%. Support packages and fiscal measures were also extended to continue supporting private sector credit and liquidity which reflected positively on the recovery of Saudi economy during 2021.
  - The Saudi Sovereign Sukuk yield curve has also experienced an upwards shift in 2021; 5-year KSA SAR Sukuk yield increased by 72 Bps (from 1.49% to 2.22%). While Longer tenor 10-year KSA SAR Sukuk yield increased by 28 Bps (from 2.62% to 2.90%).
  - The Saudi Riyal Interbank Average Offered Rate (SAIBOR) increased in 2021; 3-Month SAIBOR increasing by 9 Bps to 0.91%, 6-Month SAIBOR increasing by 11 Bps to 0.98%, and 12-Month SAIBOR increasing by 12 Bps to 1.06%.
  - Total gross Saudi Sovereign debt issuances during 2021 amounted to SAR 125 bln - in line with the 2021 borrowing plan- increasing the outstanding debt portfolio to reach approximately SAR 938 bln by year-end equivalent to 29% of the kingdoms' GDP, and estimated to remain at those levels by end of 2022 given stabilizing economic conditions and budget balance.
  - Brent crude oil price increased from an average of \$41.6 per barrel in 2020 to \$70.9 per barrel in 2021, attributed to a faster pick-up in demand compared to supply levels due to the recovery and reopening of major economies, rising vaccination levels, loosening restrictions and precautionary measures.
2. The Capital Market Authority has approved the merger of Samba Capital & Investment Management Company ("Samba Capital") into NCB Capital by way of a statutory merger, which will result in all of the rights and obligations of Samba Capital being transferred to NCB Capital (the "Merger"), the Merger has been effective on 29/11/1442H, corresponding to 09/07/2021G. As a result, NCB Capital replaced Samba Capital as the manager of the Fund. Therefore, the new entity's identity is changed to SNB Capital.

العام، حيث استقر معدل اتفاقيات إعادة الشراء المعاكس عند 0.50%، ومعدل اتفاقيات إعادة الشراء عند 1.00%. كما قامت بتمديد برامج التيسير الكمي لمواصلة دعم الإقراض والائتمان والسيولة للقطاع الخاص مما انعكس إيجاباً على الاقتصاد السعودي خلال 2021م.

- كما شهد منحني عائد الصكوك السيادية السعودية أيضاً تحولاً تصاعدياً في عام 2021م؛ حيث ارتفع عائد الصكوك السعودية بالريال السعودي لأجل 5 سنوات بمقدار 72 نقطة أساس (من 1.49% إلى 2.22%)، بينما ارتفع عائد صكوك السعودية بالريال السعودي ذات الأجل الأعلى 10 سنوات بمقدار 28 نقطة أساس (من 2.62% إلى 2.90%).
- شهدت معدلات الإقراض بين البنوك السعودية (سايبور) ارتفاعات ملحوظة خلال عام 2021م، حيث ارتفع سايبور 3 أشهر بمعدل 9 نقاط أساس إلى مستوى 0.91% وارتفع سايبور 6 أشهر بمعدل 11 نقطة أساس إلى مستوى 0.98% كما ارتفع سايبور 12 شهر بمعدل 12 نقطة أساس إلى مستوى 1.06%.
- بلغ إجمالي الدين الحكومي خلال عام 2021 ما يعادل 125 مليار ريال سعودي كما كان مخطط لها، ليصل إجمالي حجم الدين القائم ما يقارب 938 مليار ريال سعودي بنهاية العام أو ما يعادل 29% من الناتج المحلي الإجمالي للمملكة، والمتوقع أن يحافظ على نفس المستويات حتى نهاية 2022 نظراً لاستقرار الظروف الاقتصادية وتوازن الميزانية.
- كما ارتفع متوسط سعر خام برنت من 41.6 دولاراً للبرميل في عام 2020م إلى 70.9 دولاراً للبرميل في عام 2021م، ويعود ذلك إلى ارتفاع الطلب مقارنة بمستويات العرض بسبب تعافي الاقتصاد العالمي وارتفاع نسب الحصول على اللقاح ضد فيروس كورونا وتخفيف القيود والتدابير الاحترازية.

2. تم الحصول على موافقة هيئة السوق المالية بدمج شركة سامبا للأصول وإدارة الاستثمار في شركة الأهلي المالية بموجب نظام الشركات، والذي سينتج عنه نقل جميع حقوق والتزامات شركة سامبا للأصول وإدارة الاستثمار إلى شركة الأهلي المالية ("الاندماج")، تم نفاذ الاندماج بتاريخ 29/11/1442هـ الموافق 09/07/2021م. وعليه، ترتب على ذلك حلول شركة الأهلي المالية محل شركة سامبا للأصول وإدارة الاستثمار كمدير للصندوق. ونتيجة لذلك تم تغيير هوية الكيان الجديد إلى SNB Capital.

#### 4) Exercising of Voting Rights

No voting rights were exercised during the year.

#### 4) ممارسات التصويت السنوية

لم تتم أي ممارسات تصويت خلال العام.

#### 5) Fund Board Annual Report

#### 5) تقرير مجلس إدارة الصندوق السنوي

##### a. Names of Fund Board Members

##### أ. أسماء أعضاء مجلس إدارة الصندوق

- Ali Abdulaziz Al Hawas - Chairman - Dependent Member

- علي عبدالعزيز الحواس - رئيس مجلس إدارة الصندوق -

عضو غير مستقل



- Feras Abdulrazaq Houhou - Dependent Member
- Ammar Hasan Yasin Bakheet - Independent member
- Abdulaziz Mohammed Al-Khorayef - Independent member

- فراس عبدالرزاق حوحو - عضو غير مستقل
- عمار حسن ياسين بكهيت - عضو مستقل
- عبدالعزيز محمد الخريف - عضو مستقل

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

**Ali Al Hawas:** Executive Vice President, and Head of Global Markets at Saudi National Bank. He joined Samba in 2008 and has over 24 years of Treasury business experience. He is member of Bank's Asset Liability Management Committee and responsible of managing the business under Samba Global Markets Ltd platform. He holds a diploma certificate from ACI University.

**Feras Houhou:** Heads SNB Capital's Legal and Governance Division and the Sectary of the Board. In March 2015, Feras joined the Legal Division besides his role as a Board Secretary. His expertise covers a wide range of tasks such as working on various Equity Capital Market and Debt Capital Market transactions and handling all litigations in which the Company is involved. He also has worked extensively in Merger & Acquisition and all sorts of investment funds locally and internationally. His role in these transactions included negotiations, drafting and execution of its relevant agreements, documents and structure. Prior to joining SNB Capital, Feras worked at the Legal Division in the Capital Market Authority where he participated in drafting many of the Capital Market Regulations and advised in many policy matters. Mr. Feras holds an LLM specialized in Securities and Financial Regulations from Georgetown Law School and a law degree from King Abdulaziz University. He was appointed in July 2021 as member of the Middle East & North Africa (MENA) advisory Board at Georgetown Law Centre.

