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ALKHABEER GROWTH AND INCOME TRADED FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

ALKHABEER GROWTH AND INCOME TRADED FUND – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

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Independent Auditor's Report

To: The Unitholders
Alkhabeer Growth and Income Traded Fund – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of **Alkhabeer Growth and Income Traded Fund ("The Fund") managed by Alkhabeer Capital Company ("The Fund Manager")**, which comprise the statement of financial position as of December 31, 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity attributable to unitholders, and statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the professional code of conduct and ethics, that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information Included in the Fund's 2023 Annual Report

Other information consists of the information included in the Fund's 2023 Annual Report, other than the financial statements and our report thereon.

The Fund Board of Directors are responsible for the other information. The Fund's 2023 Annual Report is expected to be made available to us after the date of this report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance regarding them.

Regarding our audit of the financial statements, our responsibility is to read the other information referred to above when it becomes available to us. In doing so, we consider whether this information is materially inconsistent with the accompanying financial statements, information obtained during our audit, or otherwise materially misstated.

When we read the annual report when it is available to us, and if we find any material misstatement therein, we are required to report on this matter to those charged with governance.

Independent Auditor's Report - continued

To: The Unitholders
Alkhabeer Growth and Income Traded Fund – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

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

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants, the applicable provisions of the investment fund regulations issued by the Capital Market Authority and the Fund's terms and conditions and information memorandum, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (The Fund Board of Directors) are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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Independent Auditor's Report - continued

To: The Unitholders
Alkhabeer Growth and Income Traded Fund – Expressed in Saudi Riyal
(Managed by Alkhabeer Capital Company)
Jeddah, Kingdom of Saudi Arabia

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- 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, we are required to draw attention in our 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

شركة حلول كرو للاستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
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Abdullah M. AlAzem
License No. (335)

Ramadan 17, 1445H (March 27, 2024)
Jeddah, Kingdom of Saudi Arabia

ALKHABEER GROWTH AND INCOME TRADED FUND
(Managed by Alkhabeer Capital Company)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Expressed in Saudi Riyal)

	Note	As at December 31, 2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	5	**102,268,013**	36,073,134
Dividends receivable	6	**203,238**	219,414
Due from a related party	7-a	**-**	289,909
Prepaid expenses		**50,059**	-
Total current assets		**102,521,310**	36,582,457
Non-current assets			
Financial assets at fair value through profit or loss	8	**695,422,101**	912,877,262
Total assets		**797,943,411**	949,459,719
LIABILITIES AND EQUITY ATTRIBUTABLE TO UNITHOLDERS			
LIABILITIES			
Current liabilities			
Due to related parties	7-b	**4,792,521**	5,296,167
Accrued expenses and other credit balances	9	**69,909**	72,733
Total liabilities		**4,862,430**	5,368,900
EQUITY ATTRIBUTABLE TO UNITHOLDERS		**793,080,981**	944,090,819
Total liabilities and equity attributable to unitholders		**797,943,411**	949,459,719
Number of units issued (unit)		**71,616,802**	100,000,000
Equity per unit (SR per unit)		**11.0740**	9.4409

The accompanying notes from (1) to (21) form an integral part of these financial statements.

ALKHABEER GROWTH AND INCOME TRADED FUND
(Managed by Alkhabeer Capital Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in Saudi Riyal)

	Note	**For the year ended December 31, 2023**	For the period of inception date April 27, 2022 to December 31, 2022
Dividends from financial assets measured at fair value through profit or loss		**14,559,649**	6,652,405
Realized gains / (losses) from financial assets measured at fair value through profit or loss	8	**61,413,715**	(857,197)
Unrealized gains / (losses) from financial assets measured at fair value through profit or loss	8	**120,963,541**	(54,645,982)
Profit / (loss) from operations		**196,936,905**	(48,850,774)
Expenses			
Management fees	7-12	**(9,069,525)**	(5,939,388)
Administration and custody fees	7-12	**(2,317,855)**	(1,454,912)
Fund establishment expenses and other	10	**(860,037)**	(1,386,029)
Total expenses		**(12,247,417)**	(8,780,329)
Other income	11	**3,158,742**	1,721,922
Profit / (loss) for the year / period		**187,848,230**	(55,909,181)
Other comprehensive income		**-**	-
Total comprehensive income / (loss) for the year / period		**187,848,230**	(55,909,181)

The accompanying notes from (1) to (21) form an integral part of these financial statements.

