



Contents	المحتويات
A) Investment Fund Information	أ) معلومات صناديق الاستثمار
B) Fund Performance	ب) أداء الصندوق
C) Fund Manager	ج) مدير الصندوق
D) Custodian	د) أمين الحفظ
E) Fund Operator	هـ) مشغل الصندوق
F) Auditor	و) مراجع الحسابات
G) Financial Statements	ز) القوائم المالية
H) Zakat Calculations	ح) حساب الزكاة

**A) Investment Fund Information**
**أ) معلومات صندوق الاستثمار**

<b>1) Name of the Investment Fund</b> SNB Capital Sovereign Sukuk Fund	<b>1) اسم صندوق الاستثمار</b> صندوق الأهلي للصكوك السيادية
<b>2) Investment Objectives and Policies</b> <ul style="list-style-type: none"> <li> <b>Fund's Objectives:</b>                      The Fund aims to provide long term capital appreciation by primarily investing in Sovereign Sukuk denominated in Saudi Riyals issued by government entities in the Kingdom of Saudi Arabia according to the fund's Shariah guidelines.                 </li> <li> <b>Investment Policies and Practices:</b>                      The Fund primarily invests in Sovereign Sukuk denominated in Saudi Riyals issued by government entities in the Kingdom of Saudi Arabia, namely, the Public Debt Management Office of Ministry of Finance, SAMA, and government funds, including sovereign funds, funds that take the form of pension and endowment funds which are fully and directly or indirectly owned by a government entity in accordance with the Fund's Shariah guidelines. Further, the Fund invests in short-term cash instruments (Murabaha), and money market funds in accordance with the Fund's Shariah guidelines, The Fund may invest in derivative contracts linked to instruments and structured products that are compatible with the Sharia regulations of the Fund, and structured instruments and products that are compliant with the Sharia regulations of the Fund denominated in Saudi Riyals. The fund manager has the right to keep a larger part or all of the fund's assets in cash or short or long-term murabaha investments if he believes that the market conditions or economic conditions relatively inappropriate.                 </li> </ul>	<b>2) أهداف وسياسات الاستثمار وممارساته</b> <ul style="list-style-type: none"> <li> <b>أهداف الصندوق:</b>                      يهدف الصندوق إلى تنمية رأس المال المستثمر على المدى الطويل من خلال الاستثمار بشكل رئيسي في الصكوك السيادية والمقومة بالريال السعودي الصادرة عن الجهات الحكومية في المملكة العربية السعودية وفقاً للمعايير الشرعية للصندوق.                 </li> <li> <b>سياسات الاستثمار وممارساته:</b>                      يستثمر الصندوق بشكل أساسي في الصكوك السيادية والمقومة بالريال السعودي الصادرة عن الجهات الحكومية في المملكة العربية السعودية ممثلة بـ مكتب إدارة الدين العام التابع لوزارة المالية، والبنك المركزي السعودي والصناديق الحكومية - بما في ذلك الصناديق السيادية والصناديق التي تأخذ شكل صناديق التقاعد والأوقاف - المملوكة بالكامل بشكل مباشر أو غير مباشر لجهة حكومية، وفقاً للضوابط الشرعية للصندوق، وفي أدوات النقد قصيرة الأجل (المرابحات)، وكذلك الاستثمار في صناديق أسواق النقد، وفقاً للضوابط الشرعية للصندوق، يجوز للصندوق الاستثمار في عقود المشتقات المرتبطة بالأدوات والمنتجات المركبة المتوافقة مع الضوابط الشرعية للصندوق والأدوات والمنتجات المركبة المتوافقة مع الضوابط الشرعية للصندوق المقومة بالريال السعودي، ويحق لمدير الصندوق الإبقاء على جزء أكبر أو كل أصول الصندوق على صورة نقد أو على شكل استثمارات مرابحة قصيرة أو طويلة الأجل في حال اعتقد أن ظروف السوق أو الظروف الاقتصادية غير ملائمة نسبياً.                 </li> </ul>
<b>3) Distribution of Income &amp; Gain Policy</b> All profit will be reinvested in the Fund, which will be reflected in an increase in the net asset value and the price of the Fund's unit. However, the Fund Manager may distribute profits to unitholders according to his absolute discretion based on the Fund's performance and market conditions as stipulated in a notice addressed to unitholders, for the unitholders' available accounts with the fund manager.	<b>3) سياسة توزيع الدخل والأرباح</b> يتم إعادة استثمار الأرباح الرأسمالية والأرباح النقدية الموزعة في الصندوق مما سينعكس بارتفاع صافي قيمة الأصول وسعر وحدة الصندوق إلا أن مدير الصندوق قد يقوم بتوزيع الأرباح لمالكي الوحدات وفقاً لتقديره المطلق المبني على أداء الصندوق وظروف السوق كما يتم النص عليه في إشعار موجه لمالكي الوحدات، وذلك لحسابات مالكي الوحدات المتوفرة لدى مدير الصندوق.
<b>4) The fund's reports are available upon request free of charge.</b>	<b>4) تتاح تقارير الصندوق عند الطلب وبدون مقابل.</b>
<b>5) The fund's benchmark and the service provider's website (if any)</b> SIBOR 3-month index. For more information, please visit service provider website the Thomson Reuters.	<b>5) المؤشر الاسترشادي للصندوق، والموقع الإلكتروني لمزود الخدمة (إن وجد)</b> سعر الفائدة المتداول بين البنوك السعودية - سايبور (لمدة ثلاثة أشهر). وللمزيد من المعلومات يرجى زيارة الموقع الإلكتروني لمزود الخدمة لوكالة 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	2023	2022	2021	السنة
NAV*	53,391,098	102,847,199	573,886,646	صافي قيمة أصول الصندوق*
NAV per Unit*	9.95	10.00	10.64	صافي قيمة أصول الصندوق لكل وحدة*
ECL NAV*	9.94	9.95	10.64	سعر الوحدة مع الخسائر الائتمانية المتوقعة*
Highest Price per Unit – Class A*	0.00	10.68	10.94	أعلى سعر وحدة – الفئة أ*
Highest Price per Unit – Class B*	10.27	10.66	10.93	أعلى سعر وحدة – الفئة ب*
Lowest Price per Unit – Class A *	0.00	0.00	10.62	أقل سعر وحدة – الفئة أ*
Lowest Price per Unit – Class B *	9.69	9.78	10.60	أقل سعر وحدة – الفئة ب*
Number of Units	5,366,249.95	10,327,082	53,980,574	عدد الوحدات
Income Distribution Per Unit	N/A	N/A	N/A	قيمة الأرباح الموزعة لكل وحدة
Fees & Expense Ratio	1.14%	0.65%	0.76%	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 Saudi Riyal بالريال السعودي

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% – Class A	-3.27	N/A	N/A	N/A	عائد الصندوق – الفئة أ %
Return% – Class B	0.39	N/A	-2.68	-0.10	عائد الصندوق – الفئة ب %
Benchmark %	2.78	N/A	3.39	6.23	عائد المؤشر %

\* Class (A) is inactive in the meantime.

\* الفئة (أ) غير نشطة في الوقت الحالي.