**Ammar Bakheet:** He has more than 27 years of experience in the financial sector. Specialized in business establishment in the financial sector, strategy development, securing regulatory and legislative approvals, building of the operational infrastructure, and building the administrative teams to run such businesses. The founding partner and CEO of Mnasah Digital Platform a technical financial company specialized in operating and running of a digital platform specialized in financing of small and Medium-sized enterprises (SMEs) Kingdom of Saudi Arabia (2017-Present). Head of asset management &

**ب. نبذة عن مؤهلات أعضاء مجلس إدارة الصندوق**

**علي الحواس:** نائب الرئيس التنفيذي، رئيس الأسواق العالمية في البنك الأهلي السعودي. انضم إلى مجموعة سامبا المالية في عام 2008 ولديه أكثر من 24 عاماً من الخبرة في مجال الخزينة. مسؤول عن الناحية التشغيلية من إدارة أعمال في منصة شركة الأسواق العالمية المحدودة لدى سامبا. عضو في لجنة إدارة الموجودات والمطلوبات في البنك. بالإضافة إلى ذلك، حصل على شهادة دبلوم من جامعة ACI.

**فراس حوحو:** رئيس الشؤون القانونية والحوكمة بشركة الأهلي المالية في مارس 2015 م إلى جانب دوره كأمين لمجلس الإدارة. تغطي خبرة الأستاذ فراس مجموعة واسعة من المهام مثل الصفقات المتعلقة بالأسهم (ECM) و صفقات الإقراض (DCM) في السوق المالية، ومتابعة الدعاوى القضائية التي تخص الشركة. كما تمتد خبرته إلى العمل في صفقات الاندماج والاستحواذ والصناديق الاستثمارية محلياً ودولياً حيث عمل على المفاوضات وإعداد ومراجعة الاتفاقيات والوثائق ذات العلاقة بعدد من الصفقات في السوق المالية السعودية وعدد من الدول الأجنبية. قبل انضمامه إلى شركة الأهلي المالية، عمل الأستاذ فراس في الإدارة القانونية بهيئة السوق المالية حيث شارك في صياغة العديد من لوائح السوق المالية وقدم المشورة بخصوص العديد من المسائل المتعلقة بسياسات السوق. يحمل الأستاذ فراس شهادة ماجستير في القانون من جامعة جورج تاون في تخصص الأوراق المالية والتشريعات المالية وشهادة في القانون من جامعة الملك عبد العزيز. كما عين في يوليو 2021م المجلس الاستشاري لشؤون الشرف.

**عمار بكهيت:** يمتلك أكثر من 27 عاماً من الخبرة في القطاع المالي. متخصص في تأسيس الأعمال في القطاع المالي، ووضع الاستراتيجيات، وتأمين الموافقات التنظيمية والتشريعية، وبناء البنية التحتية التشغيلية، وبناء الفرق الإدارية لإدارة تلك الأعمال. أسس شركة منصة رقمية وهي شركة تقنية مالية متخصصة بتشغيل منصة تعمل على تمويل الشركات الصغيرة والمتوسطة المملوكة العربية السعودية (2017 - حتى الآن). عمل في عوده كبيتال كرئيس إدارة الأصول وتطوير المنتجات (2007-2017). أسس إدارة الاستثمار في بنك رأس الخيمة (دي) (2003-2006). عمل

product development - Audi capital 2007–2017 . Establishment of the Investment Division at RAKBank (Dubai) (2003 -2006). Working at Samba Capital as Saudi Equity Funds manager (1998-2002). Co-founding Bakheet Investment Company (1993-1998).

**Abdulaziz Al-Khorayef:** The CEO of Al-Khorayef Group, lawyers and consultants. Also, A lawyer and legal consultant. A consultant at His Highness, the Minister of Defence office, and at various Banks in Saudi Arabia. Also, he is a board member in many real-estate funds of several Capital Market Institutions. He holds a Bachelor's degree in Sharia, Imam Muhammed Bin Saud Islamic University, Master's degree in International Business, Hull University, the United Kingdom and Legal Leadership in Corporate Counsel (LCC), Harvard University. In addition to the Law Firm Partner as Leader Programme, Cambridge University, the United Kingdom.

في سامبا المالية كمدير صناديق الأسهم السعودية (1998-2002). شارك في تأسيس شركة بخيت للاستشارات المالية (1993-1998).

**عبد العزيز الخريف:** هو الرئيس التنفيذي لـ"الخريف محامون ومستشارون" وكذلك محامي ومحكم وموثق وحارس قضائي ومصفي معتمد. والأستاذ عبد العزيز مستشار قانوني كذلك للعديد من البنوك والجهات الحكومية والشركات والصناديق العقارية بالمملكة وعضو مجلس إدارة بصناديق استثمارية أخرى. الأستاذ عبد العزيز حاصل على بكالوريوس الشريعة - مع مرتبة الشرف الأولى - من جامعة الإمام محمد بن سعود الإسلامية بالمملكة وماجستير التجارة الدولية من جامعة هل بالمملكة المتحدة والإدارة القانونية في المنظمات التجارية من جامعة هارفرد بالمملكة المتحدة وبرنامج الشركاء في مكاتب المحاماة من جامعة كامبريدج بالمملكة المتحدة. ولأستاذ عبد العزيز أيضا العديد من الأبحاث والأوراق العلمية.

### c. Roles and responsibilities of the Fund Board

The responsibilities of the members of the fund board shall include the following:

1. Approving material contracts, decisions and reports involving the fund.
2. Approve a written policy in regards to the voting rights related to the fund assets.
3. Overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified.
4. Meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations.
5. Approving all changes stipulated in Articles (62) and (63) of the Investment Funds Regulations "IFRs" before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable).
6. Confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with the IFRs, of the Terms and Conditions and of any other document, contractual or otherwise.
7. Ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with the IFRs and the Fund's Terms and Conditions.

### ج. أدوار مجلس إدارة الصندوق ومسؤولياته

تشمل مسؤوليات أعضاء مجلس إدارة الصندوق، على سبيل المثال لا الحصر، الآتي:

1. الموافقة على جميع العقود والقرارات والتقارير الجوهرية التي يكون الصندوق طرفاً فيها.
2. اعتماد سياسة مكتوبة فيما يتعلق بحقوق التصويت المتعلقة بأصول الصندوق.
3. الإشراف، ومتى كان ذلك مناسباً، الموافقة أو المصادقة على أي تعارض مصالح يفصح عنه مدير الصندوق وفقاً لللائحة صناديق الاستثمار.
4. الاجتماع مرتين سنوياً على الأقل مع لجنة المطابقة والالتزام لدى مدير الصندوق أو مسؤول المطابقة والالتزام لديه، للتأكد من التزام مدير الصندوق بجميع اللوائح والأنظمة المتبعة.
5. الموافقة على جميع التغييرات المنصوص عليها في المادتين (62) و (63) من لائحة صناديق الاستثمار وذلك قبل حصول مدير الصندوق على موافقة مالكي الوحدات والهيئة أو إشعارهم (حيثما ينطبق).
6. التأكد من اكتمال ودقة شروط وأحكام الصندوق وأي مستند آخر (سواء أكان عقداً أم غيره) يتضمن إفصاحات تتعلق بالصندوق ومدير الصندوق وإدارته للصندوق، إضافة إلى التأكد من توافق ما سبق مع أحكام لائحة صناديق الاستثمار.
7. التأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالكي الوحدات وفقاً لشروط وأحكام الصندوق، وأحكام لائحة صناديق الاستثمار.
8. الاطلاع على التقرير المتضمن تقييم أداء وجودة الخدمات المقدمة من الأطراف المعنية بتقديم الخدمات الجوهرية للصندوق المشار إليه في الفقرة (ل) من المادة (9) من لائحة صناديق الاستثمار؛ وذلك للتأكد من قيام مدير الصندوق