ALKHABEER GROWTH AND INCOME TRADED FUND
(Managed by Alkhabeer Capital Company)
STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in Saudi Riyal)

	Note	**For the year ended December 31, 2023**	For the period of inception date April 27, 2022 to December 31, 2022
Equity attributable to unitholders			
Equity attributable to unitholders at the beginning of the year / period		**944,090,819**	-
Proceeds from initial offering of units		**-**	1,000,000,000
Purchase of treasury units during the year / period	14	**(259,632,477)**	-
Dividends	19	**(79,225,591)**	-
Comprehensive income / (loss) for the year / period		**187,848,230**	(55,909,181)
Equity attributable to unitholders at the end of the year / period		**793,080,981**	944,090,819

Summary of transactions in units for the year / period as follows:

	Note	**For the year ended December 31, 2023**	For the period of inception date April 27, 2022 to December 31, 2022
Number of units at the beginning of the year / period (unit)		**100,000,000**	-
Number of units issued for cash consideration during the year / period		**-**	100,000,000
Number of units redeemed for treasury units during the year / period	14	**(28,383,198)**	-
Number of units at the end of the year / period		**71,616,802**	100,000,000

The accompanying notes from (1) to (21) form an integral part of these financial statements.

ALKHABEER GROWTH AND INCOME TRADED FUND
(Managed by Alkhabeer Capital Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in Saudi Riyal)

	For the year ended December 31, 2023	For the period of inception date April 27, 2022 to December 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (loss) for the year / period	**187,848,230**	(55,909,181)
Adjustments:		
Realized gains / (losses) from financial assets measured at fair value through profit or loss	**(61,413,715)**	857,197
Unrealized gains / (losses) from financial assets measured at fair value through profit or loss	**(120,963,541)**	54,645,982
Changes in operating assets and liabilities:		
Dividends receivable	**16,176**	(219,414)
Prepaid expenses	**(50,059)**	-
Due from a related party	**289,909**	(289,909)
Due to related parties	**(503,646)**	5,296,167
Accrued expenses and other credit balances	**(2,824)**	72,733
Net change in financial assets at fair value through profit or loss	**399,832,417**	(968,380,441)
Net cash provided by / (used in) operating activities	**405,052,947**	(963,926,866)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from initial offering of units	**-**	1,000,000,000
Purchase of treasury units	**(259,632,477)**	-
Dividends paid	**(79,225,591)**	-
Net cash (used in) / provided by financing activities	**(338,858,068)**	1,000,000,000
Net change in cash and cash equivalents	**66,194,879**	36,073,134
Cash and cash equivalents at the beginning of the year / period	**36,073,134**	-
Cash and cash equivalents at the end of the year / period	**102,268,013**	36,073,134

The accompanying notes from (1) to (21) form an integral part of these financial statements.

1. THE FUND AND ITS ACTIVITIES

Alkhabeer Growth and Income Traded Fund ("The Fund") is a closed-ended Sharia-compliant investment traded fund that was established in accordance with the applicable laws and regulations of the Kingdom of Saudi Arabia and it is subject to Capital Market Authority (CMA) control and supervision. The Fund was established on April 27, 2022 and managed by Alkhabeer Capital Company ("Alkhabeer Capital" or the "Fund Manager"), for the benefit of the Fund's unitholders. The Fund is ultimately supervised by the Fund's Board of Directors and Albilad Capital Company acts as the Custodian of the Fund.

The objective of the investment Fund is an appreciation of the Fund's net asset value through its long-term investments and generate periodic income for investors from the dividend distributions of the companies in which the Fund invests, in addition to part of the capital appreciation resulting from the growth of market value of the securities invested in. This is achieved by investing in a diversified portfolio of global stocks, public and private equity funds, initial public offerings of companies, and private placements, along with cash and cash equivalents.

The incorporation of the Fund was approved by the ("CMA") on February 7, 2022 (corresponding to Rajjab 6, 1443H), and was posted on the Saudi Exchange on April 27, 2022 (corresponding to Ramadhan 26, 1443H).

In dealing with the unitholders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. In addition, unitholders are considered owners of the Fund's assets and distributions are made in proportion to their shares in the total number of outstanding units.

The term of the Fund shall be 99 years since the date of listing the units in the Saudi Exchange, the Fund term may be extended at the Fund Manager's discretion subject to CMA approval.

The Fund is subject to the Sharia Board's guidelines for investments and transactions.