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	2023	2022*	2021	2020	2019	2018	2017	2016	2015	2014	السنة
Return% – Class A	N/A	-4.19	-1.43	4.23	6.07	N/A	N/A	N/A	N/A	N/A	عائد الصندوق – الفئة أ %

Return% – Class B	-0.10	-6.25	-1.60	4.20	6.07	N/A	N/A	N/A	N/A	N/A	عائد الصندوق % - الفئة ب
Benchmark %	6.23	3.20	0.82	1.22	1.82	N/A	N/A	N/A	N/A	N/A	عائد المؤشر %

\* Class (A) is inactive in the meantime.

\* الفئة (أ) غير نشطة في الوقت الحالي.

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: الرسوم والمصروفات

Fees and Expenses	ألف ريال SAR '000	النسبة المئوية %	الرسوم والمصروفات
Management Fees - Class A	0	0.00%	أتعاب الإدارة - الفئة أ
Management Fees - Class B	285	0.40%	أتعاب الإدارة - الفئة ب
VAT on Management Fees	47	0.06%	ضريبة القيمة المضافة على أتعاب الإدارة
Custodian Fees	111	0.21%	رسوم الحفظ
Auditor Fees	51	0.10%	أتعاب مراجع الحسابات
Fund Admin Expenses	96	0.18%	مصاريف العمليات الإدارية
CMA Fees	8	0.01%	رسوم هيئة السوق المالية
Tadawul Fees	10	0.02%	رسوم نشر معلومات الصندوق على موقع تداول
Other Fees	55	0.10%	مصاريف أخرى
Shariah Committee Fees	17	0.03%	أتعاب خدمات اللجنة الشرعية
Independent Fund Board Remunerations	17	0.03%	مكافآت أعضاء مجلس إدارة الصندوق المستقلين
<b>Total Fees and Expenses</b>	<b>697</b>	<b>1.14%</b>	<b>مجموع الرسوم والمصاريف</b>

\* Class (A) is inactive in the meantime.

\* الفئة (أ) غير نشطة في الوقت الحالي.

3) Material Changes

3) تغيرات جوهرية حدثت خلال الفترة

- The U.S Federal Open Market Committee (FOMC) maintained a contractionary monetary policy stance going into 2023, raising the short-term fed fund policy rate (FFR) by a total of 100 Bps during the year, however, in a more disperse and steady series of rate hikes in comparison to 2022, reaching a target range of 5.25-5.50% by year-end. Their actions came at the back of higher than target inflation levels – although subduing - and supportive labor market conditions.
- Tightening Monetary policy by central banks continued worldwide 2023, the Saudi Central Bank (SAMA) hiked its policy rates by a total of 100 Bps, taking the Repo and Reverse Repo to 6.00% and 5.50% respectively.
- The U.S treasury yield-curve steepened slightly YoY with short-term yields decreasing while long-term bond yields held steady ;2-year treasury yield decreased by 18 bps to 4.25%, 5-Year treasury yield decreased by 16 bps to 4.25%.
- واصلت اللجنة الفيدرالية الأمريكية للسوق المفتوحة (FOMC) بتطبيق سياسة نقدية متشددة خلال العام 2023م، بحيث قامت برفع سعر الفائدة الفيدرالي بإجمالي 100 نقطة أساس ليصل نطاق سعر الفائدة بين 5.25% و5.50%، إلا أنها أتت بوتيرة أكثر ثباتاً وتشتتاً مقارنة بالعام السابق. وعلى خلفية ارتفاع مستويات التضخم عن المستوى المستهدف -على الرغم من انخفاضها خلال العام- ومدعومة بالمستويات القوية لسوق العمل.
- استمرت البنوك المركزية عالمياً بتشديد السياسة النقدية خلال العام، حيث قام البنك المركزي السعودي (ساما) أيضاً برفع معدلات اتفاقيات إعادة الشراء ("الريبو") ومعدلات اتفاقيات إعادة الشراء المعاكس ("الريبو العكسي") بإجمالي 100 نقطة أساس، حيث استقر معدل الريبو عند 6.00%، ومعدل الريبو العكسي عند 5.50%.
- كما انخفض منحنى عوائد سندات الخزينة الأمريكية بشكل طفيف مقارنة بإغلاق العام السابق مع انخفاض عوائد السندات قصيرة الأجل وثبات عوائد السندات طويلة الأجل؛ انخفض عائد سندات الخزينة لسنتين بمقدار 18 نقطة أساس إلى 4.25%، وانخفض عائد سندات الخزينة لـ 5 سنوات بمقدار 16 نقطة أساس إلى 3.85%، بينما ظلت عوائد سندات الخزينة لأجل 10 سنوات ثابتة عند مستوى 3.88%.