8. Reviewing the report that includes assessment of the performance and quality of services provided by the parties involved in providing significant services to the fund referred to in Paragraph (l) of Article (9) of IFRs, in order to ensure that the fund manager fulfils his responsibilities in the interest of unitholders in accordance with the Fund's Terms and Conditions and the provisions stipulated in IFRs.
9. Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.
10. Have a fiduciary duty to unitholders, including a duty to act in good faith, a duty to act in the best interests of the unitholders and a duty to exercise all reasonable care and skill.
11. Approving the appointment of the external Auditor nominated by the Fund Manager.
12. Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund's board of director.
13. Review the report containing all complaints and the measures taken regarding them referred to in Paragraph (m) of Article (9) of IFRs, in order to ensure that the fund manager carries out his responsibilities in a way that serves the interest of unitholders in accordance with the Fund's Terms and Conditions and what contained in this Regulation.

#### d. Remuneration of fund board members

Independent Board members shall be remunerated by the Fund Manager in the case of attending two meetings per year, being the minimum amount of Board meetings, such remuneration to be paid to each independent Board member from the Fund's assets. It should be noted that this remuneration is allocated from the total expenses paid to ten conventional funds managed by the Fund Manager for a total amount of SR 80,000 per year. The fees will be allocated based on the percentage of the Fund's NAV to the aggregate net asset value of these conventional funds. In addition, independent Board members are compensated for travel allowances up to a maximum of SAR 7,500 to be paid from the Fund's assets. Non-independent Board members shall not be entitled to any remuneration from the Fund Manager in consideration to their roles as Board members of the Fund.

- بمسؤولياته بما يحقق مصلحة مالك الوحدات وفقاً لشروط وأحكام الصندوق وما ورد في لائحة صناديق الاستثمار.
9. تقييم آلية تعامل مدير الصندوق مع المخاطر المتعلقة بأصول الصندوق وفقاً لسياسات وإجراءات مدير الصندوق حيال رصد المخاطر المتعلقة بالصندوق وكيفية التعامل معها.
10. العمل بأمانة وحسن نية واهتمام ومهارة وعناية وحرص وبما يحقق مصلحة مالكي الوحدات.
11. الموافقة على تعيين مراجع الحسابات بعد ترشيحه من قبل مدير الصندوق.
12. تدوين محاضر الاجتماعات التي تشتمل على جميع وقائع الاجتماعات والقرارات التي اتخذها مجلس إدارة الصندوق.
13. الاطلاع على التقرير المتضمن جميع الشكاوى والإجراءات المتخذة حيالها المشار إليه في الفقرة (م) من المادة (9) من لائحة صناديق الاستثمار؛ وذلك للتأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالكي الوحدات وفقاً لشروط وأحكام الصندوق وما ورد في لائحة صناديق الاستثمار.

#### د. مكافآت أعضاء مجلس إدارة الصندوق

يتقاضى أعضاء المجلس المستقلين مكافأة من مدير الصندوق في حال حضور اجتماعين بالسنة وهو الحد الأدنى لعدد اجتماعات مجلس إدارة حيث يتقاضى كل عضو مستقل مكافأة تدفع من أصول الصندوق. وتجدر الإشارة إلى أن هذه المكافأة يتم تخصيصها من إجمالي المصاريف المدفوعة لعشرة صناديق تقليدية بديرها مدير الصندوق بمبلغ إجمالي 80,000 ريال سعودي سنوياً. وسيتم تخصيص الرسوم بناء على نسبة قيمة صافي الأصول بالصندوق إلى إجمالي قيمة صافي الأصول في هذه الصناديق التقليدية. كما تُدفع لأعضاء المجلس المستقلين مخصصات سفر بحد أقصى 7,500 ريال سعودي تدفع من أصول الصندوق. ولا يتقاضى أعضاء مجلس الإدارة غير المستقلين أي مكافأة من مدير الصندوق مقابل دورهم كأعضاء مجلس إدارة الصندوق.

**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**

The Fund Board is composed of certain employees of the Fund Manager. However, the Fund Board members have fiduciary duties to Unitholders and will use their best efforts to resolve all conflicts by exercising their good faith judgement. Furthermore, Board members may hold Unit in the Fund, have a banking relationship with companies in which their shares are acquired, sold or maintained by the Fund or on its behalf, or with which the Fund has murabha deals. However, if any conflict of interests arises, such conflict shall be communicated to the Fund Board for approval in which case the conflicted Board member shall not be entitled to vote on any resolution taken by the Fund Board in respect of which the conflicted Board member has any direct or indirect interest.

**هـ. تعارض المصالح بين مصالح عضو مجلس إدارة الصندوق ومصالح الصندوق**

يتألف مجلس إدارة الصندوق من بعض موظفي مدير الصندوق. ومع ذلك، فإن أعضاء المجلس لديهم واجبات أمانة لمالكي الوحدات، وسوف يبذلون قصارى جهدهم لحل جميع حالات تعارض المصالح من خلال ممارسة الاجتهاد بنية حسنة. كما يمكن لأعضاء المجلس تملك وحدات في الصندوق أو أن يكون لديهم علاقات مصرفية مع الشركات التي يتم شراء أسهمها أو بيعها أو حفظها من قبل الصندوق أو نيابة عنه، أو التي يكون لدى الصندوق صفقات مربحة معها. ومع ذلك، في حالة نشوء أي تعارض في المصالح، يتم إبلاغ مجلس الصندوق بهذا التعارض للموافقة عليه وفي هذه الحالة لا يجوز للعضو الذي لديه تعارض في المصالح التصويت على أي قرار يتخذه مجلس إدارة الصندوق ويكون للعضو أي مصلحة مباشرة أو غير مباشرة فيه.

**f. A statement showing all the funds boards that the relevant board member is participating in**

**و. جدول يوضح جميع مجالس إدارة الصناديق التي يشارك فيها عضو مجلس الصندوق**

Fund's/ Member's Name	عبدالعزیز الخریف Abdulaziz AlKhorayef	عمار بخیت Ammar Bakheet	فراس حوحو Feras Houhou	علي الحواس Ali Al Hawas	اسم الصندوق / العضو
International Trade Finance Fund (Sunbullah USD)	✓	✓	✓	✓	صندوق تمويل التجارة الدولية بالدولار (سنبله دولار)
International Trade Finance Fund (Sunbullah SAR)	✓	✓	✓	✓	صندوق تمويل التجارة الدولية بالريال (سنبله ريال)
Al-Raed GCC Fund	✓	✓	✓	✓	صندوق الرائد الخليجي
Al Ataa Saudi Equity Fund	✓	✓	✓	✓	صندوق العطاء للأسهم السعودية
Al Ataa GCC Equity Fund	✓	✓	✓	✓	صندوق العطاء للأسهم الخليجية
Al Jood GCC Equity Fund	✓	✓	✓	✓	صندوق الجود للأسهم الخليجية
Al Raed Saudi Equity Fund	✓	✓	✓	✓	صندوق الرائد للأسهم السعودية
Al Razeen USD Liquidity Fund	✓	✓	✓	✓	صندوق السيولة بالدولار الأمريكي (الرزين دولار)
Al Razeen SAR Liquidity Fund	✓	✓	✓	✓	صندوق السيولة بالريال السعودي (الرزين ريال)
Al Musahem GCC Fund	✓	✓	✓	✓	صندوق المساهم الخليجي
SNB Capital China Equity Fund	✓	✓	✓	✓	صندوق الأهلي للأسهم الصينية
SNB Capital Global Equity Fund	✓	✓	✓	✓	صندوق الأهلي للأسهم العالمية
Al Musahem Saudi Equity Fund	✓	✓	✓	✓	صندوق المساهم للأسهم السعودية
Al-Fareed Saudi Equity Fund	✓	✓	✓	✓	صندوق الفريد للأسهم السعودية
SNB Capital Sovereign Sukuk Fund	✓	✓	✓	✓	صندوق الأهلي للصكوك السيادية

