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## A) Investment Fund Information

## أ) معلومات صندوق الاستثمار

<b>1) Name of the Investment Fund</b>	<b>1) اسم صندوق الاستثمار</b>
AlAhli Diversified US Dollar Fund	صندوق الأهلي المتنوع بالدولار الأمريكي
<b>2) Investment Objectives and Policies</b>	<b>2) أهداف وسياسات الاستثمار وممارساته</b>
<ul style="list-style-type: none"> <li><b>Fund's Objectives:</b> The Fund aims to provide liquidity and enhanced capital appreciation in a Sharia-compliant manner.</li> <li><b>Investment Policies and Practices:</b> The Fund is investing primarily in Sharia compliant short and medium-term financial instruments, and trade transactions such as Murabaha, Wakala, Mudaraba and Musharaka, medium-term fixed income instruments, and Sharia compliant alternatives of swaps, repurchase agreement (repo) and reverse repurchase agreement, structured certificates and asset-backed securities.</li> </ul>	<ul style="list-style-type: none"> <li><b>أهداف الصندوق:</b> يهدف الصندوق إلى تنمية رأس المال، وتوفير السيولة بما يتوافق مع الضوابط الشرعية.</li> <li><b>سياسات الاستثمار وممارساته:</b> يستثمر الصندوق بشكل أساسي في الأدوات المالية قصيرة ومتوسطة وطويلة الأجل المتوافقة مع الضوابط الشرعية، وهي على سبيل المثال: المتاجرة في صفقات أسواق النقد مثل المربحة والوكالة والمضاربة والمشاركة، وأدوات الدخل الثابت، والبدائل الشرعية لاتفاقيات المبادلة واتفاقيات إعادة الشراء وإعادة الشراء المعاكس، بالإضافة إلى المنتجات المهيكلية والأوراق المالية المدعومة بأصول.</li> </ul>
<b>3) Distribution of Income &amp; Gain Policy</b>	<b>3) سياسة توزيع الدخل والأرباح</b>
All profit will be reinvested in the Fund. No income will be distributed to Unitholders.	يتم إعادة استثمار الدخل والأرباح في الصندوق، ولا يتم توزيع أي دخل وأرباح على مالكي الوحدات.
<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>	<b>5) المؤشر الاسترشادي للصندوق، والموقع الإلكتروني لمزود الخدمة (إن وجد)</b>
A blended benchmark consisting of 80% of the 30-day rolling average of the 1 month USD London Interbank Bid Rate (LIBID) and 20% of the 30-day rolling average of the 5 year US Dollar bid swap rate. For more information, please visit Thomson Reuters website.	مركب من 80% من المعدل المتحرك لآخر (30) يوماً لنسبة العوائد بين البنوك على الدولار الأمريكي (لايبيد) لمدة شهر واحد بالإضافة إلى 20% من المعدل المتحرك لآخر (30) يوماً على اتفاقيات المبادلة بالدولار الأمريكي لـ (5) سنوات. ولمزيد من المعلومات، يرجى زيارة موقع شركة تومسون رويترز.

## 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*	348,898,631	403,033,363	253,513,717	صافي قيمة أصول الصندوق*
NAV per Unit*	1.36	1.35	1.34	صافي قيمة أصول الصندوق لكل وحدة*
ECL NAV*	1.36	1.35	1.34	سعر الوحدة مع الخسائر الائتمانية المتوقعة*
Highest Price per Unit*	1.36	1.35	1.34	أعلى سعر وحدة*
Lowest Price per Unit *	1.35	1.34	1.30	أقل سعر وحدة*
Number of Units	256,102,283	297,557,706	189,641,470	عدد الوحدات
Income Distribution Per Unit	N/A	N/A	N/A	قيمة الأرباح الموزعة لكل وحدة
Fees & Expense Ratio	0.88%	0.87%	0.79%	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 %	1.71	1.52	1.45	0.58	عائد الصندوق %
Benchmark %	1.85	1.18	0.86	-0.02	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 %	0.58	1.32	2.47	1.90	1.35	1.12	0.59	0.65	0.68	0.85	عائد الصندوق %
Benchmark %	-0.02	0.46	2.14	2.12	1.19	0.55	0.82	0.80	0.93	1.08	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	2,981	0.75%	أتعاب الإدارة
VAT on Management Fees	447	0.11%	ضريبة القيمة المضافة على أتعاب الإدارة
Custodian Fees	9	0.00%	رسوم الحفظ
Auditor Fees	11	0.00%	أتعاب مراجع الحسابات
Fund Admin Expenses	81	0.02%	مصاريف العمليات الإدارية
CMA Fees	2	0.00%	رسوم هيئة السوق المالية
Tadawul Fees	1	0.00%	رسوم نشر معلومات الصندوق على موقع تداول
Shariah Committee Fees	8	0.00%	أتعاب خدمات اللجنة الشرعية
Independent Fund Board Remunerations	3	0.00%	مكافآت أعضاء مجلس إدارة الصندوق المستقلين
<b>Total Fees and Expenses</b>	<b>3,543</b>	<b>0.88%</b>	<b>مجموع الرسوم والمصاريف</b>

3) Material Changes

- 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%).
- 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

3) تغيرات جوهرية حدثت خلال الفترة

- حافظت اللجنة الفيدرالية الأمريكية للسوق المفتوحة (FOMC) على معدل الفائدة المستهدف ضمن نطاق ما بين 0% و0.25% 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 التقليص 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%)، وفي 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 العام، حيث استقر معدل اتفاقيات إعادة الشراء المعاكس عند 0.50%، ومعدل

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 kingdom's 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.

اتفاقيات إعادة الشراء عند 1.00%. كما قامت بتمديد برامج التيسير الكمي لمواصلة دعم الإقراض والاكتفاء والسيولة للقطاع الخاص مما انعكس إيجاباً على الاقتصاد السعودي خلال 2021م.

- كما شهد منحى 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 2021، 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.

#### 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

- Mohammad AlSaggaf – Chairman – Non-Independent Member
- Lloyd Kawara - Non-Independent Member
- Dr. Basmah Al-Tuwaijri - Independent Member
- Abdulaziz Abalkhail - Independent Member

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

- محمد السقاف - رئيس مجلس إدارة الصندوق - عضو غير مستقل
- لويد كورا - عضو غير مستقل
- د. بسمة التويجري - عضو مستقل
- عبدالعزيز أبا الخيل - عضو مستقل

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

**Mohammad AlSaggaf:** Head of Wealth Management at SNB Capital. He joined SNB Capital at its inception in 2007 and worked with SNB Group in several departments including the Investment Department, and the Branch Management. He has more than (24) years of experience in the financial sector. He has a diploma in Personal Financial Planning and Wealth Management from IOB, Dalhousie Alum, Canada.