- 3.85%, while the 10-Year treasury yield remained flat at 3.88%.
- The SAR Sovereign Sukuk broadly shifted upward YoY; 2-year Sukuk yield increased by approximately 66 bps to 5.2%, 5-Year Sukuk yield increased by 38 bps to 4.5%, while the 10-Year Sukuk yield increased by 18 bps to 4.7%.
- The USD LIBOR cessation and market transition to the alternative Secured Overnight Financing Rate (SOFR) completed in June 2023. The transition came as a response to concerns regarding the sustainability and strength of the benchmark triggering the development of an alternative. The primary differences between the LIBOR and SOFR is while the LIBOR represented the bank lending, forward-looking, uncollateralized, and survey-based rates, the SOFR represents the risk free, backward looking, collateralized, and transaction-based rate.
- Saudi Riyal Interbank Average Offered Rate (SAIBOR) increased across all tenors; 1-Month, 3-Month, and 12-Month SAIBOR increased by 118 Bps, 89 Bps, and 12 Bps reaching levels of 5.9%, 6.2%, and 6.0% respectively.
- The 1-Month, 3-Month, and 12-Month Term SOFR rates - which are the forward-looking measurement of the SOFR, based on market expectations implied by the derivatives markets- stood at levels of 4.6%, 4.6%, and 4.9% respectively by year-end.
- Saudi Sovereign new debt issuances amounted to SAR 189 Bln, taking the total outstanding government indebtedness to SAR 1,050 Bln by year-end (25% of GDP).
- Excess Saudi Riyal liquidity in the banking sector - measured by the net daily average reverse repo volumes - averaged SAR 27 Bln for the year, a decrease of 37% compared to 2022. Broader money supply (M3) steadily increased during the year reaching SAR 2.7 Tln (+7.8% YoY).
- Brent crude oil prices decreased from an average of \$99 per barrel in 2022 to \$82 per barrel in 2023 (-10% YoY) as crude oil demand fell short of expectation, despite voluntary production cuts and geopolitical tensions in the second half of the year.
- شهد منحى عائد الصكوك السيادية السعودية بالريال السعودي تحولاً تصاعدياً عند نهاية العام مقارنة بالعام السابق؛ حيث ارتفع عائد الصكوك لأجل سنتين بما يقارب 66 نقطة أساس ليصل إلى 5.2%، وارتفع عائد الصكوك لأجل 5 سنوات بما يقارب 38 نقطة أساس 4.5%، بينما ارتفع عائد الصكوك لأجل 10 سنوات بمقدار 18 نقطة أساس لتصل إلى 4.7%.
- اكتمل إيقاف نشر واستخدام مؤشر معدل الإقراض بين البنوك بالدولار الأمريكي ("الايبور")، وانتقال السوق لاستخدام معدل التمويل المضمون لليوم الواحد ("السوفر") (البديل في يونيو 2023م. أتى التغيير استجابةً للمخاوف المتعلقة باستدامة ودقة المؤشر مما أدى إلى تحفيز إيجاد بديل له، وتشكل الفروقات الأساسية بين المؤشر وبديلة السوفر؛ حيث يعكس الايبور معدل الإقراض المصرفي الغير المضمون لفترات مستقبلية تطلعية وقائم على آراء الخبراء، بينما يعكس السوفر المعدل الخالي من المخاطر، والقائم على المعاملات المضمونة المنعقدة في السوق.
- شهدت معدلات الإقراض بين البنوك السعودية ("سايبور") ارتفاعاً خلال عام 2023م، حيث ارتفع معدل سايبور لمدة شهر واحد بمقدار 118 نقطة أساس ليصل إلى مستوى 5.9%، وارتفع معدل سايبور لمدة ثلاثة أشهر بمقدار 89 نقطة أساس ليصل إلى مستوى 6.2%، كما ارتفع سايبور لمدة اثنا عشر شهر بمقدار 12 نقطة أساس ليحقق مستوى 6.0%.
- بلغت معدلات السوفر لشهر واحد، وثلاثة أشهر، واثنا عشر شهراً (ممثلة المعدل التطلعي لمعدل السوفر المبنية على التوقعات المنعكسة في أسواق المشتقات)، مستوى 4.6% و 4.6% و 4.9% على التوالي بنهاية العام.
- بلغت إصدارات الدين السيادية السعودية الجديدة 189 مليار ريال سعودي، ليصل إجمالي الديون الحكومية القائمة إلى 1,050 مليار ريال سعودي بنهاية العام (25% من الناتج المحلي الإجمالي).
- بلغت مستويات سيولة الريال السعودي الفائضة في القطاع المصرفي المتمثلة بصافي المتوسط اليومي لعمليات إعادة الشراء والشراء المعاكس متوسط 27 مليار ريال سعودي خلال العام، بانخفاض قدره 37% مقارنة بمتوسط العام السابق. كما شهد معدل عرض النقود (M3) ارتفاعاً ثابتاً خلال العام ليصل إلى 2.7 ترليون ريال سعودي أو ما يعادل ارتفاعاً بنسبة 8% خلال العام.
- انخفض متوسط سعر خام برنت من 99 دولاراً للبرميل في عام 2022م إلى 82 دولاراً للبرميل في عام 2023م (ما يعادل -10%)؛ على خلفية انخفاض الطلب دون التوقعات بالرغم من تخفيضات الإنتاج الطوعية والتوترات الجيوسياسية خلال النصف الثاني من العام.

#### 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

- Ali Abdulaziz Al Hawas - Chairman - Dependent Member
- Naif Abduljalil Al Saif - Dependent Member
- Ammar Hasan Yasin Bakheet - Independent member
- Amr Shahwan - Independent member

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

- علي عبدالعزيز الحواس - رئيس مجلس إدارة الصندوق - عضو غير مستقل
- نايف عبدالجليل آل سيف - عضو غير مستقل
- عمار حسن ياسين بخيت - عضو مستقل
- عمرو رأفت شهوان - عضو مستقل

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

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

**Naif Al-Saif:** He is currently the Head of Principal Investments in SNB Capital. Naif joined Samba in February 2006. He has 15 years of experience. In Samba, Naif has managed the fixed income portfolio of more than SAR 60 billion and managed the public budget of SAR 225 billion. He is also the Chief Operating Officer in Samba London. Moreover, he is a member in Samba's Asset and Liability Committee. He has taken part in several strategic projects in developing the Saudi banking sector. Prior to joining Samba, he worked for Saudi Hollandi Bank, Derivatives Department, Treasury Section. Naif holds a bachelor's degree with Honors in Finance and Economics from King Fahd University of Petroleum and Minerals and MBA from Prince Sultan University.

**Ammar Bakheet:** He has more than 27 years of experience in the financial sector. Specialized in business establishment in the financial sector, strategy development, securing regulatory and legislative approvals, building of the operational infrastructure, and building the administrative teams to run such businesses. The founding partner and CEO of Mnasah Digital Platform a technical financial company specialized in operating and running of a digital platform specialized in financing of small and Medium-sized enterprises (SMEs) Kingdom of Saudi Arabia (2017-Present). Head of asset management & product development - Audi capital 2007-2017. Establishment of the Investment Division at RAKBank (Dubai) (2003-2006). Working at Samba Capital as Saudi Equity Funds manager (1998-2002). Co-founding Bakheet Investment Company (1993-1998).

**Amr Shahwan:** He's a Managing Director at Majd Arabia Management Consultant Co., Riyadh, Kingdom of Saudi Arabia. Amr holds a Bachelor's degree in Business Administration from The Amman Ahliya University. Has more than 25 years of experience in family office consulting, investment consulting, strategy, and business planning. He is Founder of Kartal Advisory Limited, UAE. During the span of his excellent carrier, Mr. Shahwan has served the top ranked organizations (MASIC, SAMBA Financial Group, Al Majdouie Group, Arbah Investment Group, Baker Tilly KSA) in Saudi Arabia and Jordan on high level Key positions (CEO, Director, General Manager etc.).

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

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

**نايف آل سيف:** رئيس إدارة الاستثمارات الخاصة لدى شركة الأهلي المالية. انضم نايف إلى سامبا في فبراير 2006 حاصل على 15 سنة من الخبرة في العمل في سامبا، تولى نايف إدارة محفظة الدخل الثابت والتي تتجاوز 60 مليار ريال سعودي، بالإضافة إلى إدارة الميزانية العمومية التي تتجاوز 225 مليار ريال سعودي. وهو أيضاً رئيس المتداولين لفرع سامبا لندن. وهو عضو في لجنة الأصول والخصوم في سامبا. وقد شارك في العديد من المشاريع الاستراتيجية في تطوير القطاع المصرفي السعودي. قبل انضمامه إلى سامبا، عمل في البنك السعودي الهولندي، قسم المشتقات المالية - إدارة الخزينة. حصل نايف على درجة البكالوريوس في العلوم المالية والاقتصاد من جامعة الملك فهد للبترول والمعادن وشهادة الماجستير في إدارة الأعمال / مالية من جامعة الأمير سلطان بمرتبة الشرف.

**عمار بخيت:** يمتلك أكثر من 27 عاماً من الخبرة في القطاع المالي. متخصص في تأسيس الأعمال في القطاع المالي، ووضع الاستراتيجيات، وتأمين الموافقات التنظيمية والتشريعية، وبناء البنية التحتية التشغيلية، وبناء الفرق الإدارية لإدارة تلك الأعمال. أسس شركة منصة رقمية وهي شركة تقنية مالية متخصصة بتشغيل منصة تعمل على تمويل الشركات الصغيرة والمتوسطة المملكة العربية السعودية (2017-حتى الآن). عمل في عوده كابيتال كرئيس إدارة الأصول وتطوير المنتجات (2007-2017). أسس إدارة الاستثمار في بنك رأس الخيمة (دبي) (2003-2006). عمل في سامبا المالية كمدير صناديق الأسهم السعودية (1998-2002). شارك في تأسيس شركة بخيت للاستشارات المالية (1993-1998).

