AL RAJHI BALANCED FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Financial statements
For the year ended 31 December 2024
together with the
Independent Auditor's Report

AL RAJHI BALANCED FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
For the year ended 31 December 2024
(Amounts in SAR)

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Commercial Registration No. 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
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 Al Rajhi Balanced Fund

Opinion

We have audited the financial statements of **Al Rajhi Balanced Fund** (the "Fund") managed by Al Rajhi Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2024, and the statements of comprehensive income, changes in net assets (equity) 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 2024, 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 (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' 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 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, is responsible for overseeing the Fund's financial reporting process.

KPMG

Independent Auditor's Report

To the Unitholders of Al Rajhi Balanced 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 ISA 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 ISA 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 **Al Rajhi Balanced Fund** (the "Fund").

KPMG Professional Services Company

Saleh Mohammad S Mostafa
License No: 524

Riyadh: 26 Ramadan 1446H
Corresponding to: 26 March 2025

AL RAJHI BALANCED FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Statement of Financial Position
For the year ended 31 December 2024
(Amounts in SAR)

	Notes	**31 December 2024**	31 December 2023
ASSETS			
Cash and cash equivalents	*5*	**2,777,230**	394,269
Financial assets at fair value through profit or loss (“FVTPL”)	*6*	**368,726,609**	194,405,099
Dividend receivable		**65,989**	--
Total Assets		**371,569,828**	194,799,368
LIABILITIES			
Payable to the Unitholders on account of redemption		**245,562**	--
Accrued expenses	*7*	**123,591**	56,795
Total Liabilities		**369,153**	56,795
Net assets (equity) attributable to the Unitholders		**371,200,675**	194,742,573
Units in issue *(numbers)*		**28,279,907**	16,001,057
Net assets value attributable to each unit *(SAR)*		**13.13**	12.17

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

AL RAJHI BALANCED FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Statement of Comprehensive Income
For the year ended 31 December 2024
(Amounts in SAR)

	Notes	**2024**	2023
INCOME			
Net unrealized gain on financial assets at FVTPL	*6.1*	**2,279,647**	11,145,308
Net realized gain on financial assets at FVTPL		**14,755,415**	3,676,491
Dividend income		**1,486,105**	1,211,054
		18,521,167	16,032,853
EXPENSES			
Professional fee		**(34,500)**	(34,500)
Custody fee		**(56,619)**	(32,333)
Other expenses	*8*	**(81,992)**	(25,902)
		(173,111)	(92,735)
Net income for the year		**18,348,056**	15,940,118
Other comprehensive income for the year		**--**	--
Total comprehensive income for the year		**18,348,056**	15,940,118

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

AL RAJHI BALANCED FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Statement of changes in net assets (equity) attributable to the Unitholders
For the year ended 31 December 2024
(Amounts in SAR)

	2024	2023
Net assets (equity) attributable to the Unitholders at beginning of the year	**194,742,573**	152,236,649
Net income for the year	**18,348,056**	15,940,118
Other comprehensive income for the year	**--**	--
Total comprehensive income for the year	**18,348,056**	15,940,118
Issuance of units during the year	**199,526,180**	51,425,488
Redemption of units during the year	**(41,416,134)**	(24,859,682)
Net contribution by the Unitholders	**158,110,046**	26,565,806
Net assets (equity) attributable to the Unitholders at end of the year	**371,200,675**	194,742,573

Unit transactions *(numbers)*

Transactions in units for the year are summarised as follows:

	2024 (In units)	2023 (In units)
Units in issuance at beginning of the year	**16,001,057**	13,736,288
Issuance of units during the year	**15,553,349**	4,427,289
Redemption of units during the year	**(3,274,499)**	(2,162,520)
Net increase in units	**12,278,850**	2,264,769
Units in issuance at end of the year	**28,279,907**	16,001,057

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

AL RAJHI BALANCED FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Statement of Cash flows
For the year ended 31 December 2024
(Amounts in SAR)