**Lloyd Kawara:** Chief Risk Officer at SNB Capital and he was hired as Vice President of Market Risk at SNB

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

**محمد السقاف:** رئيس إدارة الثروات في شركة الأهلي المالية. انضم إلى شركة الأهلي المالية منذ تأسيسها في عام 2007م، عمل في البنك الأهلي السعودي في عدة إدارات منها إدارة الاستثمار وإدارة الفروع. لديه أكثر من (24) عاماً من الخبرة في القطاع المالي. وهو حاصل على شهادة دبلوم التخطيط المالي الشخصي وإدارة الثروات من المعهد المصرفي من دلهوسي، كندا.

**لويد كورا:** رئيس إدارة المخاطر وتم تعيينه بمنصب نائب رئيس إدارة مخاطر السوق بشركة الأهلي المالية في فبراير



Capital in February 2015. Prior to that he worked at the African Development Bank where he was Principal Treasury Risk Officer, managing counterparty risk, market risk, investment and asset liability risks, and he has over (13) years of banking experience, of which (9) years were spent in senior risk management roles within the region, including as Chief Risk Officer for Bank Alkhair BSC Bahrain and Head of Risk for Bahrain Middle East Bank and Risk Management Officer with Riyadh Bank. Lloyd is a CFA charter holder, a Certified Financial Risk Manager (FRM) with Global Association of Risk Professionals (USA), a Chartered Alternative Investment Analyst with CAIA (USA) and an Associate Chartered Management Accountant with CIMA (UK).

**Basmah Al-Tuwaijri:** Retired from academic work at King Saud University, independent researcher, member of the Financial Sector and Finance Committee in the Riyadh Chamber, a Member in the SBWA – Saudi Business Women Association (A private association), member of the supervisory board of the Think Tank Forum. Dr. Basmah worked as a faculty member in the Finance Department of the College of Business Administration in King Saudi University for more than (20); during which, she taught different courses in the topics of corporate finance, investment, portfolio management and financial markets. In addition, she held several leadership positions in academics and administration, and contributed in developing the strategic plan for King Saud University and conducting the internal studies for academic accreditation. She holds a PhD in finance from King Saud University. She has several publications in the field of corporate governance and financial markets.

**Abdulaziz Abalkhail:** General Director of the Internal Audit Department at Arabian Internet and Communications Services Co. (Solutions by STC). He was the Chief Audit Executive of the National Industrialization Co. “TASNEE” and serves as an independent member of the Audit Committee of the Arabian Cement Company. Prior to TASNEE, he held several managerial positions at CMA’s Continuous Disclosure Department and Market Institutions Compliance, the Industrial Development Fund, and the Arab Petroleum Investment Company. Eng. Abdulaziz has joined specialized programs in recognized international institutions such as U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority and Chase Manhattan Bank. He has more than (20) years of experience in financial institutions and markets. He holds an MBA from University of Nottingham in Britain.

2015م. وعمل قبل ذلك في البنك الإفريقي للتنمية بوظيفة مسؤول إدارة المخاطر المالية، حيث تولى مهام وإدارة مخاطر الغير والسوق والاستثمار والموجودات والمطلوبات، ولديه أكثر من (13) سنة من الخبرة المصرفية أمضى (9) منها في أدوار عليا في إدارة المخاطر في المنطقة، ومنها رئيس إدارة المخاطر في بنك الخير، البحرين، ورئيس إدارة المخاطر في بنك البحرين والشرق الأوسط، ومسؤول إدارة المخاطر في بنك الرياض. يحمل لويدي شهادات محلل مالي معتمد (CFA)، مدير مخاطر مالية معتمد (FRM)، زمالة الرابطة العالمية لمحترفي إدارة المخاطر (الولايات المتحدة الأمريكية)، محلل استثمارات بديلة معتمد، (الولايات المتحدة الأمريكية)، وزميل محاسب إداري معتمد من معهد المحاسبين الإداريين القانونيين (CIMA) المملكة المتحدة.

**بسمة التويجري:** متقاعدة من العمل الأكاديمي في جامعة الملك سعود، باحثة مستقلة، عضو لجنة القطاع المالي والتمويل في غرفة الرياض، عضو مجلس إدارة الجمعية السعودية لسيدات الأعمال وتمكين المنشآت النسائية (جمعية أهلية)، عضو الهيئة الإشرافية بملتقى أسبار (Think Tank). عملت الدكتوراة بسمة كعضو هيئة تدريس في قسم المالية بكلية إدارة الأعمال، بجامعة الملك سعود لأكثر من (20) عاماً، قامت خلالها بتدريس العديد من المواد في مالية الشركات، الاستثمار، إدارة المحافظ الاستثمارية والأسواق المالية. إضافة إلى ذلك، تقلدت العديد من المناصب القيادية الأكاديمية والإدارية، وشاركت في وضع الخطة الاستراتيجية للجامعة وإعداد الدراسات الذاتية للاعتماد الأكاديمي. حصلت على درجة الدكتوراه في المالية من جامعة الملك سعود. لديها عدة أبحاث منشورة في مجال حوكمة الشركات والأسواق المالية.

**عبدالعزیز أبا الخیل:** مدير عام المراجعة الداخلية في الشركة العربية لخدمات الإنترنت والاتصالات. عمل كمدير المراجعة الداخلية في شركة التصنيع الوطنية، بالإضافة إلى كونه عضو مستقل في لجنة المراجعة الخاصة بشركة أسمنت العربية. عمل قبل ذلك في هيئة السوق المالية متقلداً عدة مناصب إدارية في إدارة الإفصاح المستمر، وإدارة الإشراف على مؤسسات السوق المالية، كما عمل في صندوق التنمية الصناعية والشركة العربية للاستثمارات البترولية. التحق المهندس عبد العزيز في برامج متخصصة في مؤسسات عالمية مرموقة مثل هيئة الأوراق المالية الأمريكية، وهيئة تنظيم الصناعة المالية، وبنك تشيس مانهاتن. لديه أكثر من (20) عاماً من الخبرة في المؤسسات والأسواق المالية، حصل على الماجستير في إدارة الأعمال من جامعة نوتنغهام في بريطانيا.