2. REGULATORY AUTHORITY

The Fund was established and its units are offered based on the Investment Funds Regulations approved by the CMA, Resolution number 1-219-2006 dated 03/12/1427H ("Investment Funds Regulations") issued by Royal Decree No. M/30 dated 2/6/1424H and amended by the CMA Board Resolution number 2-22-2021 dated 12/7/1442H (corresponding to 24/2/2021) to be updated with the rapid developments and changes regarding the regulations and rules of CMA in the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of compliance

The accompanying financial statements for the Fund have been prepared in accordance with the International Financial Reporting Standards (IFRS) 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 the provisions specified by the Fund regulations issued by the CMA, the terms and conditions of the Fund and the information memorandum.

Basis of measurement

These financial statements of the Fund have been prepared on a historical cost basis except for the items that are measured at fair value, present value, net realizable value, and replacement cost in line with the accrual basis of accounting and going concern basis.

Functional and presentation currency

These financial statements are presented in Saudi Riyal, which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) New standards, amendments to standards and interpretations:

The Fund adopted the following new standards and amendments for the first time as of January 1, 2023, and the Fund Manager believes that the amendments do not have a material impact on the Fund’s financial statements.

- IFRS 17 “Insurance Contracts”

This standard replaces IFRS 4, which allows for a wider range of practices in accounting for insurance contracts.

- Amendments to IAS 12 - Deferred tax relating to assets and liabilities arising from a single transaction

Requires companies to recognize deferred tax on transactions that, upon initial recognition, result in equal amounts of deductible and taxable temporary differences.

- Amendment to IAS 12 - Global Tax Reform: Model Rules for Pillar 2

These amendments provide companies with a temporary exemption from accounting for deferred taxes arising from global tax reform. The amendments also include targeted disclosure requirements for affected companies.

b) Standards issued that have not yet been effective

The following is a statement of the new standards and amendments to the standards applied for the years beginning on or after January 1, 2024, with early application permitted, but the Fund did not apply them when preparing these financial statements. These amendments are not expected to have a material impact on the Fund's financial statements.

- Amendments to IFRS 16 - Lease Obligations on a Sale and Leaseback Basis:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how the Fund accounts for sale and leaseback transactions after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are considered to be variable lease payments depend on the index or price that is highly likely to be affected.

- Amendments to IAS 1 - Non-current liabilities with commitments and classification of liabilities as current or non-current

These amendments clarify how the conditions that the Fund must comply with during the twelve months after the reporting period affect the classification of liabilities. These amendments also aim to improve the information provided by the Fund regarding the liabilities subject to these conditions.

- Amendments to IAS 7 and IFRS 7 - Supplier Financing Arrangements

These amendments require disclosures to enhance the transparency of a supplier's financing arrangements, their effects on the Fund's liabilities and cash flows, and its exposure to liquidity risk. The disclosure requirements are the IASB's response to investor concerns that some fund supplier financing arrangements are not sufficiently visible, hampering investor analysis.

- IFRS (Sustainability 1) “General requirements for the disclosure of financial information related to sustainability”

This standard includes the basic framework for disclosing material information about material risks and opportunities related to sustainability across an organization's value chain.

- IFRS (Sustainability 2) “Climate-related disclosures”

This is the first objective standard issued that sets requirements for entities to disclose information about climate-related risks and opportunities.

Fair value measurement

The fair value represents the amount that would be received from selling an asset or paid it to transfer a liability between informed parties under the same terms of business with others. The fair value measurement depends on the following conditions:

- The principal market for assets or liabilities, or
- The most advantageous market for assets and liabilities in the absence of a primary market, or
- Use discounted cash flows in the absence of a major market or the most advantageous market.

Assets or liabilities measured at fair value

- Separate assets or liabilities.
- A group of assets or a group of liabilities or a group of assets and liabilities.
- A set of accounting policies and notes that require calculating the fair value of financial and non-financial assets and liabilities.
- The Fund uses market inputs that are observable as far as possible when measuring the fair value of assets and liabilities.

The Fund determines fair value using valuation techniques. The Fund also uses the following levels which reflect the importance of inputs used in determining fair value:

- **Level 1**: quoted prices (unadjusted) in an active market for similar assets or liabilities.
- **Level 2**: valuation methods based on inputs other than quoted prices included in Level 1 that can be observable for assets and liabilities, directly or indirectly.
- **Level 3**: valuation techniques that use inputs that have an important impact on fair value but are not based on observable inputs.

The Fund recognizes transfers between fair value levels at the end of the reporting period at the same time as the change occurs, the Fund Manager believes that its estimates and assumptions are reasonable and sufficient.