**عمرو رأفت شهبان:** عمرو شهبان هو مدير تنفيذي في مجد العربية للاستشارات الإدارية، المملكة العربية السعودية. يحمل عمرو شهادة بكالوريوس في إدارة الأعمال من جامعة عمان الأهلية في الأردن. يمتلك أكثر من 25 عاماً من الخبرة في استشارات المكاتب العائلية، استشارات الاستثمار، الاستراتيجية، وتخطيط الأعمال. السيد/شهبان هو مؤسس كارتال أديفازوري ليمتد، الإمارات. خلال حياته المهنية المميزة، قدم السيد/شهبان خدماته للعديد من المؤسسات (ماسك، مجموعة سامبا المالية، مجموعة المجدوعي، مجموعة أرباح للاستثمار، بيكر تيلي السعودية) في السعودية والأردن في مناصب عليا (الرئيس التنفيذي، مدير تنفيذي، مدير عام).

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

### 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، إضافةً 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.

Fund's Terms and Conditions and what contained in this Regulation.

#### d. Remuneration of fund board members

Independent Board members shall be remunerated by the Fund Manager for attending at least two Board meetings per annum, which is the minimum number of the Fund's Board meetings, which shall be paid from the Fund's assets. It should be noted that this remuneration represents a sum of SAR 20,000 per year for the independent members of the Board collectively. Independent Board Members shall also be entitled to travel allowances of a maximum of SAR 7,500 paid from the Fund's assets. They shall not be included in the remuneration paid to independent directors.

#### e. A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund

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

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

Fund's/ Member's Name	عمرو شهبان Amr Shahwan	عمار بخيت Ammar Bakheet	نايف السيف Naif AlSaif	على الحواس Ali Al Hawas	اسم الصندوق / العضو
SNB Capital Al Sunbullah USD	✓	✓		✓	صندوق الأهلي السنبلية بالدولار
SNB Capital Al Sunbullah SAR	✓	✓		✓	صندوق الأهلي السنبلية بالريال
SNB Capital Al-Raed GCC Fund	✓	✓		✓	صندوق الأهلي الرائد الخليجي
SNB Capital Al Ataa GCC Equity Fund	✓	✓		✓	صندوق الأهلي العطاء للأسهم السعودية
SNB Capital Al Ataa Saudi Equity Fund	✓	✓		✓	صندوق الأهلي العطاء للأسهم الخليجية
SNB Capital Al Jood GCC Equity Fund	✓	✓		✓	صندوق الأهلي الجود للأسهم الخليجية
SNB Capital Al Raed Saudi Equity Fund	✓	✓		✓	صندوق الأهلي الرائد للأسهم السعودية
SNB Capital Al Razeen USD Liquidity Fund	✓	✓		✓	صندوق الأهلي الرزين بالدولار
SNB Capital Al Razeen SAR Liquidity Fund	✓	✓		✓	صندوق الأهلي الرزين بالريال
SNB Capital Al Musahem GCC Fund	✓	✓		✓	صندوق الأهلي المساهم الخليجي
SNB Capital China Equity Fund	✓	✓		✓	صندوق الأهلي للأسهم الصينية
SNB Capital Global Equity Fund	✓	✓		✓	صندوق الأهلي للأسهم العالمية

#### د. مكافآت أعضاء مجلس إدارة الصندوق

يتقاضى أعضاء المجلس المستقلين مكافأة من مدير الصندوق في حال حضور اجتماعين بالسنة وهو الحد الأدنى لعدد اجتماعات مجلس إدارة الصندوق حيث يتقاضى كل عضو مستقل مكافأة تدفع من أصول الصندوق. وتجدر الإشارة إلى أن هذه المكافأة تمثل مبلغ إجمالي 20,000 سنوياً لأعضاء المجلس المستقلين مجتمعين. كما تدفع لأعضاء المجلس المستقلين مخصصات سفر بحد أقصى 7,500 ريال سعودي سنوياً للعضو المستقل الواحد تدفع من أصول الصندوق وليست مضمنة مع المكافأة المدفوعة للأعضاء المستقلين. ولا يتقاضى أعضاء مجلس الإدارة غير المستقلين أي مكافأة من مدير الصندوق مقابل دورهم كأعضاء في مجلس إدارة الصندوق.

#### هـ. تعارض المصالح بين مصالح عضو مجلس إدارة الصندوق

##### ومصالح الصندوق

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

#### و. جدول يوضح جميع مجالس إدارة الصناديق التي يشارك فيها

##### عضو مجلس الصندوق

Fund's/ Member's Name	عمرو شهبان Amr Shahwan	عمار بخيت Ammar Bakheet	نايف السييف Naif AlSaif	على الحواس Ali Al Hawas	اسم الصندوق / العضو
SNB Capital Al Musahem Saudi Equity Fund	✓	✓		✓	صندوق الأهلي المساهم للأسهم السعودية
SNB Capital Arab Markets Equity Fund	✓	✓		✓	صندوق الأهلي لأسواق الأسهم العربية
SNB Capital GCC Financial Sector Fund	✓	✓		✓	صندوق الأهلي للقطاع المالي الخليجي
SNB Capital Corporates Sukuk Fund	✓	✓	✓	✓	صندوق الأهلي للصكوك السيادية
SNB Capital Sovereign Sukuk Fund	✓	✓		✓	صندوق الأهلي لصكوك الشركات
SNB Capital Real Estate Fund		✓			صندوق الأهلي العقاري
SNB Capital GCC Growth and Income Fund			✓		صندوق الأهلي الخليجي للنمو والدخل
SNB Capital Global REITs Fund			✓		صندوق الأهلي العالمي للريت
SNB Capital Fund of REITs Fund			✓		صندوق الأهلي القابض لصناديق الاستثمار العقارية المتداولة
SNB Capital Freestyle Saudi Equity Fund			✓		صندوق الأهلي المرن للأسهم السعودية
SNB Capital Saudi Small and Mid-Cap Equity Fund			✓		صندوق الأهلي لأسهم الشركات السعودية الصغيرة والمتوسطة
SNB Capital Global Health Care Fund			✓		صندوق الأهلي العالمي للرعاية الصحية
SNB Capital GCC Trading Equity Fund			✓		صندوق الأهلي للمتاجرة بالأسهم الخليجية
SNB Capital Saudi Trading Equity Fund			✓		صندوق الأهلي للمتاجرة بالأسهم السعودية
SNB Capital Asia Pacific Index Fund			✓		صندوق الأهلي لمؤشر أسهم آسيا والباسيفيك
SNB Capital Emerging Markets Index Fund			✓		صندوق الأهلي لمؤشر أسهم الأسواق الناشئة
SNB Capital North America Index Fund			✓		صندوق الأهلي لمؤشر أسهم أمريكا الشمالية
SNB Capital Europe Index Fund			✓		صندوق الأهلي لمؤشر أسهم أوروبا

#### 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 2023. 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 2023م، 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)

## 2) Names and addresses of Sub-Manager / Investment Adviser

None.