	Notes	**2024**	2023
Cash flows from operating activities			
Net income for the year		**18,348,056**	15,940,118
Adjustments for:			
Net unrealised gain on financial assets at FVTPL	*6.1*	**(2,279,647)**	(11,145,308)
Net realised gain on financial assets at FVTPL		**(14,755,415)**	(3,676,491)
Dividend income		**(1,486,105)**	(1,211,054)
Net changes in operating assets and liabilities			
Purchase of investments		**(258,515,098)**	(55,855,414)
Proceeds from sale of investments		**101,228,650**	28,397,258
Increase in payable on account of redemption		**245,562**	--
Increase / (decrease) in accrued expenses		**66,796**	(14,662)
Cash used in from operations		**(157,147,201)**	(27,565,553)
Dividend received		**1,420,116**	1,279,584
Net cash used in operating activities		**(155,727,085)**	(26,285,969)
Cash flows from financing activities			
Proceeds from issuance of units		**199,526,180**	51,425,488
Payments on redemption of units		**(41,416,134)**	(24,859,682)
Net cash generated from financing activities		**158,110,046**	26,565,806
Net increase in cash and cash equivalents		**2,382,961**	279,837
Cash and cash equivalents at beginning of the year	*5*	**394,269**	114,432
Cash and cash equivalents at end of the year	*5*	**2,777,230**	394,269

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

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Rajhi Balanced Fund, (the "Fund") is an open-ended investment fund established under an agreement between Al Rajhi Capital (the "Fund Manager"), a wholly owned subsidiary of the Al Rajhi Banking and Investment Corporation (the "Bank") and investors (the "Unitholders") in the Fund. The address of the Fund Manager is as follows:

Al Rajhi Capital, Head Office
8467 King Fahad Road, Al Muruj District
P.O. Box 2743
Riyadh 11263
Kingdom of Saudi Arabia

The Fund is designed to combine between moderate and low risk investments for investors seeking to invest in long-term investments in accordance with Islamic principles through investments in other investment funds. The Fund's net income is reinvested in the Fund, which affects the value and price per unit.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, registrar or other administrative services on behalf of the Fund. However, as per the Terms and Conditions, the Fund is not liable to pay management fee to the Fund Manager.

The Fund has appointed Al Bilad Investment Company (the "Custodian") to act as its custodian.

2. REGULATING AUTHORITY

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 (the "Amended Regulations") 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).

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared 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 SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA") and the Fund's Terms and Conditions.

3.2 Basis of measurement

The financial statements have been prepared on a historical cost basis (except for investments measured at FVTPL which are stated at their fair value) using the accrual basis of accounting.

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

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.

3. BASIS OF PREPARATION (CONTINUED)

3.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyal ("SAR"), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest SAR.

3.4 Use of estimates and judgments

The preparation of these financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

3.5 New standards and regulations

Amendments to existing standards

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2024 and accordingly adopted by the Fund, as applicable:

Standard, interpretation, amendments	Description	Effective Date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities as current or non-current	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Annual periods beginning on or after January 1, 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains	Annual periods beginning on or after January 1, 2024
Amendments to IAS 7 & IFRS 7 Supplier Finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements & their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concern that some companies' supplier finance arrangement is not sufficiently visible, hindering investors analysis. No material impact is expected for the Company.	Annual periods beginning on or after January 1, 2024 (with transitional reliefs in the first year)

The adoption of the new and amended standards and interpretations applicable to the Fund did not have any significant impact on these financial statements.

3. BASIS OF PREPARATION (CONTINUED)

3.5 New standards and regulations (continued)

New standards not yet effective

Standard, interpretation, amendments	Description	Effective Date
Amendments to IFRS 10 and IAS 28	Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	The effective date of the amendments has yet to be set by the IASB.
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after January 1, 2025
IFRS 18 - Presentation and disclosure in financial statements	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	Annual reporting period beginning on or after 1 January 2027

The Fund Manager anticipates that the application of these new standards and amendments in the future will not have any significant impact on the amounts reported.

4. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Fund in preparing its financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks, cash held with broker in trading account and with custodian in investment account.