### 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.
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 (I) 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

### 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 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.



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**

Each Independent Board Member shall receive USD (533.33) for every meeting the member attends, and a minimum of two meetings shall be held per year.

**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**

Members of the Fund Board may be members of other funds that may seek investment objectives similar to those of the Fund. Therefore, in the exercise of its business, a member of the Fund Board may find himself in a situation of potential conflict of duties or interests with one or more funds. However, in such cases, the member shall take into account his obligations to act in the best interests of the Unitholders to the maximum practicable extent and not to overlook his obligations to his other clients when he considers any investment that may involve a potential conflict of interest, and in situations requiring voting, that Member shall refrain from doing so. To the date of issuing the Terms and Conditions, there is no significant business or other interest to the members of the Fund Board, which is likely to conflict with the interests of the Fund.

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

Fund's/ Member's Name	عبدالعزیز أبا الخیل Abdulaziz Abalkhail	د. بسمه التويعري Dr. Basmah AlTuwaijri	لويد كورا Lloyd Kawara	محمد السقاف Mohammad AlSaggaf	اسم الصندوق / العضو
SNB Capital Saudi Riyal Trade Fund	✓	✓	✓	✓	صندوق الأهلي للمتاجرة بالريال السعودي
SNB Capital Sadaqqat Fund	✓	✓	✓	✓	صندوق الأهلي للصدقات
AlAhli Diversified Saudi Riyal Fund	✓	✓	✓	✓	صندوق الأهلي المتنوع بالريال السعودي
SNB Capital Multi-Asset Conservative Fund	✓	✓	✓	✓	صندوق الأهلي متعدد الأصول المتحفّظ
SNB Capital Multi-Asset Income Plus Fund	✓	✓	✓	✓	صندوق الأهلي متعدد الأصول للدخل الإضافي
SNB Capital Multi-Asset Moderate Fund	✓	✓	✓	✓	صندوق الأهلي متعدد الأصول المتوازن

**د. مكافآت أعضاء مجلس إدارة الصندوق**

يتقاضى كل عضو مستقل مبلغ (533.33) دولار عن كل اجتماع يعقد بحضوره، ويتم عقد اجتماعين سنوياً بحد أدنى.

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

يجوز لأعضاء مجلس إدارة الصندوق أن يكونوا أعضاء من حين لآخر لصناديق أخرى قد تنشأ أهدافاً استثمارية مماثلة لتلك الخاصة بالصندوق. ولذلك، فمن الممكن أن يجد أحد أعضاء مجلس إدارة الصندوق، في نطاق ممارسته لأعماله، أنه في موقف ينطوي على تعارض محتمل في الواجبات أو المصالح مع واحد أو أكثر من الصناديق. وعلى أي حال، ففي تلك الحالات سوف يراعي عضو مجلس الإدارة التزاماته بالتصرف بما يحقق أقصى مصالح مالكي الوحدات المعنيين إلى أقصى درجة ممكنة عملياً، وعدم إغفال التزاماته تجاه عملائه الآخرين عند الاطلاع بأي استثمار قد ينطوي على تعارض محتمل في المصالح، وفي الحالات التي تتطلب التصويت سوف يمتنع ذلك العضو عن ذلك. علماً أنه إلى تاريخ إعداد الشروط والأحكام، لا يوجد أي نشاط عمل أو مصلحة أخرى مهمة لأعضاء مجلس إدارة الصندوق أو أعضاء مجلس إدارة الصندوق يُحتمل تعارضها مع مصالح الصندوق.

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

Fund's/ Member's Name	عبدالعزیز أبا الخیل Abdulaziz Abalkhail	د. بسمه التویجری Dr. Basmah AlTuwaijri	لوید کورا Lloyd Kawara	محمد السقاف Mohammad AlSaggaf	اسم الصندوق / العضو
SNB Capital Multi-Asset Growth Fund	✓	✓	✓	✓	صندوق الأهلي متعدد الأصول للنمو
SNB Capital International Trade Fund	✓	✓	✓	✓	صندوق الأهلي للمتاجرة العالمية
AlAhli Diversified US Dollar Fund	✓	✓	✓	✓	صندوق الأهلي المتنوع بالدولار الأمريكي
SNB Capital US Dollar Sukuk Fund	✓	✓	✓	✓	صندوق الأهلي للصكوك بالدولار الأمريكي
SNB Capital – King Saud University Waqf Fund	✓	✓	✓	✓	صندوق الأهلي وجامعة الملك سعود الوقفي
AlAhli Sedco Residential Development Fund				✓	صندوق الأهلي سدكو للتطوير السكني
AlAhli REIT Fund 1				✓	صندوق الأهلي ريت (1)
AlAhli Makkah Hospitality Fund				✓	صندوق الأهلي للضيافة بمكة المكرمة
SNB Capital Real Estate Opportunistic Fund				✓	صندوق الأهلي العقاري للفرص
SNB Capital Tier One Sukuk Fund II				✓	صندوق الأهلي للصكوك ذات الفئة (1) الثاني
SNB Capital Tier One Sukuk Fund III				✓	صندوق الأهلي للصكوك ذات الفئة (1) الثالث
				✓	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 three 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 ثلاثة اجتماعات 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**