## 2) اسم وعنوان مدير الصندوق من الباطن و/أو مستشارين الاستثمار (إن وجد)

لا يوجد.

## 3) Investment Activities during the period

With the high yield levels caused by central banks tightening their policy rates to control the inflationary environment, the fund overweighed the duration of the benchmark to take advantage of expected downward shift of yield curves which will drive up Sukuk prices, and continued on diversifying the fund's Sukuk exposure by participating in primary Issuance of KSA government local sukuk.

## 3) أنشطة الاستثمار خلال الفترة

مع ارتفاع منحى العوائد وذلك بسبب سياسة التشديد للبنوك المركزية ورفع أسعار الفائدة للحد من البيئة التضخمية، قام الصندوق برفع معدل استحقاق الصندوق للاستفادة من الانخفاض المتوقع لمنحى العائد والذي سيؤثر إيجابياً على أسعار الصكوك كما استمر الصندوق بتنويع تواريخ استحقاق الصكوك في الصندوق وذلك عن طريق المشاركة في طروحات أولية للصكوك الحكومية.

## 4) Performance

	Class A:	Class B:	فئة ب	فئة أ
Fund Performance	N/A	-0.10%	-0.10%	N/A
Benchmark Performance	N/A	6.23%	6.23%	N/A

Class A: inactive in the meantime.

Class B: fund underperformed the benchmark by 633 bps.

## 4) تقرير الأداء خلال الفترة

	فئة ب	فئة أ
أداء الصندوق	-0.10%	N/A
أداء المؤشر	6.23%	N/A

فئة أ: غير نشطة في الوقت الحالي.

فئة ب: انخفض أداء الصندوق عن أداء المؤشر بفارق 633 نقطة أساس.

## 5) Terms & Conditions Material Changes

- Non-fundamental Changes: as shown below:  
First: Amending subparagraphs (a) "Names of Fund Board members" in paragraph (24) "Fund Board".  
Second: Amending subparagraphs (b) "Brief about the Fund Board members' qualifications" paragraph (24) "Fund Board".  
Third: Update the sub-paragraph (f) "Table showing all the funds boards that the relevant Board member is participating in" in paragraph (24) "Fund Board".
- Non-fundamental Changes: as shown below:  
First: Amending the Fund's summary.  
Second: Updating the auditor information (where applicable).  
Third: Appointing Tax adviser and Adding his information (where applicable).  
Forth: Amending subparagraph (f) in paragraph (4) "The Main Risks of Investing in the Fund".  
Fifth: Amending subparagraphs (a, b, c, f) in paragraph (9) "Fees, Charges and Expenses".  
Sixth: Amending subparagraph (a) in paragraph (21) "Fund Manager".  
Seventh: Amending subparagraph (a, c) in paragraph (25) "Shariah Committee".

## 5) تغييرات حدثت في شروط وأحكام الصندوق

- تغييرات غير أساسية: كما هو موضح أدناه:  
أولاً: تعديل الفقرة الفرعية (أ) "أعضاء مجلس إدارة الصندوق"، من الفقرة (24) "مجلس إدارة الصندوق".  
ثانياً: تعديل الفقرة الفرعية (ب) "مؤهلات أعضاء مجلس إدارة الصندوق"، من الفقرة (24) "مجلس إدارة الصندوق".  
ثالثاً: تعديل الفقرة الفرعية (و) "مجالس إدارة الصناديق التي يشارك فيها عضو مجلس الصندوق ذي العلاقة"، من الفقرة (24) "مجلس إدارة الصندوق".
- تغييرات غير أساسية: كما هو موضح أدناه:  
أولاً: تحديث ملخص الصندوق.  
ثانياً: تحديث معلومات مراجع الحسابات (حيثما ينطبق).  
ثالثاً: تعيين مستشار ضريبي وإضافة المعلومات اللازمة له حيثما ينطبق.  
رابعاً: تعديل الفقرة الفرعية (و) من الفقرة الرئيسية (4) "قائمة المخاطر الرئيسية للاستثمار في الصندوق".  
خامساً: تحديث الفقرات الفرعية (أ، ب، ج، و) من الفقرة الرئيسية (9) "مقابل الخدمات والعمولات والأتعاب".  
سادساً: تحديث الفقرة الفرعية (أ) من الفقرة الرئيسية (21) "اسم مدير الصندوق وواجباته ومسؤولياته".  
سابعاً: تحديث الفقرة الفرعية (أ، ج) من الفقرة الرئيسية (25) "اللجنة الشرعية".

## 6) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period

None.

## 6) أي معلومة أخرى من شأنها أن تُمكن مالكي الوحدات من اتخاذ قرار مدروس ومبني على معلومات كافية بشأن أنشطة الصندوق خلال الفترة

لا يوجد.

## 7) Investments in other Investment Funds

The fund management fee is 0.25% for class (A) and 0.40% for class (B) of NAV. Management fees charged by investments in the following funds have been rebated:

## 7) الاستثمار في صناديق استثمارية أخرى

رسوم إدارة الصندوق 0.25% للفئة (أ) و 0.40% للفئة (ب) من صافي قيمة الأصول. وقد تم التنازل عن رسوم الإدارة للصناديق الاستثمارية التي يستثمر بها الصندوق الموضحة أدناه:

- SNB Capital Saudi Riyal Trade Fund.	- صندوق الأهلي للمتاجرة بالريال السعودي.
<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>	<b>أ. تعارض في المصالح</b>
None.	لا يوجد.
<b>b. Fund Distribution During The Year</b>	<b>ب. توزيعات الصندوق خلال العام</b>
None.	لا يوجد.
<b>c. Incorrect Valuation or Pricing</b>	<b>ج. خطأ في التقويم والتسعير</b>
None.	لا يوجد.
<b>d. Investment Limitation Breaches</b>	<b>د. مخالفة قيود الاستثمار</b>
None.	لا يوجد.
<b>10) Period for the management of the person registered as fund manager</b>	<b>10) مدة إدارة الشخص المسجل كمدير للصندوق</b>
Since August – 2021.	منذ أغسطس – 2021م.
<b>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)</b>	<b>11) الإفصاح عن نسبة مصروفات كل صندوق بنهاية العام والمتوسط المرجح لنسبة مصروفات كل الصناديق الرئيسة المستثمر فيها (حيثما ينطبق)</b>
As shown in the sub-paragraph (7) of paragraph (C) in this Annual Report.	كما هو موضح في الفقرة الفرعية (7) من الفقرة (ج) من هذا التقرير السنوي.

## D) Custodian أمين الحفظ

<b>1) Name and address of custodian</b>	<b>1) اسم أمين الحفظ، وعنوانه</b>
<b>HSBC Saudi Arabia</b> Olaya, P.O. Box 2255, Riyadh 12283, Saudi Arabia Tel: +966920005920 Website: <a href="http://www.hsbcSaudi.com">www.hsbcSaudi.com</a>	<b>شركة اتش اس بي سي العربية السعودية (HSBC)</b> العليا، ص.ب. 2255، الرياض 12283، المملكة العربية السعودية هاتف: +966920005920 الموقع الإلكتروني: <a href="http://www.hsbcSaudi.com">www.hsbcSaudi.com</a>
<b>2) Custodian's duties and responsibilities</b>	<b>2) واجبات ومسؤوليات أمين الحفظ</b>
- 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.	- 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.
- 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.	- 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.