B. Financial assets and liabilities

Recognition and initial measurement

Financial assets and liabilities at Fair value through Profit and loss (“FVTPL”) are initially recognised at trade date, which is the date on which the Fund becomes party to the contractual provisions of the instruments. Other financial assets and liabilities are recognised on the date on which they are originated.

Financial assets at FVTPL are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets not at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

A financial asset is measured at amortised 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 interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at 31 December 2024, the Fund's financial assets are cash and cash equivalent, investments measured at FVTPL and dividend receivable.

Business model assessment

The Fund makes an assessment of 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 the information is provided to the Fund Manager.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because 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 profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' 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 (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, 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.

Reclassification

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

Classification of financial liabilities

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and liabilities (continued)

Derecognition

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial 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 it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Transactions in which the Fund 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 portion of them, the transferred assets are not derecognized. Transfer of assets with retention of all or substantially all of the risk and rewards include sale and repurchase transactions.

Transactions in which the Fund neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Fund derecognises a financial liability when its contractual obligations are either discharged or cancelled, or expired.

Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions such as in the Fund’s trading activity.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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 mid price, because this price provides a reasonable approximation of the exit price.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

Fair value measurement (continued)

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 recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 10.

C. Subscription and redemption on units

Units subscribed and redeemed are recorded at net asset (equity) value per unit on the Valuation Day for which the subscription request and redemption applications are received.

Redeemable units

Redeemable units are as equity instruments as they meet certain criteria. Those criteria include:

- the redeemable units must entitle the holder to a pro-rata share of net assets;
- the redeemable units must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the redeemable units over its life must be based substantially on the profit or loss of the issuer.

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

D. Net assets value per unit

The net asset value per unit as disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units outstanding at year end.

E. Revenue recognition

Net gain or loss on financial assets and liabilities at FVTPL

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude special commission and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year’s unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument’s initial carrying amount and disposal amount.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

E. Revenue recognition

Dividend income

Dividend income is recognised in the statement of comprehensive income on the date on which the right to receive the payment for dividend is established. For quoted securities, this is usually the ex-dividend date. For unquoted securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from securities designated as at FVTPL is recognised in the statement of comprehensive income in a separate line item.

F. Fee and other expenses

Fee and other expenses are measured and recognized as expenses on an accrual basis in the period in which they are incurred.

G. Provisions

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

H. Zakat

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 Fund permitted by the CMA.

The Rules require the Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA) and submit a zakat 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 will be submitting zakat information declaration in due course.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of bank balances with Al Rajhi Banking and Investment Corporation (the "Bank"), the parent entity of the Fund Manager. In addition, these balances also comprise of cash placed with Al Bilad Investment Company (the "Custodian") for buying and selling of investment securities.

	31 December 2024	31 December 2023
Cash with bank – current account	**2,776,579**	379,269
Cash with custodian	**651**	15,000
	2,777,230	394,269

6. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of the Fund's investment portfolio in the units of mutual funds is as follows:

	31 December 2024			
	Cost (SAR)	**Fair value (SAR)**	**% of Fair value**	**Unrealised gain / (loss) (SAR)**
Investment in Funds				
Al Rajhi Awaeed Fund*	**173,442,227**	**176,928,428**	**47.98**	**3,486,201**
Al Rajhi Saving and Liquidity Fund – SAR*	**29,823,365**	**32,902,919**	**8.92**	**3,079,554**
Al Rajhi Saudi Equity Fund*	**19,163,966**	**28,188,109**	**7.64**	**9,024,143**
Al Rajhi Saving and Liquidity Fund - USD*	**20,636,715**	**24,823,545**	**6.73**	**4,186,830**
Al Rajhi Private Fund 5*	**20,100,000**	**21,842,670**	**5.92**	**1,742,670**
Al Rajhi Mid/Small-Cap Fund*	**14,121,000**	**15,265,766**	**4.14**	**1,144,766**
Al Rajhi Sukuk Fund*	**12,750,681**	**15,054,299**	**4.08**	**2,303,618**
Al Rajhi Freestyle Saudi Equity Fund*	**13,491,332**	**14,342,787**	**3.89**	**851,455**
Al Rajhi Sukuk Sustainable Distribution Fund*	**10,000,000**	**9,934,076**	**2.69**	**(65,924)**
SEDCO Capital REIT Fund	**8,929,897**	**8,115,051**	**2.20**	**(814,846)**
Al Rajhi Monthly Distribution Fund 2*	**5,550,000**	**5,552,508**	**1.51**	**2,508**
Al Rajhi Inclusion Fund*	**3,935,000**	**4,576,047**	**1.24**	**641,047**
Jadwa REIT Saudi Fund	**4,614,190**	**4,248,760**	**1.15**	**(365,430)**
Al Rajhi Indirect Financing Fund*	**3,400,000**	**3,400,000**	**0.92**	**-**
Al Rajhi Momentum Fund*	**1,529,265**	**1,846,518**	**0.51**	**317,253**
Al Rajhi Arab Equity Markets Fund*	**639,814**	**889,081**	**0.24**	**249,267**
Al Rajhi Advanced Saving Fund*	**690,000**	**722,413**	**0.21**	**32,413**
Al Rajhi Growth and Dividends Fund*	**44,010**	**64,682**	**0.02**	**20,672**
Al Rajhi GCC Equity Fund*	**12,047**	**28,950**	**0.01**	**16,903**
Total	**342,873,509**	**368,726,609**	**100.00**	**25,853,100**

6. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

	31 December 2023			
Investment in Funds	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain / (loss) (SAR)
Al Rajhi Saving and Liquidity Fund – SAR*	86,650,470	93,229,719	47.96	6,579,249
Al Rajhi Saving and Liquidity Fund – USD*	20,636,718	23,646,938	12.16	3,010,220
Al Rajhi Saudi Equity Fund*	16,131,429	21,177,188	10.89	5,045,759
Al Rajhi Sukuk Fund*	11,250,681	12,864,258	6.62	1,613,577
Al Rajhi Growth and Dividends Fund*	7,763,223	11,044,346	5.68	3,281,123
SEDCO Capital REIT Fund	8,929,897	8,821,128	4.54	(108,769)
Al Rajhi Freestyle Saudi Equity Fund*	7,015,000	8,040,109	4.14	1,025,109
Jadwa REIT Saudi Fund	4,614,190	5,648,153	2.91	1,033,963
Al Rajhi Arab Equity Markets Fund*	2,247,233	2,893,508	1.49	646,275
Al Rajhi GCC Equity Fund*	874,285	1,684,048	0.87	809,763
Al Rajhi Inclusion Fund*	935,000	1,080,309	0.56	145,309
Al Rajhi MSCI Saudi Multi Factor Index Fund*	603,379	1,063,575	0.55	460,196
Al Rajhi Monthly Distribution Fund 2*	900,000	936,252	0.48	36,252
Al Rajhi Momentum Fund*	800,000	896,433	0.46	96,433
Al Rajhi Advanced Saving Fund*	690,000	694,523	0.36	4,523
Riyad REIT Fund	790,141	684,612	0.35	(105,529)
Total	170,831,646	194,405,099	100.00	23,573,453

* A fund managed by the Fund Manager.

6.1 Movement of unrealized gain / (loss) on re-measurement of investment at FVTPL:

	2024	2023
Fair value as at 31 December	**368,726,609**	194,405,099
Cost as at 31 December	**(342,873,509)**	(170,831,646)
Unrealized gain as at 31 December	**25,853,100**	23,573,453
Unrealized gain as at 1 January	**(23,573,453)**	(12,428,145)
Unrealized gain for the year	**2,279,647**	11,145,308

7. ACCRUED EXPENSES

	31 December 2024	31 December 2023
Fund Board fee	**60,000**	8,461
Professional fee	**20,700**	20,700
Zakat advisory fee	**16,100**	--
Others	**26,791**	27,634
	123,591	56,795

8. OTHER EXPENSES

	2024	2023
Fund Board fee	**51,539**	8,461
Zakat advisory fee	**16,100**	--
CMA fee	**7,500**	7,500
Others	**6,853**	9,941
	81,992	25,902

9. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Fund include the Bank, the Fund Manager, the Fund Board and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the related parties.