**1) Name and address of the Fund Manager**

**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 مدير 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)

<b>2) Names and addresses of Sub-Manager / Investment Adviser</b>	<b>2) اسم وعنوان مدير الصندوق من الباطن و/أو مستشارين الاستثمار (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 the year 2021, The fund focused primarily on Murabaha placements with local banks and investment-grade GCC Counterparties on the money market side, and on high credit quality Sovereign and Bank issuers on the fixed income side.</li> <li>- The funds' liquidity and maturity profile was managed with a strategy that enabled it to take advantage of periods of higher rates on deposits on the Money Market side. On the fixed income side, locking in favorable high credit quality fixed rates of return relative to the market within the fund's guidelines and CMA regulations.</li> </ul>	<ul style="list-style-type: none"> <li>- خلال عام 2021م، ركز الصندوق على صفقات المراجعة مع البنوك المحلية وبنوك دول مجلس التعاون الخليجي ذات التصنيف الائتماني العالي من جانب صفقات أسواق النقد، وعلى الأوراق المالية المصدرة من الجهات السيادية والبنوك ذات التصنيف الائتماني العالي من جانب الدخل الثابت للصندوق .</li> <li>- تدار سيولة ومدة استحقاق ودائع الصندوق باستراتيجية تمكن الصندوق من الاستفادة من فترات ارتفاع أسعار الفائدة من جانب صفقات أسواق النقد، من ناحية أخرى، الاستفادة من عوائد أدوات الدخل الثابت مقارنة بعوائد أسواق النقد وفقاً لضوابط إدارة الصندوق ولوائح هيئة السوق المالية.</li> </ul>
<b>4) Performance</b>	<b>4) تقرير الأداء خلال الفترة</b>
Fund Performance 0.58 % Benchmark Performance -0.02%	أداء الصندوق 0.58% أداء المؤشر -0.02%
The fund out the benchmark by 60 bps.	تفوق أداء الصندوق عن أداء المؤشر بفارق 60 نقطة أساس.
<b>5) Terms &amp; Conditions Material Changes</b>	<b>5) تغيرات حدثت في شروط وأحكام الصندوق</b>
1. Change in the membership of the Fund's Board of Directors: a. Resignation of Mr. Naif AlMesned – Chairman. b. Appointments of Mr. Mohammed AlSaggaf – Chairman. 2. Update Information regarding: Fund Manger's Board of Directors, Financial Disclosure, Fund's Performance, and Fund Manger's Financial Result.	1. تغيير في عضوية مجلس إدارة الصندوق: أ. استقالة الأستاذ/ نايف المسند – رئيس مجلس الإدارة. ب. تعيين الأستاذ/ محمد السقاف – رئيس مجلس الإدارة. 2. تحديث المعلومات المتعلقة ب: مجلس إدارة مدير الصندوق، ملخص الإفصاح المالي، أداء الصندوق، وملخص المعلومات المالية لمدير الصندوق.
<b>6) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period</b>	<b>6) أي معلومة أخرى من شأنها أن تمكن مالكي الوحدات من اتخاذ قرار مدروس ومبني على معلومات كافية بشأن أنشطة الصندوق خلال الفترة</b>
None.	لا يوجد.
<b>7) Investments in other Investment Funds</b>	<b>7) الاستثمار في صناديق استثمارية أخرى</b>
The fund management fee is 0.75% of NAV. Management fees charged by investments in the following fund have been rebated: - SNB Capital International Trade Fund.	رسوم الإدارة المحتسبة على الصندوق هي 0.75% سنوياً من صافي قيمة أصول الصندوق. وقد تم التنازل عن رسوم الإدارة للصناديق الاستثمارية التي يستثمر بها الصندوق الموضحة أدناه: - صندوق الأهلي للمتاجرة العالمية.
<b>8) Special commission received by the fund manager during the period</b>	<b>8) العمولات الخاصة التي حصل عليها مدير الصندوق خلال الفترة</b>
No special commissions were received during the period.	لم يحصل مدير الصندوق على أي عمولات خاصة خلال الفترة.
<b>9) Any other data and other information required by Investment Fund Regulations to be included in this report</b>	<b>9) أي بيانات ومعلومات أخرى أوجبت لائحة صناديق الاستثمار تضمينها بهذا التقرير</b>
<b>a. Conflict of Interests</b> There is no conflict of interests.	<b>أ. تعارض في المصالح</b> لا يوجد تعارض مصالح.

**b. Fund Distribution During The Year**

No income or dividends will be distributed to Unitholders.

**ب. توزيعات الصندوق خلال العام**

لا يتم توزيع أي دخل وأرباح على مالكي الوحدات.

**c. Incorrect Valuation or Pricing**

None.

**ج. خطأ في التقويم والتسعير**

لا يوجد.

**d. Investment Limitation Breaches**

None.

**د. مخالفة قيود الاستثمار**

لا يوجد.

**10) Period for the management of the person registered as fund manager**

Since August – 2021.

**10) مدة إدارة الشخص المسجل كمدير للصندوق**

منذ أغسطس – 2021.

**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**

**AlBilad Investment Company**  
King Fahad Road, P.O. Box 140, Riyadh 11411, Kingdom of Saudi Arabia.  
Tel: +966 92000 3636  
Website: [www.albilad-capital.com](http://www.albilad-capital.com)

**1) اسم أمين الحفظ، وعنوانه**

**شركة البلاد للاستثمار**  
طريق الملك فهد، ص.ب. 140، الرياض 11411، المملكة العربية السعودية  
هاتف: +966 92000 3636  
الموقع الإلكتروني: [www.albilad-capital.com](http://www.albilad-capital.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

## ٥) مشغل الصندوق

### 1) Name and address of fund operator

### 1) اسم مشغل الصندوق، وعنوانه

**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)

**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

### 2) واجبات ومسؤوليات مشغل الصندوق

- 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.
- 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.

- يكون مشغل الصندوق مسؤولاً عن تشغيل الصندوق.
- يقوم مشغل الصندوق بالاحتفاظ بالدفاتر والسجلات ذات الصلة بتشغيل الصندوق.
- يقوم مشغل الصندوق بإعداد وتحديث سجلّ بالمكي 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.
- يقوم مشغل الصندوق بإجراءات الاشتراك حسب المنصوص عليها في شروط وأحكام الصندوق.
- يُعدّ مشغل الصندوق مسؤولاً عن تقييم أصول الصندوق تقييماً كاملاً وعادلاً وحساب سعر وحدات الصندوق حسب ما ورد في شروط وأحكام الصندوق.

## F) Auditor

## ٦) مراجع الحسابات

### Name and Address of Auditor

### اسم مراجع الحسابات، عنوانه

**KPMG Al Fozan & Partners**  
Riyadh Front – Airport Road P.O Box. 92876, Riyadh 11663,  
Saudi Arabia  
Tel: +966118748500  
Website: [www.kpmg.com/sa](http://www.kpmg.com/sa)

**كي بي ام جي الفوزان وشركاه**  
واجهة الرياض – طريق المطار ص.ب. 92876، الرياض 11663 المملكة العربية  
السعودية  
هاتف: +966118748500  
الموقع الإلكتروني: [www.kpmg.com/sa](http://www.kpmg.com/sa)

## G) Financial Statements

## ٧) القوائم المالية

As shown below in the financial statements section.

كما هو موضح أدناه في قسم القوائم المالية.