Fund's/ Member's Name	عبدالعزیز الخریف Abdulaziz AlKhorayef	عمار بخیت Ammar Bakheet	فراس حوحو Feras Houhou	علی الحواس Ali Al Hawas	اسم الصندوق / العضو
SNB Capital Corporates Sukuk Fund	✓	✓	✓	✓	صندوق الأهلي لصكوك الشركات
SNB Capital Real Estate Fund		✓			صندوق الأهلي العقاري

**g. Topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objectives**

The Fund's Board of Directors held two meetings during 2021. The following is a summary of the key decisions approved and the matters discussed by the Fund's Board of Directors:

- Fund's objectives achievement and performance review.
- Risks related to the funds; including: liquidity, market, and operational risks.
- Ensuring fund's compliance to all applicable rules and regulations.

**ز. الموضوعات التي تمت مناقشتها والقرارات الصادرة بشأنها بما في ذلك أداء الصندوق وتحقيق الصندوق لأهدافه**

عقد مجلس إدارة الصندوق اجتماعين خلال العام 2021م، وفيما يلي ملخصاً لأهم القرارات التي تم إقرارها والمواضيع التي تمت مناقشتها من قبل مجلس إدارة الصندوق:

- مناقشة تحقيق الصندوق لأهدافه وأدائه خلال العام.
- المخاطر المتعلقة بالصندوق بما في ذلك مخاطر السيولة، السوق، والتشغيل.
- التزام الصناديق بلوائح هيئة السوق المالية مع مسؤول المطابقة والالتزام.

**C) Fund Manager**

**ج) مدير الصندوق**

<b>1) Name and address of the Fund Manager</b>	<b>1) اسم مدير الصندوق، وعنوانه</b>
<b>SNB Capital Company</b> King Saud Road, P.O. Box 22216, Riyadh 11495, Saudi Arabia Tel: +966 920000232 Website: <a href="http://www.alahlicapital.com">www.alahlicapital.com</a>	<b>شركة الأهلي المالية</b> طريق الملك سعود، ص.ب. 22216، الرياض 11495، المملكة العربية السعودية هاتف: +966 920000232 الموقع الإلكتروني: <a href="http://www.alahlicapital.com">www.alahlicapital.com</a>
<b>2) Names and addresses of Sub-Manager / Investment Adviser</b>	<b>2) اسم وعنوان مدير الصندوق من الباطن و/أو مستشارين الاستثمار (إن وجد)</b>
None.	لا يوجد.
<b>3) Investment Activities during the period</b>	<b>3) أنشطة الاستثمار خلال الفترة</b>
<ul style="list-style-type: none"> <li>- During 2021, given the funds' investment objectives its' strategy continued to be conservative, focusing primarily on Murabaha placements with local banks and investment-grade GCC Counterparties.</li> <li>- The liquidity and maturity profile was managed in a way that enabled it to take advantage of periods of higher rates on deposits, and retaining its short- medium term maturity profile within the fund's guidelines and CMA regulations.</li> </ul>	<ul style="list-style-type: none"> <li>- خلال عام 2021م، ركز الصندوق على صفقات المرابحة مع البنوك المحلية وبنوك دول مجلس التعاون الخليجي ذات التصنيف الائتماني العالي وفقاً لاستراتيجية الصندوق المتحفظة وأهدافه الاستثمارية .</li> <li>- تدار سيولة ومدة استحقاق ودائع الصندوق باستراتيجية تمكن الصندوق من الاستفادة من فترات ارتفاع أسعار الفائدة، والمحافظة على المدى القصير- المتوسط لاستحقاقات ودائع الصندوق وفقاً لضوابط إدارة الصندوق ولوائح هيئة السوق المالية.</li> </ul>
<b>4) Performance</b>	<b>4) تقرير الأداء خلال الفترة</b>
Fund Performance 0.48%	أداء الصندوق 0.48%
Benchmark Performance 0.16%	أداء المؤشر 0.16%
The fund out the benchmark by 32 bps.	تفوق أداء الصندوق عن أداء المؤشر بفارق 32 نقطة أساس.

<p><b>5) Terms &amp; Conditions Material Changes</b></p> <p>1. Change in the membership of the Fund's Board of Directors in appointing of Mr. Feras Houhou.</p> <p>2. Non-fundamental Changes: Update Fund Manager Information, Update the info of Fund Manager Board of Directors – the members' bio and their memberships, Update Fund Manger's Financial Result, Delete the point regarding Saving Program, and Amend the point regarding Management Fees and its calculation (1/365 days).</p>	<p><b>5) تغييرات حدثت في شروط وأحكام الصندوق</b></p> <p>1. تغيير في عضوية مجلس إدارة الصندوق بتعيين الأستاذ/ فراس حوحو.</p> <p>2. تغييرات غير أساسية: تحديث معلومات مدير الصندوق، تحديث مجلس إدارة مدير الصندوق؛ نبذة عن الأعضاء وعضوياتهم، تحديث ملخص المعلومات المالية لمدير الصندوق، حذف فقرة برنامج الادخار، تعديل الفقرة المتعلقة بطريقة حساب رسوم الإدارة (1/365 يوم).</p>
<p><b>6) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period</b></p> <p>None.</p>	<p><b>6) أي معلومة أخرى من شأنها أن تُمكن مالكي الوحدات من اتخاذ قرار مدروس ومبني على معلومات كافية بشأن أنشطة الصندوق خلال الفترة</b></p> <p>لا يوجد.</p>
<p><b>7) Investments in other Investment Funds</b></p> <p>The fund management fee is 0.50% of NAV, and it reduced temporarily to 0.20% of NAV. Also, management fees charged by investments in the following funds have been rebated:</p> <p>- SNB Capital International Trade Fund.</p>	<p><b>7) الاستثمار في صناديق استثمارية أخرى</b></p> <p>رسوم إدارة الصندوق 0.50% من صافي قيمة الأصول، وتم تخفيضها مؤقتاً إلى 0.20% من صافي قيمة أصول الصندوق. كما تم التنازل عن رسوم الإدارة للصناديق الاستثمارية التي يستثمر بها الصندوق الموضحة أدناه:</p> <p>- صندوق الأهلي للمتاجرة العالمية.</p>
<p><b>8) Special commission received by the fund manager during the period</b></p> <p>No special commissions were received during the period.</p>	<p><b>8) العمولات الخاصة التي حصل عليها مدير الصندوق خلال الفترة</b></p> <p>لم يحصل مدير الصندوق على أي عمولات خاصة خلال الفترة.</p>
<p><b>9) Any other data and other information required by Investment Fund Regulations to be included in this report</b></p> <p><b>a. Conflict of Interests</b></p> <p>There is no conflict of interests.</p> <p><b>b. Fund Distribution During The Year</b></p> <p>No income or dividends will be distributed to Unitholders.</p> <p><b>c. Incorrect Valuation or Pricing</b></p> <p>None.</p> <p><b>d. Investment Limitation Breaches</b></p> <p>None.</p>	<p><b>9) أي بيانات ومعلومات أخرى أوجبت لائحة صناديق الاستثمار تضمينها بهذا التقرير</b></p> <p><b>أ. تعارض في المصالح</b></p> <p>لا يوجد تعارض مصالح.</p> <p><b>ب. توزيعات الصندوق خلال العام</b></p> <p>لا يتم توزيع أي دخل وأرباح على مالكي الوحدات.</p> <p><b>ج. خطأ في التقويم والتسعير</b></p> <p>لا يوجد.</p> <p><b>د. مخالفة قيود الاستثمار</b></p> <p>لا يوجد.</p>
<p><b>10) Period for the management of the person registered as fund manager</b></p> <p>Since August – 2021.</p>	<p><b>10) مدة إدارة الشخص المسجل كمدير للصندوق</b></p> <p>منذ أغسطس – 2021م.</p>