In addition to transactions disclosed elsewhere in these financial statements, transactions with related parties for the years ended 31 December and related balances as at 31 December are as follows:

		Transactions for the year ended 31 December		**Balance as at 31 December**	
Related party	**Nature of transaction**	**2024**	2023	**2024**	2023
Fund Board	Fund Board fee	**51,539**	8,461	**60,000**	8,461

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures certain financial instruments at fair value at each statement of financial position date.

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

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

Valuation models

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation models (continued)

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund values securities that are traded / reported on stock exchange at their last reported prices. To the extent that equity securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. For reported NAV of non - traded open ended mutual funds they are categorized in Level 2 of the fair value hierarchy.

Fair value hierarchy – Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position. All below fair value measurements are recurring.

	31 December 2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments measured at FVTPL	**368,726,609**	**12,363,811**	**356,362,798**	**--**	**368,726,609**
Total	**368,726,609**	**12,363,811**	**356,362,798**	**--**	**368,726,609**

	31 December 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments measured at FVTPL	194,405,099	15,153,893	179,251,206	--	194,405,099
Total	194,405,099	15,153,893	179,251,206	--	194,405,099

During the year, there were no transfer between the fair value hierarchy.

Other financial instruments such as cash and cash equivalents, dividend receivable, payable to the Unitholders on account of redemption and accrued expenses are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value, because of the short-term nature and high credit quality of counterparties. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3.

11. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31 December 2024	**Amortized cost**	**FVTPL**
Financial Assets		
Cash and cash equivalents	**2,777,230**	**--**
Investments	**--**	**368,726,609**
Dividend receivable	**65,989**	**--**
Total Assets	**2,843,219**	**368,726,609**
Financial Liabilities		
Payable to the Unitholders on account of redemption	**245,562**	**--**
Accrued expenses	**123,591**	**--**
Total Liabilities	**369,153**	**--**

31 December 2023	Amortized cost	FVTPL
Financial Assets		
Cash and cash equivalents	394,269	--
Investments	--	194,405,099
Total Assets	394,269	194,405,099
Financial Liabilities		
Accrued expenses	56,795	--
Total Liabilities	56,795	--

12. MATURITY ANALYSIS OF ASSETS AND LIABILITY

The table below shows an analysis of assets and liability according to when they are expected to be recovered or settled respectively:

	Within 12 months	***After 12 months***	***Total***
As at 31 December 2024			
ASSETS			
Cash and cash equivalents	**2,777,230**	**--**	**2,777,230**
Investments measured at FVTPL	**368,726,609**	**--**	**368,726,609**
Dividend receivable	**65,989**	**--**	**65,989**
TOTAL ASSETS	**371,569,828**	**--**	**371,569,828**
LIABILITIES			
Payable to unitholder on account of redemption	**245,562**	**--**	**245,562**
Accrued expenses	**123,591**	**--**	**123,591**
TOTAL LIABILITIES	**369,153**	**--**	**369,153**

	Within 12 months	*After 12 months*	*Total*
As at 31 December 2023			
ASSETS			
Cash and cash equivalents	394,269	--	394,269
Investments measured at FVTPL	194,405,099	--	194,405,099
TOTAL ASSETS	194,799,368	--	194,799,368
LIABILITIES			
Accrued expenses	56,795	--	56,795
TOTAL LIABILITIES	56,795	--	56,795

13. RISK MANAGEMENT POLICIES

The Fund has exposure to the following risks from financial instruments:
- credit risk;
- liquidity risk;
- market risks; and
- operational risk.

This note presents information about the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises of mutual funds.

The Fund Manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Fund's Board.

In instances where the portfolio has diverged from target asset allocations, the Fund Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within the prescribed time limits.
The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are further explained below.

Credit risk

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

The Fund is exposed to credit risk for its cash and cash equivalents and dividend receivable. The Fund Manager seeks to limit its credit risk by monitoring credit exposures and by dealing with only reputable counterparties.