**ALAHLI DIVERSIFIED US DOLLAR FUND**

(Managed by SNB Capital Company –  
formerly known as NCB Capital Company)

**FINANCIAL STATEMENTS**

For the year ended 31 December 2021

with

**Independent Auditor's Report to the Unitholders**





## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No. 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد 92876  
الرياض 11663  
المملكة العربية السعودية  
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

# Independent Auditor's Report

## To the Unitholders of AIAhli Diversified US Dollar Fund

### Opinion

We have audited the financial statements of **AIAhli Diversified US Dollar Fund** ("the Fund") managed by **SNB Capital Company** (formerly known as **NCB Capital Company**) (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity attributable to unitholders and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

### 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 are independent of the Fund in accordance with the professional code of conduct and ethics that are 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions, and 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 governance, the Fund Board, are responsible for overseeing the Fund's financial reporting process.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (25,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (25,000,000) ريال سعودي مدفوع بالكامل. المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.



## Independent Auditor's Report

To the Unitholders of AIAhli Diversified US Dollar Fund (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgement 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 the 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, then 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 of AIAhli Diversified US Dollar Fund ("the Fund").

### KPMG Professional Services

Dr. Abdullah Hamad Al Fozan  
License No. 348

Riyadh: 28 Sha'ban 1443H  
Corresponding to 31 March 2022



**ALAHLI DIVERSIFIED US DOLLAR FUND**  
**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Note</i>	<b>31 December 2021</b>	31 December 2020
<b>ASSETS</b>			
Cash and cash equivalents	8	417	97
Investments	9	<u>348,861</u>	<u>406,609</u>
<b>Total assets</b>		<u><b>349,278</b></u>	<u><b>406,706</b></u>
<b>LIABILITY</b>			
Other payables		<u>528</u>	<u>3,837</u>
<b>Equity attributable to the unitholders</b>		<u><b>348,750</b></u>	<u><b>402,869</b></u>
<b>Units in issue in thousands (number)</b>	10	<u><b>256,102</b></u>	<u><b>297,558</b></u>
<b>Equity per unit (USD)</b>		<u><b>1.3618</b></u>	<u><b>1.3539</b></u>

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

**ALAHLI DIVERSIFIED US DOLLAR FUND****(Managed by SNB Capital Company - formerly known as NCB Capital Company)****STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

		<b>For the year ended 31 December</b>	
	<i>Note</i>	<b><u>2021</u></b>	<b><u>2020</u></b>
Special commission income on Murabaha contracts		<b>2,849</b>	3,742
Special commission income on Sukuks		<b>2,924</b>	2,865
Realised (loss) / gain on FVTPL investments – net		<b>(314)</b>	160
Unrealised gain on FVTPL investments – net		<b>283</b>	29
Other income		<b>86</b>	69
<b>Total income</b>		<b><u>5,828</u></b>	<b><u>6,865</u></b>
Management fees	12	<b>(2,981)</b>	(2,494)
Value added tax expense		<b>(447)</b>	(268)
Administrative expenses		<b>(81)</b>	(59)
Reversal / (charge) against expected credit loss		<b>27</b>	(108)
Professional Fees		<b>(13)</b>	(12)
Custody Fees		<b>(9)</b>	(8)
Shariah audit fees		<b>(8)</b>	(9)
Fund Board remuneration		<b>(3)</b>	(3)
Capital Market Authority fees		<b>(2)</b>	(2)
Other expenses		<b>(17)</b>	--
<b>Total operating expenses</b>		<b><u>(3,534)</u></b>	<b><u>(2,963)</u></b>
<b>Profit for the year</b>		<b><u>2,294</u></b>	<b><u>3,902</u></b>
<b>Other comprehensive income for the year</b>		<b>--</b>	<b>--</b>
<b>Total comprehensive income for the year</b>		<b><u><u>2,294</u></u></b>	<b><u><u>3,902</u></u></b>

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

**ALAHLI DIVERSIFIED US DOLLAR FUND****(Managed by SNB Capital Company - formerly known as NCB Capital Company)****STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS**

For the year ended 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

	<b>For the year ended 31 December</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Equity attributable to unitholders at the beginning of the year</b>	<b>402,869</b>	253,458
Total comprehensive income for the year	<b>2,294</b>	3,902
<b>(Decrease) / increase in equity from unit transactions during the year</b>		
Proceeds from units sold	<b>217,461</b>	317,106
Value of units redeemed	<b>(273,874)</b>	(171,597)
	<b><u>(56,413)</u></b>	<u>145,509</u>
<b>Equity attributable to unitholders at the end of the year</b>	<b><u>348,750</u></b>	<u>402,869</u>

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

**ALAHLI DIVERSIFIED US DOLLAR FUND****(Managed by SNB Capital Company - formerly known as NCB Capital Company)****STATEMENT OF CASH FLOWS**

For the year ended 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Note</i>	<b>For the year ended 31 December</b>	
		<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Cash flows from operating activities</b>			
Profit for the year		<b>2,294</b>	3,902
<u>Adjustments for:</u>			
(Reversal) / charge against expected credit loss		<b>(27)</b>	108
Realized loss / (gain) on FVTPL investments – net		<b>314</b>	(160)
Unrealized gain on FVTPL investments – net		<b>(283)</b>	(29)
		<b><u>2,298</u></b>	<u>3,821</u>
<u>Net changes in operating assets and liabilities:</u>			
Investments measured at FVTPL		<b>(6,343)</b>	(3,942)
Investments measured at amortized cost		<b>64,087</b>	(150,937)
Other payables		<b>(3,309)</b>	3,492
		<b><u>56,733</u></b>	<u>(147,566)</u>
<b>Net cash generated from / (used in) operating activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from units sold		<b>217,461</b>	317,106
Value of units redeemed		<b>(273,874)</b>	(171,597)
		<b><u>(56,413)</u></b>	<u>145,509</u>
<b>Net cash (used in) / generated from financing activities</b>			
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>320</b>	(2,057)
Cash and cash equivalents at the beginning of the year	8	<b><u>97</u></b>	<u>2,154</u>
<b>Cash and cash equivalents at the end of the year</b>	8	<b><u><u>417</u></u></b>	<u><u>97</u></u>

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



## **ALAHLI DIVERSIFIED US DOLLAR FUND**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

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#### **1. THE FUND AND ITS ACTIVITIES**

AlAhli Diversified US Dollar Fund ("the Fund") is a Shariah compliant open-ended investment fund, managed by SNB Capital Company (formerly known as NCB Capital Company) ("the Fund Manager"), a subsidiary of The Saudi National Bank (formerly known as National Commercial Bank) ("the Bank"), for the benefit of the Fund's Unitholders.

NCB Capital Company has completed its merger proceedings with the Samba Capital & Investment Management Company effective July 9, 2021 and the name has been changed to SNB Capital Company.

The Fund offers investors the opportunity to participate in trade transactions which conform to Shariah principles, invests in Sukuks and other mutual funds or instruments that comply with Islamic Shariah investment principles.