- 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.

## E) Fund Operator هـ) مشغل الصندوق

### 1) Name and address of fund operator 1) اسم مشغل الصندوق، وعنوانه

<b>SNB Capital Company</b> King Saud Road, P.O. Box 22216, Riyadh 11495, Saudi Arabia Tel: +966 920000232 Website: <a href="http://www.alahlicapital.com">www.alahlicapital.com</a>	<b>شركة الأهلي المالية</b> طريق الملك سعود، ص.ب. 22216، الرياض 11495، المملكة العربية السعودية هاتف: +966 920000232 الموقع الإلكتروني: <a href="http://www.alahlicapital.com">www.alahlicapital.com</a>
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### 2) Operator's duties and responsibilities 2) واجبات ومسؤوليات مشغل الصندوق

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- In relation to investment funds, the fund operator shall be responsible for operating the investment fund.</li> <li>- The fund operator must maintain the books and records related to the operation of the fund it operates.</li> <li>- The fund operator must establish a register of unitholders and must maintain it in the Kingdom in accordance to the Investment Funds Regulations.</li> <li>- The fund operator shall be responsible for the process of dividends distribution (if available) to unitholders.</li> <li>- The fund operator must process requests for subscriptions, redemption or transfer according to the fund's Terms &amp; Conditions.</li> <li>- 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 &amp; Conditions.</li> </ul> | <ul style="list-style-type: none"> <li>- يكون مشغل الصندوق مسؤولاً عن تشغيل الصندوق.</li> <li>- يقوم مشغل الصندوق بالاحتفاظ بالدفاتر والسجلات ذات الصلة بتشغيل الصندوق.</li> <li>- يقوم مشغل الصندوق بإعداد وتحديث سجلّ بالكي الوحدات وحفظه في المملكة وفقاً لمتطلبات لائحة صناديق الاستثمار.</li> <li>- يُعدّ مشغل الصندوق مسؤولاً عن عملية توزيع الأرباح (إن وجدت) حسب سياسة التوزيع المنصوص عليها في شروط وأحكام الصندوق.</li> <li>- يقوم مشغل الصندوق بإجراءات الاشتراك والاسترداد والتحويل حسب المنصوص عليها في شروط وأحكام الصندوق.</li> <li>- يُعدّ مشغل الصندوق مسؤولاً عن تقييم أصول الصندوق تقييماً كاملاً وعادلاً وحساب سعر وحدات الصندوق حسب ما ورد في شروط وأحكام الصندوق.</li> </ul> |
|--|--|

## F) Auditor و) مراجع الحسابات

### Name and Address of Auditor اسم مراجع الحسابات، عنوانه

<b>KPMG Professional Services</b> Riyadh Front – Airport Road P.O Box. 92876, Riyadh 11663, Saudi Arabia Tel: +966118748500 Website: <a href="http://www.kpmg.com/sa">www.kpmg.com/sa</a>	<b>كي بي ام جي للخدمات المهنية</b> واجهة الرياض – طريق المطار ص.ب. 92876، الرياض 11663 المملكة العربية السعودية هاتف: +966118748500 الموقع الإلكتروني: <a href="http://www.kpmg.com/sa">www.kpmg.com/sa</a>
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## G) Financial Statements ز) القوائم المالية

As shown below in the financial statements section. كما هو موضح أدناه في قسم القوائم المالية.

**H) Zakat Calculations****ح) حساب الزكاة****New regulations effective during the year**

"The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Funds permitted by the CMA.

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit an information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Unitholders are obliged to pay due ZAKAT based on their unit owned.

During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and submitted information declaration on time and the due ZAKAT amount for the year ended 31 December 2023 for the fund units was amounted to 0.2401 Saudi Riyal per unit. Knowing that fund investment in local KSA SAR government SUKUK as at 31 December 2023 amounted to 46,582,388.63".

**الوائح الجديدة سارية المفعول خلال العام**

"وافق وزير المالية بموجب القرار الوزاري رقم (29791) وتاريخ 9 جمادى الأولى 1444هـ (الموافق 3 ديسمبر 2022م) على قواعد الزكاة لصناديق الاستثمار المسموح بها من قبل هيئة السوق المالية.

تسري القواعد اعتبارًا من 1 يناير 2023 وتتطلب من صناديق الاستثمار التسجيل لدى هيئة الزكاة والضرائب والجمارك (الهيئة). كما تلزم القواعد أيضًا من صناديق الاستثمار تقديم إقرار معلومات إلى (الهيئة) خلال 120 يومًا من نهاية سنتها المالية، بما في ذلك القوائم المالية المدققة وسجلات المعاملات الأطراف ذات العلاقة وأي بيانات أخرى تطلبها الهيئة بموجب القواعد، لا تخضع صناديق الاستثمار للزكاة بشرط ألا تمارس أنشطة اقتصادية أو استثمارية غير مشروطة ووفقا للشروط والأحكام المعتمدة من هيئة أسواق المال. سيتحمل كل مالك في حدود ملكيته سداد الزكاة عن تلك الوحدات.

خلال العام الحالي، أكمل مدير الصندوق عملية تسجيل الصندوق لدى الهيئة وتم تقديم إعلان المعلومات في الوقت المناسب وكان مبلغ الزكاة الواجب أدائه للعام المالي المنتهي في 31 ديسمبر 2023 عن وحدات الصندوق 0.2401 ريال سعودي عن كل وحدة. مع العلم بأن استثمارات الصندوق في صكوك الحكومة السعودية المصدرة محليًا بالريال السعودي قد بلغت في 31 ديسمبر 2023 46,582,388.63".

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
(Managed by the SNB Capital Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2023  
with  
**Independent Auditor's Report to the Unitholders**



## KPMG Professional Services

Roshn 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 روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Unitholders of the SNB Capital Sovereign Sukuk Fund

## Opinion

We have audited the financial statements of the **SNB Capital Sovereign Sukuk Fund** (the "Fund") managed by the SNB Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in net assets attributable to the Unitholders and cash flows for the year then ended, and notes to the financial statements, comprising material 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is 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 the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the 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 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.

# Independent Auditor's Report

To the Unitholders of the SNB Capital Sovereign Sukuk 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 the **SNB Capital Sovereign Sukuk Fund** (the "Fund").