**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 (where applicable)**

As shown in the sub-paragraph (7) of paragraph (C) in this Annual Report.

**11) الإفصاح عن نسبة مصروفات كل صندوق بنهاية العام والمتوسط المرجح لنسبة مصروفات كل الصناديق الرئيسة المستثمر فيها (حيثما ينطبق)**

كما هو موضح في الفقرة الفرعية (7) من الفقرة (ج) من هذا التقرير السنوي.

**D) Custodian**

**د) أمين الحفظ**

**1) Name and address of custodian**

**HSBC Saudi Arabia**  
Olaya, P.O. Box 2255, Riyadh 12283, Saudi Arabia  
Tel: +966920005920  
Website: [www.hsbcSaudi.com](http://www.hsbcSaudi.com)

**1) اسم أمين الحفظ، وعنوانه**

**شركة اتش اس بي سي العربية السعودية (HSBC)**  
العليا، ص.ب. 2255، الرياض 12283، المملكة العربية السعودية  
هاتف: +966920005920  
الموقع الإلكتروني: [www.hsbcSaudi.com](http://www.hsbcSaudi.com)

**2) Custodian's duties and responsibilities**

- Notwithstanding the delegation by a custodian to one or more third parties under the provisions of Investment Funds Regulations or the Capital Market Institutions Regulations, the custodian shall remain fully responsible for compliance with its responsibilities in accordance to the provisions of Investment Funds Regulations.
- The custodian shall be held responsible to the fund manager and unitholders for any losses caused to the investment fund due to the custodian fraud, negligence, misconduct or willful default.
- The custodian shall be responsible for taking custody and protecting the fund's assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the fund's assets.

**2) واجبات ومسؤوليات أمين الحفظ**

- يعد أمين الحفظ مسؤولاً عن التزاماته وفقاً لأحكام لائحة صناديق الاستثمار، سواء قام بتأدية مسؤولياته بشكل مباشر أم كلف بها طرفاً ثالثاً بموجب أحكام لائحة صناديق الاستثمار أو لائحة مؤسسات السوق المالية.
- يعد أمين الحفظ مسؤولاً تجاه مدير الصندوق ومالكي الوحدات عن خسائر الصندوق الناجمة بسبب احتياله أو إهماله أو سوء تصرفه المتعمد أو تقصيره المتعمد.
- يعد أمين الحفظ مسؤولاً عن حفظ أصول الصندوق وحمايتها لصالح مالكي الوحدات، وهو مسؤول كذلك عن اتخاذ جميع الإجراءات الإدارية اللازمة فيما يتعلق بحفظ أصول الصندوق.

**E) Fund Operator**

**هـ) مشغل الصندوق**

**1) Name and address of fund operator**

**SNB Capital Company**  
King Saud Road, P.O. Box 22216, Riyadh 11495, Saudi Arabia  
Tel: +966 920000232  
Website: [www.alahlicapital.com](http://www.alahlicapital.com)

**1) اسم مشغل الصندوق، وعنوانه**

**شركة الأهلي المالية**  
طريق الملك سعود، ص.ب. 22216، الرياض 11495، المملكة العربية السعودية  
هاتف: +966 920000232  
الموقع الإلكتروني: [www.alahlicapital.com](http://www.alahlicapital.com)

**2) Operator's duties and responsibilities**

- In relation to investment funds, the fund operator shall be responsible for operating the investment fund.
- The fund operator must maintain the books and records related to the operation of the fund it operates.
- The fund operator must establish a register of unitholders and must maintain it in the Kingdom in accordance to the Investment Funds Regulations.

**2) واجبات ومسؤوليات مشغل الصندوق**

- يكون مشغل الصندوق مسؤولاً عن تشغيل الصندوق.
- يقوم مشغل الصندوق بالاحتفاظ بالدفاتر والسجلات ذات الصلة بتشغيل الصندوق.
- يقوم مشغل الصندوق بإعداد وتحديث سجل مالكي الوحدات وحفظه في المملكة وفقاً لمتطلبات لائحة صناديق الاستثمار.
- يُعدّ مشغل الصندوق مسؤولاً عن عملية توزيع الأرباح (إن وجدت) حسب سياسة التوزيع المنصوص عليها في شروط وأحكام الصندوق.

- The fund operator shall be responsible for the process of dividends distribution (if available) to unitholders.
  - The fund operator must process requests for subscriptions or redemption according to the fund's Terms & Conditions.
  - The fund operator shall be responsible for calculating the price of the units and valuing the assets of the fund. In so doing, the fund operator shall conduct a full and fair valuation according to the fund's Terms & Conditions.
- يقوم مشغل الصندوق بإجراءات الاشتراك حسب المنصوص عليها في شروط وأحكام الصندوق.
  - يُعد مشغل الصندوق مسؤولاً عن تقييم أصول الصندوق تقييماً كاملاً وعادلاً وحساب سعر وحدات الصندوق حسب ما ورد في شروط وأحكام الصندوق.

#### F) Auditor

#### و) مراجع الحسابات

##### Name and Address of Auditor

##### PricewaterhouseCoopers (PWC)

Kingdom Tower – 21st Floor, P.O. Box 8282, Riyadh 11482,  
Kingdom of Saudi Arabia  
Tel: +966112110400  
Website: [www.pwc.com](http://www.pwc.com)

##### اسم مراجع الحسابات، عنوانه

##### برايس ووتر هاوس كوبرز (PWC)

برج المملكة – الدور 21، ص.ب 8282، الرياض 11482، المملكة العربية  
السعودية  
هاتف: +966112110400  
الموقع الإلكتروني: [www.pwc.com](http://www.pwc.com)

#### G) Financial Statements

#### ز) القوائم المالية

As shown below in the financial statements section.