The terms and conditions of the Fund were originally approved by the Saudi Central Bank ("SAMA") and subsequently endorsed by the CMA through its letter dated 16 December 2008. The Fund commenced its operations on 1 October 2003.

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by Capital Market Authority ("CMA") on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended on 16 Sha'ban 1437 H (corresponding to 23 May 2016). The Regulation was further amended (the "Amended Regulations") on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

The Fund is established under article 31 of the Investment Fund Regulations ("the Regulations") issued by the Capital Market Authority ("CMA").

#### **2. BASIS OF ACCOUNTING**

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 pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and to comply with the applicable provisions of the Investment Funds Regulations issued by Capital Market Authority, the Fund's terms and conditions and the Information Memorandum.

#### **3. BASIS OF MEASUREMENT**

The financial statements have been prepared on going concern concept and a historical cost convention using accrual basis of accounting except for investments measured at fair value through profit or loss ("FVTPL") which are recorded at fair value.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

#### **4. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the 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.

**ALAHLI DIVERSIFIED US DOLLAR FUND**  
**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

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**5. CHANGES IN FUND'S TERMS AND CONDITIONS**

The Fund Manager has updated the terms and conditions of the Fund during the year. The changes include revisions required to align the terms and conditions with the Amended Regulations, to reflect changes in the Fund Board and certain other administrative changes.

**6. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

*a) Fair value estimation*

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

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

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a market price, because this price is reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognizes transfer between levels of fair value at the end of the reporting year during which the change has occurred.

The fair value hierarchy has the following levels:

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

The Fund has classified the investments measured at Fair Value Through Profit or Loss (FVTPL) per the fair value hierarchy as level 2. During the year there has been no transfer in fair value hierarchy for FVTPL investments. For other assets and liabilities such as cash and cash equivalents, investments measured at amortised cost and other payables, the carrying values reasonably approximate the fair value.

*b) Measurement of the expected credit loss allowance*

The measurement of the expected credit loss 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.

## **ALAHLI DIVERSIFIED US DOLLAR FUND**

**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

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#### **6. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** **(CONTINUED)**

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (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 Fund 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 13.1.2(a), which also sets out key sensitivities of the ECL to changes in these elements.

#### **7. 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 years presented, unless otherwise stated.

##### ***7.1 Cash and cash equivalents***

Cash equivalents include cash at bank and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

##### ***7.2 Receivables***

Receivables are initially recognised when they are originated. A receivable without a significant financing component is initially measured at the transaction price (which is equivalent of the fair value) and subsequently at their amortised cost using effective interest / commission rate method. Loss allowance for receivables is always measured at an amount equal to lifetime expected credit losses.

##### ***7.3 Financial assets and liabilities***

###### ***Classification of financial assets***

On initial recognition, a financial asset is measured at its fair value and classified at amortized cost, fair value through other comprehensive income ("FVOCI") or Fair value through profit or loss ("FVTPL").

###### ***Financial assets measured at amortized cost***

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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 commission on the principal amount outstanding.

###### ***Financial assets measured at fair value through other comprehensive income ("FVOCI")***

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

**ALAHLI DIVERSIFIED US DOLLAR FUND**  
**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

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**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Classification of financial assets (continued)***

***7.3 Financial assets and liabilities (continued)***

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund Manager may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

***Financial assets measured at fair value through profit or loss ("FVTPL")***

All financial assets not classified as measured at amortized cost or FVOCI are measure at FVTPL.

***Business model assessment***

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

***Assessment whether contractual cash flows are solely payments of principal and commission***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest or 'Commission' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as profit margin.

**ALAHLI DIVERSIFIED US DOLLAR FUND**  
**(Managed by SNB Capital Company - formerly known as NCB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

Expressed in US Dollars '000 (unless otherwise stated)

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**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Classification of financial assets (continued)***

**7.3 *Financial assets and liabilities (continued)***

In assessing whether the contractual cash flows are solely payments of principal and commission, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of the time value of money – for example, periodical reset of interest / commission rates.

**Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

**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. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

***Classification of financial liabilities***

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL.

***Recognition and initial measurement***

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. Financial assets measured at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial asset or financial liability is measured initially at fair value plus or minus, for an item not on FVTPL, transaction costs that are directly attributable to its acquisition issue.

***Subsequent measurement***

Financial assets at FVTPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognized in profit or loss in 'gains / (losses) on investments, net' in the statement of profit and loss and other comprehensive income.

Financial assets and financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest / commission method and is recognized in the statement of profit or loss and other comprehensive income. Any gain or loss on de-recognition is also recognized in the statement of profit or loss and other comprehensive income. The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative commission using the effective interest / commission method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

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#### **7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **7.3 *Financial assets and liabilities (continued)***

###### ***Derecognition***

The Fund derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of profit or loss and other comprehensive income. Any commission in such transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognized.

The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

###### ***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 has legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously.

Income and expenses are presented on a net basis for gain and losses from financial instruments at FVTPL and foreign exchange gains and losses.

##### **7.4 *Provisions***

A provision is recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating losses.

##### **7.5 *Equity per unit***

The Fund is open for subscription and redemption of units on every Saudi business day. The equity per unit is calculated by dividing the equity attributable to unitholders included in the statement of financial position by the number of units outstanding at the year end.

##### **7.6 *Distributions to the Unitholders***

Distribution to the Unitholders is accounted for as a deduction from net assets (equity) attributable to the Unitholders.



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#### **7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **7.7 *Units in issue***

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank pari passu in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date as well as in the event of the Fund's liquidation.

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

Incremental costs directly attributable to the issue or redemption of redeemable units are recognized directly in equity as a deduction from the proceeds or part of the acquisition cost.

##### **7.8 *Management fee expense***

Management fee expense is recognized in the statement of profit or loss and other comprehensive income as the related services are performed.

##### **7.9 *Taxation / zakat***

Under the current system of zakat and income tax in the Kingdom of Saudi Arabia, the Fund is exempt from paying any zakat and income tax. Zakat and income tax are considered to be the obligation of the Unitholders and are not provided in the financial statements.

The Value Added Tax ("VAT") applicable for fees and expenses are recognized in the statement of profit or loss and other comprehensive income.

##### **7.10 *Special commission income and expense***

Special commission income and expense presented in the statement of comprehensive income comprises of commission on financial assets and financial liabilities measured at amortized cost calculated on an effective interest / commission basis.