### KPMG Professional Services

**Ebrahim Oboud Baeshen**  
License No. 382



Riyadh: 16 Sha'ban 1445H  
Corresponding to 26 February 2024

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Notes</i>	<i>31 December</i> <b><u>2023</u></b>	<i>31 December</i> <b><u>2022</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	9	<b>309</b>	259
Investments measured at fair value through profit or loss (FVTPL investments)	10	<b>53,237</b>	103,210
Other receivables		<b>44</b>	613
<b>Total assets</b>		<b><u>53,590</u></b>	<u>104,082</u>
<b>LIABILITIES</b>			
Other payables		<b>199</b>	1,235
<b>Net assets attributable to the Unitholders (Class A)</b>		<b>--</b>	<b>--</b>
<b>Net assets attributable to the Unitholders (Class B)</b>		<b><u>53,391</u></b>	<u>102,847</u>
<b>Units in issue in thousands (number) (Class A)</b>		<b>--</b>	<b>--</b>
<b>Units in issue in thousands (number) (Class B)</b>		<b><u>5,366</u></b>	<u>10,327</u>
<b>Net assets value per unit (SAR) (Class A)</b>		<b>--</b>	<b>--</b>
<b>Net assets value per unit (SAR) (Class B)</b>		<b><u>9.9499</u></b>	<u>9.9590</u>

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

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Notes</i>	<i>For the year ended 31 December</i>	
		<u>2023</u>	<u>2022</u>
Special commission income on Sukuk		2,177	7,951
Unrealised gain / (loss) on FVTPL investments – net		3,486	(8,330)
Realised loss on FVTPL investments – net		(4,044)	(18,753)
Rebate income		58	282
<b>Total income / (loss)</b>		<b>1,677</b>	<b>(18,850)</b>
Management fees	11	(285)	(943)
Other expenses		(314)	(613)
Auditors' remuneration	12	(51)	(45)
Value added tax expense	11	(47)	(141)
<b>Total operating expenses</b>		<b>(697)</b>	<b>(1,742)</b>
<b>Profit / (loss) for the year</b>		<b>980</b>	<b>(20,592)</b>
<b>Other comprehensive income for the year</b>		<b>--</b>	<b>--</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>980</b>	<b>(20,592)</b>

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

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
(Managed by the SNB Capital Company)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>For the year ended 31 December</i>	
	<u>2023</u>	<u>2022</u>
<b>Net assets attributable to the Unitholders at the beginning of the year</b>	<b>102,847</b>	573,887
Total comprehensive income for the year	<b>980</b>	(20,592)
<b>Net decrease in net assets from unit transactions during the year</b>		
Proceeds from units issued	<b>4,240</b>	2,669
Value of units redeemed	<b>(54,676)</b>	(453,117)
	<b>(50,436)</b>	(450,448)
<b>Net assets attributable to the Unitholders at the end of the year</b>	<b>53,391</b>	102,847
<i>Of which:</i>		
<i>Class A</i>	--	--
<i>Class B</i>	<b>53,391</b>	102,847

**UNIT TRANSACTIONS**

Transactions in units during the year are summarized as follows:

	<i>For the year ended 31 December</i>	
	<u>2023</u>	<u>2022</u>
	-----Units in '000s-----	
<b>Units at the beginning of the year</b>	<b>10,327</b>	53,981
Units issued	<b>418</b>	261
Units redeemed	<b>(5,379)</b>	(43,915)
<b>Net decrease in units during the year</b>	<b>(4,961)</b>	(43,654)
<b>Units at the end of the year</b>	<b>5,366</b>	10,327
<i>Of which:</i>		
<i>Class A</i>	--	--
<i>Class B</i>	<b>5,366</b>	10,327

As at 31 December 2023, the top 5 unitholders represented 32.38% (2022: 40.25%) of the Fund's units.

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

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

	<i>Notes</i>	<i>For the year ended 31 December</i>	
		<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>			
Profit / (loss) for the year		<b>980</b>	(20,592)
<i>Adjustments for:</i>			
Unrealised (gain) / loss on FVTPL investments – net		<b>(3,486)</b>	8,330
Realised loss on FVTPL investments – net		<b>4,044</b>	18,753
		<b>1,538</b>	6,491
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		<b>49,415</b>	437,697
Other receivables		<b>569</b>	554
Other payables		<b>(1,036)</b>	(4,627)
		<b>50,486</b>	440,115
<b>Net cash generated from operating activities</b>		<b>50,486</b>	440,115
<b>Cash flows from financing activities</b>			
Proceeds from units issued		<b>4,240</b>	2,669
Value of units redeemed		<b>(54,676)</b>	(453,117)
		<b>(50,436)</b>	(450,448)
<b>Net cash used in financing activities</b>		<b>(50,436)</b>	(450,448)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>50</b>	(10,333)
Cash and cash equivalents at the beginning of the year	9	<b>259</b>	10,592
<b>Cash and cash equivalents at the end of the year</b>	9	<b>309</b>	259

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

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**1. THE FUND AND ITS ACTIVITIES**

SNB Capital Sovereign Sukuk Fund (the “Fund”) is a Shariah compliant open-ended investment fund, established under article 31 of the Investment Funds Regulations (the “Regulations”) issued by the Capital Market Authority (“CMA”), managed by the SNB Capital Company (the “Fund Manager”), a subsidiary of The Saudi National Bank (“the Bank”), for the benefit of the Fund's Unitholders.

The Fund aims to provide long term capital appreciation by primarily investing in Sovereign Sukuk denominated in Saudi Riyal issued by government entities in the Kingdom of Saudi Arabia and money market funds that are compatible with Sharia regulations.

The Fund has two classes of redeemable units – Class A and Class B. The Fund Manager charges the Fund a management fee of 0.25% and 0.40% of the net assets value of Class A and Class B units respectively at each valuation day. In addition, the Fund Manager has the right to collectively charge the Fund all other expenses related to the management of the Fund, including but not limited to audit fee and legal charges subject to limits as set out in the Fund’s terms and conditions.

The terms and conditions of the Fund were issued on 12 Jumada II 1440H (corresponding to 17 February 2019). The Fund commenced its activities on 1 Jumada II 1440 (corresponding to 06 February 2019).

**2. REGULATING AUTHORITY**

The Fund is governed by the Regulations issued by the CMA’s Board Resolution no. (1-219-2006) dated 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended pursuant to the CMA’s Board Resolution no. (2-22-2021) dated 12 Rajab 1442 H (corresponding to 24 February 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia.

**3. BASIS OF ACCOUNTING**

These financial statements of the Fund have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and comply with the applicable provisions of the Investment Funds Regulations issued by the CMA and the Fund’s terms and conditions.

**4. BASIS OF MEASUREMENT AND PRESENTATION**

These financial statements have been prepared on a historical cost convention using the accrual basis of accounting and going concern concept 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.

**5. 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 Saudi Arabian Riyals (“SAR”) which is the Fund’s functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**6. CHANGES IN THE FUND'S TERMS AND CONDITIONS**

During the year, there have been no significant changes to the terms and conditions of the Fund.

**7. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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

Significant area where management has used estimates, assumptions or exercised judgements is in fair value measurement which is detailed in note 14 of these financial statements.

**8. MATERIAL ACCOUNTING POLICIES**

The Fund has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated. In addition, the Fund adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. The amendments require the disclosure of material, rather than significant, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

The material accounting policies applied in the preparation of these financial statements are set out below.

**8.1 *Financial assets and liabilities***

***Classification of financial assets***

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

***Financial assets measured at amortised cost***

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest / commission on the principal amount outstanding.

***Financial assets measured at FVOCI***

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

- 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 interest / 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.

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**8. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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

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

**Financial assets measured at FVTPL**

All financial assets not classified as measured at amortised cost or FVOCI are measured 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 interest / 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.

In assessing whether the contractual cash flows are solely payments of principal and interest / 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.