كما هو موضح أدناه في قسم القوائم المالية.



**US Dollar Liquidity Fund  
(Al Razeen - USD)  
Financial Statements and  
Independent Auditor's Report  
for the Year Ended December 31, 2021**

# US Dollar Liquidity Fund (Al Razeen - USD)

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## FINANCIAL STATEMENTS

For the year ended December 31, 2021

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Statement of comprehensive income	4
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## *Independent auditor's report to the unitholders and the Fund Manager of US Dollar Liquidity Fund (Al Razeen – USD)*

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of US Dollar Liquidity Fund (Al Razeen - USD) (the "Fund") as at December 31, 2021, 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 December 31, 2021;
  - the statement of comprehensive income for the year then ended;
  - the statement of changes in equity attributable to 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 in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### *Responsibilities of the Fund Manager and those charged with governance for the financial statements*

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

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

Those charged with the governance, i.e the Fund Board is responsible for overseeing the Fund's financial reporting process.

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## *Independent auditor's report to the unitholders and the Fund Manager of US Dollar Liquidity Fund (Al Razeen - USD) (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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of 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 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.

**PricewaterhouseCoopers**

Bader I. Benmohareb  
License Number 471



March 31, 2022  
(Sha'aban 28, 1443H)

## US Dollar Liquidity Fund (Al Razeen - USD)

### STATEMENT OF FINANCIAL POSITION

As at December 31, 2021 and 2020

	Notes	2021 USD	2020 USD
<b>ASSETS</b>			
Cash at bank	8	64,268	396,800
Investments measured at amortised cost	4	20,146,456	17,351,997
Investments at Fair Value through Income Statement (FVIS)	5	2,002,988	-
Other receivables		3,004	-
<b>TOTAL ASSETS</b>		<b>22,216,716</b>	<b>17,748,797</b>
<b>LIABILITIES</b>			
Management fee payable	5	12,648	17,024
Other liabilities		16,668	30,332
<b>TOTAL LIABILITIES</b>		<b>29,316</b>	<b>47,356</b>
<b>EQUITY ATTRIBUTABLE TO UNITHOLDERS</b>		<b>22,187,400</b>	<b>17,701,441</b>
Units in issue		804,645	645,428
Per unit value	6	USD 27.57	USD 27.43

The accompanying notes 1 to 13 form an integral part of these financial statements.

## US Dollar Liquidity Fund (Al Razeen - USD)

### STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2021 and 2020

	Notes	2021 USD	2020 USD
<b>INVESTMENT INCOME</b>			
Special commission income		141,540	313,197
Gain on FVIS investment, net		6,488	-
Other income		3,576	-
<b>TOTAL INCOME</b>		<b>151,604</b>	<b>313,197</b>
<b>EXPENSES</b>			
Management fee	5	48,100	111,836
Others		6,566	10,870
Reversal of loss allowance	9	(10,511)	(1,475)
<b>TOTAL EXPENSES</b>		<b>44,155</b>	<b>121,231</b>
<b>NET INCOME FOR THE YEAR</b>		<b>107,449</b>	<b>191,966</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>107,449</b>	<b>191,966</b>

The accompanying notes 1 to 13 form an integral part of these financial statements.



## US Dollar Liquidity Fund (Al Razeen - USD)

### STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS

For the Year Ended December 31, 2021 and 2020

	2021 USD	2020 USD
<b>EQUITY AT THE BEGINNING OF THE YEAR</b>	<b>17,701,441</b>	<b>31,528,836</b>
<b>CHANGES FROM OPERATIONS</b>		
Total comprehensive income for the year	107,449	191,966
<b>CHANGES FROM UNIT TRANSACTIONS</b>		
Proceeds from units sold	7,405,348	2,009,846
Value of units redeemed	(3,026,838)	(16,029,207)
Net change from unit transactions	4,378,510	(14,019,361)
<b>EQUITY AT THE END OF THE YEAR</b>	<b>22,187,400</b>	<b>17,701,441</b>

### UNIT TRANSACTIONS

Transactions in units for the year are summarised as follows:

	2021 Units	2020 Units
<b>UNITS AT THE BEGINNING OF THE YEAR</b>	<b>645,428</b>	<b>1,158,839</b>
Units sold	269,117	73,505
Units redeemed	(109,900)	(586,916)
Net change in units	159,217	(513,411)
<b>UNITS AT THE END OF THE YEAR</b>	<b>804,645</b>	<b>645,428</b>

The accompanying notes 1 to 13 form an integral part of these financial statements.

## US Dollar Liquidity Fund (Al Razeen - USD)

### STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021 and 2020

	Notes	2021 USD	2020 USD
<b>OPERATING ACTIVITIES</b>			
Net income for the year		107,449	191,966
Adjustment for:			
Reversal of loss allowance	9	(10,511)	(1,475)
Unrealised gain on FVIS investments		(2,691)	
		<u>94,247</u>	<u>190,491</u>
Changes in operating assets and liabilities:			
Investments measured at amortised cost		(1,986,097)	6,410,553
Investment at FVIS		(2,000,297)	-
Other receivables		(3,004)	-
Management fee payable		(4,376)	(25,786)
Other liabilities		(13,664)	(12,264)
		<u>(3,913,191)</u>	<u>6,562,994</u>
Net cash (used in) / generated from operating activities			
		<u>(3,913,191)</u>	<u>6,562,994</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from units sold		7,405,348	2,009,846
Value of units redeemed		(3,026,838)	(16,029,207)
		<u>4,378,510</u>	<u>(14,019,361)</u>
Net cash used in financing activities			
		<u>4,378,510</u>	<u>(14,019,361)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>465,319</b>	<b>(7,456,367)</b>
Cash and cash equivalents at the beginning of the year		<u>8,600,116</u>	<u>16,056,483</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	<u>9,065,435</u>	<u>8,600,116</u>

The accompanying notes 1 to 13 form an integral part of these financial statements.

# US Dollar Liquidity Fund (Al Razeen - USD)

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021 and 2020

### 1 GENERAL

US Dollar Liquidity Fund (Al Razeen – USD) (the “Fund”) is an open-ended investment fund designed for investors seeking liquidity and capital appreciation. The assets of the Fund are invested in money market instruments. All income is reinvested in the Fund and reflected in the unit price.

The Capital Market Authority (the “CMA”) on May 31, 2021 has approved the merger of Samba Capital and Investment Management Company (“Samba Capital”) into NCB Capital by way of a statutory merger, which will result in all of the rights and obligations of Samba Capital being transferred to NCB Capital. On July 9, 2021, upon the completion of the merger, Samba Capital ceased to exist as a legal entity and NCB Capital continued to exist as the successor legal entity. As a result, NCB Capital replaced Samba Capital as the manager of the Fund and the Fund’s terms and conditions were amended accordingly. English name of NCB Capital is amended to become SNB Capital (the “Fund Manager” or “Manager”).

The Fund is managed by Fund Manager, a wholly owned subsidiary of Saudi National Bank (the “Bank”).

### 2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by the CMA in the Kingdom of Saudi Arabia on 3 Dhul Hijja 1427H (corresponding to December 24, 2006) as amended by the resolution of the CMA Board on 12 Rajab 1442H (corresponding to February 24, 2021).