The 'effective interest / commission rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument:

- to the carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating special commission income and expense, the effective interest / commission rate is applied to the gross carrying amount of the asset (when the assets is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, special commission income is calculated by applying the effective interest / commission rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of special commission income reverts to the gross basis.

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**7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7.11 *Accrued expenses and other payables***

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

**7.12 *New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Fund***

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The Fund manager has assessed that the amendments have no significant impact on the Fund's financial statements.

**Standards / Interpretations and Amendments**

Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2.

**7.13 *Standards issued but not yet effective***

Standards issued but not yet effective are listed below. The Fund intends to adopt these standards when they become effective.

<b><i>Standards / Interpretations and amendments</i></b>	<b><i>Description</i></b>	<b><i>Effective from periods beginning on or after the following date</i></b>
Amendments to IAS 1	Classification of Liabilities as current or non-current	January 1, 2022
Amendments to IAS 37	Onerous contracts – Cost of Fulfilling a contract	January 1, 2022
Annual Improvements to IFRS standards 2018 - 2020		January 1, 2022
Amendments to IFRS 3	Reference to Conceptual Framework	January 1, 2022
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	January 1, 2023
Amendments to IAS 8	Definition of accounting estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor or Joint Venture	Available for optional adoption / effective date deferred indefinitely

The above amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements.

**8. CASH AND CASH EQUIVALENTS**

This comprises of balances held with a local Bank having a sound credit rating.

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**9. INVESTMENTS**

	<i>Ref</i>	<b>31 December 2021</b>	31 December 2020
Investments measured at amortised cost	i)	<b>324,961</b>	389,021
Investments measured at fair value through profit or loss	ii)	<b>23,900</b>	17,588
		<b>348,861</b>	<b>406,609</b>

i) **Investments measured at amortised cost**

Investments measured at amortised cost include the following:

	<i>Ref</i>	<b>31 December 2021</b>	31 December 2020
Investment in Murabaha contracts	a)	<b>255,397</b>	301,300
Investment in Sukuks	b)	<b>69,701</b>	87,885
Less: allowance for expected credit loss		<b>(137)</b>	(164)
Net investments measured at amortised cost		<b>324,961</b>	<b>389,021</b>

a) Murabaha placements are held with the local and international banks. They carry profit rate ranging from 0.3% to 1.5% having maturities up to 5 December 2022.

b) Investments in Sukuks carry profit rate ranging from 2.89% to 5.63% having maturities up till 28 October 2030.

ii) **Investments measured at fair value through profit or loss**

Investments measured at fair value through profit or loss represents:

	<b>31 December 2021</b>	31 December 2020
Units of SNB Capital International Trade Fund – a related party	<b>23,900</b>	17,588

**10. UNITS TRANSACTIONS**

Transactions in units during the year are summarized as follows:

	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>Units' 000</b>	<b>Units' 000</b>
<b>Units at the beginning of the year</b>	<b>297,558</b>	189,641
Units sold	<b>158,304</b>	235,252
Units redeemed	<b>(199,760)</b>	(127,335)
<b>Net (decrease) / increase in units</b>	<b>(41,456)</b>	107,917
<b>Units at the end of the year</b>	<b>256,102</b>	<b>297,558</b>

As at 31 December 2021, the top 5 unitholders (2020: top 5) represented 33.66% (2020: 31.81%) of the Fund's units.

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**11. RECONCILIATION OF CHANGE IN EQUITY**

As per the requirements of CMA circular dated 31 December 2017, the Fund calculates provision for impairment in respect of financial instruments measured at amortised cost using the incurred loss model, whereas IFRS 9 requires provisions to be measured using the Expected Credit Loss (ECL) method. This has resulted in a difference between equity calculated as per the CMA circular ("trading equity") and as per requirements of IFRS 9 ("reported equity"). The Fund's units in issue are classified as equity in accordance with IAS 32, and therefore equate to the residual value of the Fund. The following table shows the reconciliation between the Fund's reported equity and trading equity:

	<b>31 December 2021</b>	31 December 2020
Reported equity of the Fund	<b>348,750</b>	402,869
Add: Provision for expected credit loss	<b>137</b>	164
	<b>348,887</b>	403,033
Less: Provision for incurred credit loss	<b>--</b>	--
Traded equity of the Fund	<b>348,887</b>	403,033
Number of units in issue	<b>256,102</b>	297,558
Traded equity per unit of the Fund	<b>1.3623</b>	1.3545

**12. RELATED PARTY TRANSACTIONS AND BALANCES**

The related party of the Fund includes Fund Manager, Fund Board, other funds managed by the Fund Manager, and Saudi National Bank, being parent of the Fund Manager.

***Management fee and other expenses***

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues, daily a management fee, which should not be more than the maximum annual rate of 0.75% p.a. of the Fund's daily equity as set out in the Fund's terms and conditions.

The Fund Manager is also entitled to recover expenses incurred on behalf of the Fund relating to audit, custody, advisory, data processing and other similar charges. The maximum amount of such expenses that can be recovered from the Fund by the Fund Manager is restricted to 0.5% per annum of the Fund's equity at the respective valuation days. These expenses have been recovered by the Fund Manager on an actual basis.

***Transactions with related parties***

During the year, the Fund entered into the following transactions, other than those disclosed elsewhere in the financial statements, with related parties in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund. All related party transactions are approved by the Fund Board.

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**12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

*Transactions with related parties (continued)*

<b><u>Related party</u></b>	<b><u>Nature of transaction</u></b>	<b><u>Amount of transactions</u></b>		<b><u>Value of units as at</u></b>	
		<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
SNB Capital Company	Management fee	<b>2,981</b>	2,494		
	Expenses paid on behalf of the fund	<b>580</b>	361		
	Subscription of units	<u>--</u>	<u>19,292</u>	<u>--</u>	<u>24,369</u>
SNB Capital Multi-Asset Conservative Fund	Subscription of units	<b>6,500</b>	11,500		
	Redemption of units	<u>7,000</u>	<u>10,383</u>	<u>738</u>	<u>1,223</u>
SNB Capital Multi-Asset Moderate Fund	Subscription of units	--	18,800		--
	Redemption of units	<u>--</u>	<u>10,600</u>	<u>16,711</u>	<u>16,615</u>
SNB Capital Multi-Asset Growth Fund	Subscription of units	--	9,270		
	Redemption of units	<u>25</u>	<u>9,300</u>	<u>--</u>	<u>24</u>
SNB Capital Multi Asset Income Plus Fund	Subscription of units	<b>16,000</b>	4,853		
	Redemption of units	<u>5,832</u>	<u>9,800</u>	<u>15,173</u>	<u>4,900</u>
SNB Capital US Dollar Sukuk Fund	Subscription of units	<b>3,980</b>	4,642		
	Redemption of units	<u>3,407</u>	<u>3,405</u>	<u>3,807</u>	<u>3,216</u>
AlAhli Takaful Company	Subscription of units	<b>1,100</b>	13,120		
	Redemption of units	<u>--</u>	<u>4,519</u>	<u>11,198</u>	<u>10,038</u>
SAMBA Corporates Sukuk Fund	Subscription of units	<b>17,760</b>	--		
	Redemption of units	<u>3,900</u>	<u>--</u>	<u>13,940</u>	<u>--</u>
Alahli Multi Asset Opportunities Fund	Subscription of units	<b>4,900</b>	--		
	Redemption of units	<u>6,235</u>	<u>--</u>	<u>1,201</u>	<u>2,523</u>