The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the certain credit standards.

Credit risk is monitored on a regular basis by the Fund Manager to ensure it is in line with the investment guidelines of the Fund Board.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 December 2024	31 December 2023
Cash and cash equivalents	**2,777,230**	394,269
Dividend receivable	**65,989**	--
Total exposure to credit risk	**2,843,219**	394,269

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties.

13. RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

Allowance for impairment

The Fund has investments only in securities classified as FVTPL, therefore, no impairment allowance is recorded in these financial statements related to these investments. Moreover, cash and cash equivalents and dividend receivable are mainly with counterparties having "A" credit rating, thus, impact of ECL is not material to the financial statements. Hence, no impairment allowance is recorded in these financial statements.

Liquidity risk

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

The Fund's Terms and Conditions provide for the subscriptions and redemptions of units throughout the week and it is, therefore, exposed to the liquidity risk of meeting unitholders redemptions at any time. As at 31 December 2024 and 31 December 2023, the Fund's cash and cash equivalents, dividend receivable and investments measured at FVTPL are considered to be short-term in nature and realisable. The Fund Manager monitors liquidity requirements on a regular basis and seek to ensure that funds are available to meet commitments as they arise.

The contractual maturity profile of the financial assets and financial liabilities of the Fund is as follows:

	Within 12 months	***After 12 months***	***No fixed maturity***	***Total***
As at 31 December 2024				
Cash and cash equivalents	**--**	**--**	**2,777,230**	**2,777,230**
Investments measured at FVTPL	**--**	**--**	**368,726,609**	**368,726,609**
Dividend receivable	**65,989**	**--**	**--**	**65,989**
Total financial assets	**65,989**	**--**	**371,503,839**	**371,569,828**
Payable to unitholder on account of redemption	**245,562**	**--**	**--**	**245,562**
Accrued expenses	**123,591**	**--**	**--**	**123,591**
Total financial liabilities	**369,153**	**--**	**--**	**369,153**

	Within 12 months	*After 12 months*	*No fixed maturity*	*Total*
As at 31 December 2023				
Cash and cash equivalents	--	--	394,269	394,269
Investments measured at FVTPL	--	--	194,405,099	194,405,099
Total financial assets	--	--	194,799,368	194,799,368
Accrued expenses	56,795	--	--	56,795
Total financial liabilities	56,795	--	--	56,795

13. RISK MANAGEMENT POLICIES (CONTINUED)

Market risk

Market risk is the risk that changes in market prices – such as foreign currency risk, special commission rate risk and other price risk – will affect the Fund's income or the fair value of its holdings in financial instruments.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective as per the Fund's Terms and Conditions. The Fund's market risk is managed on a timely basis by the investment manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a timely basis by the Fund Manager.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices.

The Fund is susceptible to other price risk arising from uncertainties about future prices.

The table below sets out the effect on net assets (equity) attributable to the unitholders of a reasonably possible weakening / strengthening in the individual market prices of 10% at reporting date. The analysis assumes that all other variables, in particular commission, remain constant.

	2024		2023	
Effect on net assets (equity) attributable to the Unitholders	**+ 9.93%**	**36,872,661**	+ 9.98%	19,440,510
	- 9.93%	**(36,872,661)**	- 9.98%	(19,440,510)

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 currency.

All the transactions in the Fund are carried out in Saudi Arabian Riyals and United States Dollars. As these currencies have no or low volatility with Saudi Arabian Riyals, therefore, there is minimal risk of losses due to exchange rate fluctuations.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

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 generating returns to the Unitholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management team of the Fund Manager. 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:

13. RISK MANAGEMENT POLICIES (CONTINUED)

Operational risk (continued)

- 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, including insurance if this is effective.

14. EVENTS OCCURING AFTER REPORTING DATE

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

15. LAST VALUATION DAY

The last valuation day of the year was 31 December 2024 (2023: 31 December 2023).

16. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund’s Board of Directors on 25 Ramadan 1446H (corresponding to 25 March 2025).