### 3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 3.1 Basis of preparation

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

#### *Functional and presentation currency*

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in US Dollars (“USD”) which is the Fund’s functional and presentation currency.

#### *Accounting convention*

These financial statements have been prepared on a historical cost convention method, except for the re-measurement of investments held at fair value through statement of income (FVIS). Assets and liabilities are presented in order of liquidity.

#### 3.2 Use of estimates in the preparation of the financial statements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

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

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

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 9.1(c), which also sets out key sensitivities of the ECL to changes in these elements.

# US Dollar Liquidity Fund (Al Razeen - USD)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Foreign currencies

Transactions in foreign currencies are translated into US Dollars, which is the functional and presentation currency of the Fund, at the rates of exchange prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the rates of exchange ruling at that date. Resulting exchange gains and losses, if any, are taken to the statement of comprehensive income.

#### 3.4 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise current accounts with banks and money market placements with an original maturity of three months or less.

#### 3.5 Financial instruments

##### 3.5.1 Measurement methods

###### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. The Fund records investments in trade finance investments and Sukuks and bonds on a 'trade date' basis.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through income statement (FVIS), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVIS are expensed in the statement of comprehensive income. Immediately after initial recognition, an ECL allowance is recognised for financial assets measured at amortised cost, as described in Note 3.5.3, which results in an accounting loss being recognised in the statement of comprehensive income when an asset is newly originated. The financial liabilities are subsequently measured at amortised cost unless it has been designated at FVIS.

##### 3.5.2 Classification and measurement of financial assets

The Fund classifies its financial assets at amortised cost. The classification requirements for debt instruments are described below:

###### Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as trade finance investments and Sukuks and bonds.

Classification and subsequent measurement of debt instruments depend on:

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

Based on these factors, the Fund classifies its debt instruments into the following measurement category:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPPP), and that are not designated at FVIS, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 3.5.3. Profit earned from these financial assets is recognised in the statement of comprehensive income using the effective commission rate method.

The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both

# US Dollar Liquidity Fund (Al Razeen - USD)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.5 Financial instruments (continued)

##### 3.5.2 Classification and measurement of financial assets (continued)

the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVIS. Securities held for trading are held principally for the purpose of selling in the near term and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVIS.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the SPPP test). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVIS.

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

##### 3.5.3 Impairment of financial assets

The Fund assesses on a forward-looking basis the ECL associated with its financial assets carried at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Details of measuring the expected credit loss allowance is provided in Note 9.1(c).

##### 3.5.4 De-recognition of financial instruments

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

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

#### 3.6 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### 3.7 Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost.

# US Dollar Liquidity Fund (Al Razeen - USD)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.8 Redeemable units

The net asset value i.e. equity of the Fund's portfolio is determined on each Valuation Day. The unit price is calculated by subtracting the liabilities from the total assets value, then dividing the equity by the number of units outstanding on a Valuation Day.

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

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

The Fund's redeemable units meet the definition of puttable instruments classified as equity instruments under IFRS and accordingly, are classified as equity instruments.

#### 3.9 Zakat and income tax

Zakat and income tax is the obligation of the unitholders and is not provided for in the financial statements.

#### 3.10 Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 3.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue primarily consists of special commission income which is recognised on an effective yield basis.

#### 3.12 Accounting standards effective during the year

The International Accounting Standard Board (IASB) has issued the following amendments to accounting standards, which were effective from January 1, 2021, but do not have any significant impact on the financial statements of the Fund.

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9

#### 3.13 Accounting standards issued but not yet effective

The IASB has issued following accounting standards and amendments which are effective from periods on or after January 1, 2022. The Fund has opted not to early adopt these pronouncements and they are not expected to have a significant impact on the financial statements of the Fund.

- Reference to the Conceptual Framework (Amendments to IFRS 3).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16).
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts



## US Dollar Liquidity Fund (Al Razeen - USD)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

#### 4 INVESTMENTS MEASURED AT AMORTISED COST

	2021 USD	2020 USD
Money market placements with banks	20,148,993	17,365,045
Gross carrying value	20,148,993	17,365,045
Loss allowance	(2,537)	(13,048)
Net carrying value	20,146,456	17,351,997

Set out below are the maturity details of gross carrying value of investments:

	2021 USD	2020 USD
Maturity within 3 months	14,238,730	11,344,180
Maturity within 3 - 12 months	5,910,263	6,020,865
	20,148,993	17,365,045

Revenue from the investments is as follows:

	2021 USD	2020 USD
Money market placements - Murabaha	141,540	289,865
Bonds	-	23,332
	141,540	313,197

#### 5 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the ordinary course of business, the Fund transacts with the related parties. The principal related parties of the Fund are the Fund Manager, the Bank and the Fund Board

The Fund records management fee payable to the Manager calculated at an annual rate of 0.50% (2020: 0.20%) of the net asset value at each valuation date. The Bank acts as one of the Fund's bankers, cash at bank includes USD 5,459 (2020: USD 40,914 – Samba Financial Group) held with the Bank. FVIS investment includes investment in SNB Capital International Trade Fund. Other expenses for the year include USD 4,287 (2020: USD 5,199) towards the Fund Board remuneration.

## US Dollar Liquidity Fund (Al Razeen - USD)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

#### 6 EFFECT ON EQUITY IF EXPECTED CREDIT LOSSES ARE NOT RECOGNIZED

In accordance with CMA circular no. 1/6/1872/17 dated 13 Rabi Al-Thani 1439H (corresponding to December 31, 2017), the CMA Board decided on 10 Rabi Al-Thani 1439H (corresponding to December 28, 2017) to restrict the recording of expected credit losses calculated in accordance with IFRS 9 only for the purpose of the investment fund's financial statements. Adjustment of the unit price calculated according to the applicable financial reporting framework alongside with the unit price calculated for the purpose of unit transactions is as set out below:

i) Expected credit losses on financial assets as at December 31, 2021 is as set out below:

	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>
Expected credit losses on financial assets	<b>2,537</b>	13,048
Units in issue	<b>804,645</b>	645,428
Per unit share of expected credit losses	<b>0.00</b>	0.02

ii) The equity, after incorporating expected credit losses as at December 31, 2021 is set out below:

	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>
Equity per unit expected credit losses as per these financial statements	<b>27.57</b>	27.43
Per unit share of expected credit losses	<b>0.00</b>	0.02
Equity per unit before expected credit losses	<b>27.57</b>	27.45

#### 7 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities as at December 31, 2021 and 2020 were classified under amortised cost category except for investments at FVIS which are classified as and measured at fair value.

#### 8 CASH AND CASH EQUIVALENTS

	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>
Money market placements with an original maturity of three months or less	<b>9,001,167</b>	8,203,316
Cash at bank	<b>64,268</b>	396,800
	<b>9,065,435</b>	8,600,116

#### 9 RISK MANAGEMENT

The Manager has in place policies and procedures to identify risks affecting the Fund's investments and to ensure that such risks are addressed as soon as possible, which include conducting a risk assessment at least once a year. The Manager also applies a prudent spread of risk while taking into consideration the Fund's investment policies, the Term and Conditions, and the Information Memorandum. Furthermore, the Manager makes every effort to ensure that sufficient liquidity is available to meet any anticipated redemption request. The Board of the Fund plays a role in ensuring that the Manager fulfils its responsibilities to the benefit of the Unitholders in accordance with the provisions of the Investment Funds Regulations, the Terms and Conditions and the Information Memorandum.