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#### 13. FINANCIAL RISK MANAGEMENT

##### *13.1 Financial risk factors*

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

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

##### *13.1.1 Market risk*

'Market Risk' is the risk that changes in market prices – such as commission rates, foreign exchange rates, equity prices and credit spreads – will affect the Fund's income or the fair value of its holdings in financial instruments.

##### *a) Foreign exchange risk*

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency. The Fund views the United States Dollars as its functional currency.

The Fund's financial assets and liabilities are denominated in U.S. Dollar and Saudi Arabian Riyals. As the Saudi Arabian Riyal is pegged against the U.S. Dollar, there is unlikely to be any material impact on the statement of comprehensive income in respect of the financial instruments denominated in Saudi Arabian Riyal.

##### *b) Commission rate risk*

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

Currently all investments of the Fund are in Murabaha deposits and Sukuks which carry fixed commission rate. Since these investments are classified as investments measured at amortised cost, any changes in the market rates would not have any impact on the net income and the net asset value of the Fund.

##### *c) Other price risk*

Other price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, Fund has investments in SNB Capital International Trade Fund ("Investee Fund") which is exposed to price risk.

The effect on the equity due to a reasonably possible notional change in price of the equity investments, with all other variables held constants is as follows:

	<u>31 December 2021</u>		<u>31 December 2020</u>	
Effect on equity	±10%	<u>±2,390</u>	±10%	<u>±1,758</u>

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#### **13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### **13.1 *Financial risk factors (continued)***

##### **13.1.2 *Credit risk***

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk for its investment portfolio, receivables and bank balances with a local Bank having Moody's credit rating of A3.

It is the Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

##### **a) *General Approach for Expected Credit Loss (ECL)***

The Fund recognizes loss allowances for ECL on debt instruments that are not measured at FVTPL. The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Fund considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

The Fund categorizes its financial assets into following three stages in accordance with the IFRS 9 methodology:

- Stage 1 – financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months Probability of Default (PD).
- Stage 2 – financial assets that has significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on life time PD.
- Stage 3 – for financial assets that are credit impaired, the Fund recognizes the impairment allowance based on life time PD.

The Fund also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs.



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**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**13.1 *Financial risk factors (continued)***

**13.1.2 *Credit risk (continued)***

**b) *Expected credit loss measurement***

ECL represents probability-weighted estimates of credit losses. These are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

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

	<b><u>As at 31 December 2021</u></b>			<b>As at 31 December 2020</b>	
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Total</b>
Investments measured at amortised cost	<b>314,378</b>	<b>10,720</b>	--	<b>325,098</b>	389,185
allowance for expected credit loss	<b>(58)</b>	<b>(79)</b>	--	<b>(137)</b>	(164)
<b>Carrying amount</b>	<b><u>314,320</u></b>	<b><u>10,641</u></b>	<b><u>--</u></b>	<b><u>324,961</u></b>	<b><u>389,021</u></b>

The Fund Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is managed using the ratings from reputable credit ratings agencies. As at 31 December 2021 and 31 December 2020, the Fund had investments held at amortized cost with the following credit quality:

<b>Credit ratings</b>	<b>In percentage of investments</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
A	5%	14%
A+	5%	1%
A-	47%	43%
B+	3%	3%
BB	0.5%	--
BBB	--	10%
BBB-	6%	5%
BBB+	33%	24%
	<b><u>100%</u></b>	<b><u>100%</u></b>

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**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**13.1 *Financial risk factors (continued)***

**13.1.2 *Credit risk (continued)***

**b) *Expected credit loss measurement (continued)***

The Fund Manager also reviews the credit concentration of the investment portfolio based on counterparties' geographical locations.

**Allowance for expected credit loss**

*Investment measured at amortised cost – Murabaha contracts and Sukuks*

The following table details the changes in the loss allowance of Murabaha contracts and Sukuk carried at amortised cost:

	<b>Stage 1</b> 12-month ECL	<b>Stage 2</b> Lifetime ECL	<b>Stage 3</b> Lifetime- credit impaired ECL	<b>Total</b>
<b>Expected credit loss as at 1 January 2021</b>	<b>68</b>	<b>96</b>	--	<b>164</b>
Reversal during the year	<b>(10)</b>	<b>(17)</b>	--	<b>(27)</b>
<b>Expected credit loss as at 31 December 2021</b>	<b>58</b>	<b>79</b>	--	<b>137</b>

**13.1.3 *Liquidity risk***

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Saudi business day and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans facilities obtained by the Fund Manager.

The contractual and expected maturity of all liabilities outstanding at the reporting date are within six months (2020: due within six months).

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## **13 FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **13.1 *Financial risk factors (continued)***

#### **13.1.4 *Operational risk***

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

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

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management Team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for: -
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - periodic assessment of operational risks faced.
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation.

#### **13.1.5 *Considerations due to COVID-19***

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing re swinging waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia ("the Government") however, has managed to successfully control the outbreak to date, owing primarily to the effective measures taken by the Government.

The Fund Manager however continues to be cognizant of both the micro and macroeconomic challenges that COVID-19 has posed, the effects of which may be felt for some time and is closely monitoring its exposures.

## **14. LAST VALUATION DAY**

The last valuation day for the purpose of preparation of these financial statements was 30 December 2021 (2020: 31 December 2020).

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**15. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There was no event subsequent to the statement of financial position date which required adjustment of or disclosure in the financial statements or notes thereto.

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund Manager on 28 Sha'ban 1443H corresponding to 31 March 2022