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**8. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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

***Classification of financial liabilities***

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

***Recognition and initial measurement***

Financial assets and liabilities 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. The Fund shall recognize 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. Other financial assets and financial liabilities are recognized on the date on which they are originated.

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

***Subsequent measurement***

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

***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 and the consideration received is recognized in the statement of profit or loss.

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 a 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 measured at FVTPL and foreign exchange gains and losses.

**8.2 *Net assets value per unit***

The net assets value per unit is calculated by dividing the net assets attributable to the Unitholders included in the statement of financial position by the number of units outstanding at the year end.

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**8. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**8.3 *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 these meet all of the following conditions:

- they entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- they are in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that are subordinate to all other classes of instruments have identical features;
- the instruments do not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instruments over their 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 instruments.

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

**8.4 *Special commission income***

Special commission income presented in the statement of profit or loss and other comprehensive income comprises of commission on financial assets and financial liabilities measured at amortised cost calculated on an effective interest / commission rate 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, 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 amortised 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.

**8.5 *Management fees expense***

Management fees expense is recognized in the statement of profit or loss as the related services are performed.

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals ‘000 (unless otherwise stated)

**8. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2023. The Fund manager has assessed that the amendments have no significant impact on the Fund’s financial statements.

**Standards, interpretations and amendments**

Amendments to IAS 1 and IFRS practice statement 2 – *Disclosure of accounting policies*

Amendments to IAS 8 – *Definition of accounting estimates*

Amendments to IAS 12 – *Deferred tax related to assets and liabilities arising from a single transaction*

Amendments to IAS 12 - International tax reform – Pillar Two Model Rules

Amendments to IFRS 17 - Insurance Contracts

**New regulations effective during the year**

The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Funds permitted by the CMA.

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit an information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Zakat collection will be applied on the Fund’s Unitholders.

During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting information declaration in due course.

**8.7 *Standards, interpretations and amendments issued but not yet effective***

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

<b><u>Standards, interpretations and amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associates or joint venture	Available for optional adoption / effective date deferred indefinitely

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

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**9. CASH AND CASH EQUIVALENTS**

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

**10. FVTPL INVESTMENTS**

Investments measured at fair value through profit or loss include the following:

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
<b>Funds managed by the Fund Manager</b>				
Units of SNB Capital Saudi Riyal Trade Fund – a related party	<b>6,519</b>	<b>6,655</b>	21,925	22,052
<b>Investment in Sukuk</b>				
Government Sukuk – note (a)	<b>50,353</b>	<b>46,582</b>	88,139	81,158
	<b>56,872</b>	<b>53,237</b>	110,064	103,210

- a) Investments measured at FVTPL include investment made in Government Sukuk with yields ranging from 2.60% to 4.69% per annum (2022: 2.17% to 4.64% per annum) and having maturities up till April 2049.

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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

Following are the details of transactions and balances with related parties not disclosed elsewhere in these financial statements as at and for the year ended 31 December 2023:

***Management fees and other expenses***

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues daily, a management fee up to 0.25% (2022: 0.25%) per annum for class A and 0.40% (2022: 0.40%) per annum for class B of the Fund's daily net assets value as set out in the Fund's terms and conditions. The Fund Manager may waive management fees to the extent of the Fund's investments in other Funds managed by the Fund Manager. This is included in rebate income in the statement of profit or loss.

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% (2022: 0.5%) per annum of the Fund's net assets value at the respective valuation days. These expenses are recovered by the Fund Manager on an actual basis.

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals ‘000 (unless otherwise stated)

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

*Management fees and other expenses (continued)*

Following are the details of transactions and balances with Fund Manager related to management fees and other expenses:

Name of related party	Nature of transactions	Amounts of transactions for the year ended		Net payable balance as at	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
SNB Capital Company	Management fees (including value added tax)	332	1,084	160	509
	Expenses paid on behalf of the Fund	365	658		
	Rebate income	58	282		

**12. AUDITORS' REMUNERATION**

	<i>For the year ended 31 December</i>	
	<u>2023</u>	<u>2022</u>
Fee for:		
Statutory audit	32	32
Interim review	13	13
Zakat services	6	--
	<u>51</u>	<u>45</u>

**13. FINANCIAL RISK MANAGEMENT**

The Fund's activities expose it to a variety of financial risks including market risks, 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 governance 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's terms and conditions set out the Fund's overall business strategies, its tolerance of risks and its general risk management philosophy. Compliance with the limits are monitored by the Fund Board on a quarterly basis. In instances where portfolio has diverged from limits prescribed in the terms and conditions of the Fund, the Fund Manager is obliged to take actions to re-balance the portfolio in line with the investment guidelines within prescribed timelines.

**13.1 Market risks**

'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.

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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

**13.1 *Market risks (continued)***

*a) Currency risk*

Currency 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 currencies.

The Fund does not have any currency risk since all the transactions are carried out in SAR.

*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.

All the assets and liabilities of the Fund are non-commission bearing. Therefore, the Fund is not exposed to commission rate risk.

*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. Other price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager daily monitors concentration of risk in securities and industries in line with defined limits while closely tracking the portfolio level volatilities. As of the statement of financial position date, the Fund has investments in equity securities which are exposed to other price risk.

The effect on the net assets as a result of the change in the fair value of investments as at 31 December due to a reasonably possible notional change in market value of investments measured at FVTPL by 10%, with all other variables held constant, is as follows:

	<b>31 December</b>	31 December
	<b><u>2023</u></b>	<u>2022</u>
Effect on net assets attributable to the Unitholders	<b><u>± 5,324</u></b>	<u>± 10,321</u>

**13.2 *Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Fund Manager seeks to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

As at the statement of financial position date, the Fund's significant exposure to credit risk arises from cash and cash equivalents, which represents cash at bank with a local bank having Moody's credit rating of A3 which is line with globally understood definitions of investment grade. Accordingly, there is no impact of expected credit loss allowance on these financial assets.

**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**13 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**13.3 *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 not being able to meet Unitholder's redemption requests 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 or liquidation of the investment portfolio and by investing predominantly in securities that it expects to be able to liquidate within a short period of time.

**13.4 *Operational risk***

Operational risk is the risk of direct or indirect losses 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 the 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 level agreements 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.



**SNB CAPITAL SOVEREIGN SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in Saudi Arabian Riyals '000 (unless otherwise stated)

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**14. FAIR VALUE MEASUREMENT (CONTINUED)**

*Carrying amounts and fair value (continued)*

The Fund has classified FVTPL investments as level 2 as per the fair value hierarchy. The Fund determines fair value of investments in un-listed open-ended investment funds measured at FVTPL using unadjusted net assets value and Fair value of investment in Sukuk is determined using observable input parameters derived from comparable markets.

During the year, there has been no transfer in fair value hierarchy for any financial assets or liabilities. For other financial assets and liabilities such as cash and cash equivalents, other receivables and other payables, the carrying values were determined to be a reasonable approximation of fair value due to their nature.

**15. LAST VALUATION DAY**

The last valuation of day for the year was 31 December 2023 (2022: 29 December 2022).

**16. 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.

**17. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund Board on 15 Sha'ban 1445 H corresponding to 25 February 2024.