## US Dollar Liquidity Fund (Al Razeen - USD)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

#### 9 RISK MANAGEMENT (continued)

##### 9.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk, liquidity and credit risk.

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

##### (a) Market risk

##### (i) Special commission rate risk

Special commission rate risk arises from the possibility that changes in market special commission rates will affect future profitability or the fair value of the financial instruments.

As of the date of the statement of financial position, the Fund is not exposed to significant special commission rate risk as the majority of its assets are fixed special commission bearing and the liabilities are non-commission bearing.

##### (ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Fund's financial assets and liabilities are denominated in US Dollars and therefore the Fund is not exposed to any currency risks.

##### (iii) Price risk

Price risk is the risk that the value of financial instrument will fluctuate because of changes in market prices.

The effect on the statement of comprehensive income as a result of change in fair value of investments held at FVIS as at December 31, 2021 due to a 10% change in Saudi Stock Exchange index, keeping all other variables held constant is USD 200,299 (2020: Nil).

##### (b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in realizing funds to meet commitments associated with financial liabilities.

The Fund's terms and conditions provide for subscriptions and redemptions of units throughout the week and the Fund is therefore exposed to the liquidity risk of not meeting unitholder redemptions. Money market placements are generally placed for the short term. The Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet commitments as they arise. The Fund's financial liabilities are payable within 3 months.

##### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund is exposed to credit risk on its financial assets. The Manager seeks to limit its credit risk by monitoring credit exposures and setting limits for money market placements. The maximum exposure to the credit risk for the financial assets is their carrying value.

#### Expected credit loss measurement

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

## US Dollar Liquidity Fund (Al Razeen - USD)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

#### 9 RISK MANAGEMENT (continued)

##### 9.1 Financial risk factors(continued)

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

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

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

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

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

The performance of the financial assets is monitored on a regular basis against the pre-defined classification/triggers to ensure the effectiveness and relevance thereof and to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- The criteria are no more liberal than the point in time when an asset becomes 30 days past due; and
- There is stability in the loss allowance arising from transfers between 12-month PD (stage 1) and lifetime PD.

The Fund has set out the following definition of default:

"Default" is defined as either non-payment of a material financial obligation persisting for 90 days or the occurrence of events that would lead the Fund to consider that the obligor is unlikely to service its credit obligations to the Fund. In assessing whether a borrower is in default, the Fund considers factors that are:

- Qualitative e.g. breaches of covenant;
- Quantitative e.g. overdue status and non-payment on another obligation of the same issuer to the Fund; and
- Based on data developed internally and obtained from external sources.

Probability of Default (PD) estimates are estimates at certain date at which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD.

Loss Given Default (LGD) is the magnitude of the likely loss if there is a default. The Fund estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure of the claim and recovery costs of any collateral that is integral to the financial asset.

Exposure at Default (EAD) is an estimation of the extent that the Fund may be exposed to an obligor in the event of default. The Fund derives the EAD from the current exposure to the counterparty. The estimation of EAD should consider any expected changes in the exposure after the assessment date. This is of importance in the case of Stage 2 assets where the point of default may be several years in the future. The EAD of a financial asset is its gross carrying amount.

## US Dollar Liquidity Fund (Al Razeen - USD)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

#### 9 RISK MANAGEMENT (continued)

##### 9.1 Financial risk factors(continued)

The table below shows the maximum exposure to credit risk on financial instruments subject to impairment.

	As at December 31, 2021			As at December 31, 2020
	Stage 1 12-month ECL USD	Stage 2 Lifetime ECL USD	Stage 3 Lifetime ECL USD	Total USD
Cash at bank	64,268	-	-	396,800
Investments measured at amortised cost	20,148,993	-	-	17,365,045
<b>Gross carrying amount</b>	<b>20,213,261</b>			<b>17,761,845</b>
Loss allowance	(2,537)	-	-	(13,048)
<b>Carrying amount</b>	<b>20,210,724</b>	-	-	<b>17,748,797</b>

The movement of loss allowance is as below:

	2021 12 Months ECL USD	2020 12 Months ECL USD
Balance as of January 1	13,048	14,523
Reversal for the year	(10,511)	(1,475)
Closing balance as of December 31	2,537	13,048

The effect on the loss allowance as at December 31, 2021 due to a 10 basis point change in the probability of default, keeping other parameters constant is 254 (2020: USD 1,305).

The Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is managed using the external credit ratings of Moody's, S&P and Fitch. As at December 31, 2021 and December 31, 2020, the Fund had investments with credit ratings ranging from AA3 to A1. The bank balances are held with banks which have investment grade credit rating. The geographical concentration of the investments held at amortised cost is as follows.

	December 31, 2021 USD	December 31, 2020 USD
United Arab Emirates	5,736,698	8,114,141
Kuwait	8,912,157	6,346,381
Bahrain	-	2,904,523
Saudi Arabia	5,500,138	-
	<b>20,148,993</b>	<b>17,365,045</b>

# US Dollar Liquidity Fund (Al Razeen - USD)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended December 31, 2021 and 2020

### 9 RISK MANAGEMENT (continued)

#### 9.2 Capital risk management

The capital of the Fund is represented by the equity attributable to holders of redeemable units. The amount of equity attributable to holders of redeemable units can change significantly on each valuation day, as the Fund is subject to subscriptions and redemptions at the discretion of unitholders on every valuation day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund Board and the Manager monitor capital on the basis of the value of equity attributable to unitholders.

#### 9.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund uses following hierarchy for determining and disclosing the fair value of financial instruments:

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

The estimated fair value of the Fund's financial assets and liabilities is not considered to be significantly different from their carrying values. The fair value of investments held at FVIS are based on quoted prices in active markets, and are therefore classified within Level 1.

### 10 LAST VALUATION DAY

The last valuation date for the purpose of the preparation of these financial statements was on December 31, 2021 (2020: December 31, 2020).

### 11 IMPACTS OF COVID-19

The prevailing economic conditions post lock down, require the Fund to revise certain inputs and assumptions used for the determination of ECL. These primarily revolve around either adjusting macroeconomic factors used by the Fund in estimation of ECL or revisions to the scenario probabilities currently being used by the Fund in ECL estimation. The Fund has made certain adjustments to the macroeconomic factors and scenario weightings during the period and has adjusted the ECL accordingly.

The Fund's ECL model continues to be sensitive to macroeconomic variables and scenario weightings. As with any forecast, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental and the Fund will continue to reassess its position and the related impact on a regular basis.

At this stage, the impact on the Fund's business and results has not been significant and based on experience to date, the management expects this to remain the case. The management will continue to follow the Government policies and advice and, in parallel, we will do its utmost to continue our operations in the best and safest way possible without jeopardising the health of its people.

### 12 EVENTS AFTER THE DATE OF REPORTING PERIOD

There were no subsequent events to the reporting date which require adjustments of or disclosure in the financial statements or notes thereto.

### 13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Fund Board on March 31, 2022 (corresponding to 28 Sha'aban 1443H).