Cash and cash equivalents

Cash and cash equivalents includes banks balances, cash in portfolios, deposits held at call with banks with a maturity within three months.

Trade receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Revenue recognition

Dividends recognized from measured carried at fair value through profit or loss.

Dividends

Interim and final dividends are recorded as a liability in the period in which they are approved by the fund's board of directors.

Zakat

According to the rules for Zakat levy from investors in investment funds, investment funds are not obligated to pay zakat. Instead, they are only required to submit an Information declaration on the calculation of the zakat base for the fund. Therefore, no provision is made for such liabilities in these financial statements.

Provisions and contingent liabilities

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

Net equity per unit

The net equity per unit is calculated and disclosed in the financial position by dividing the net assets of the Fund attributable to unitholders by the number of issued units.

Financial instruments

A financial instrument is any contract that results in a financial asset of one entity and a financial liability or equity instrument to another entity.

Financial assets

Financial assets include the following:

a) Cash and cash equivalents
b) Equity instruments in another entity, or
c) A contractual right to receive cash or another financial asset from another entity or to exchange financial assets or liabilities with another entity under conditions that are expected to be favorable to the entity.
d) A contract that may or will be settled in the entity's owned equity instruments.

Classification and initial recognition

The Fund classifies its financial assets in the following categories:

- Financial assets measured at fair value (either through profit or loss, or through other comprehensive income), and
- Financial assets measured at amortized cost.

Classification depends on the business model of the Fund to manage financial assets, and on the contractual terms of cash flows.

For assets that are measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investment in debt instruments, it depends on the business model in which investment is held. For investment in equity instruments, it depends on whether the Fund has made an irreversible selection at the time of initial recognition to account for the equity instruments at fair value through OCI. The Fund reclassifies debt instruments only when its business model for managing those assets changes.

At initial recognition, the Fund measures a financial asset (not classified as part of fair value through profit or loss) at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset through OCI. In the case of financial assets measured at fair value through profit or loss, the transaction costs are recorded in the profit or loss.

Subsequent measurement

Equity instruments

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present the gains or losses form fair values on equity investments in OCI, gains or losses from fair value will not be reclassified subsequently to profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income when the Fund's right to receive payments is established. Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are treated separately within net assets.

Changes in the fair value of financial assets measured at fair value are recognized at fair value through profits and losses in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund classified its debt instruments:

- **Amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through a statement of profit or loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship as part of profit or loss. It is recognized in net as gains or losses in the year it occurs. Similarly, interest income from these financial assets is included as financial interest in profit or losses.

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

Assets that are held for collection of contractual cash flows and for selling them, are measured at fair value through other comprehensive income (FVOCI). Changes in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains/losses which are recognized in profit or loss. When the financial asset is derecognized, the gain or loss previously recognized in OCI is transferred from OCI to retained earnings. Realized gain or loss is recognized in profit or losses.

Effective interest rate (EIR) method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash allows through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net book value on initial recognition.

Impairment

The Fund assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortized cost and FVOCI. The impairment methodology used depends on whether there has been a significant increase in credit risk.

Financial liabilities

Financial liabilities are classified as follows:

- Contractual obligation to deliver cash or another financial asset to another entity.
- Contractual obligation to exchange financial instruments with another entity under conditions that are expected to be unfavorable to the entity.
- A non-derivative contract for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

Recognition and measurement

All financial liabilities are recognized initially at fair value. Subsequently, it is measured at amortized cost using effective interest rate method. The Fund's financial liabilities include accrued expenses and other credit balances and due to related parties.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

De-recognition of financial assets

The Fund de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognizes its retained interest in the asset and liability related to the amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognize the financial asset and also recognizes the liabilities associated with the proceeds received.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the amount of the consideration received and accrued is recognized in the profits or losses. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the profits or losses previously recognized in the revaluation reserve is reclassified to the profits or losses. In contrast, on de-recognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTPL, the profits or losses are recognized in the financial statement of profit or loss.

The Fund's financial liabilities are de-recognized only if relieved, canceled or expired. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable, including any non-cash assets transferred or liabilities incurred, is recognized in profits or losses.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to the models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and price volatility risk. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

Assets subject to depreciation and amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount that exceeds the carrying amount of the asset over its recoverable amount. Recoverable value is the fair value of the asset less costs to sell or value in use (whichever is higher). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate cash flows (cash-generating units). Prior impairment in non-financial assets (other than goodwill) are reviewed to reflect the potential impairment at each reporting date.

(Expressed in Saudi Riyal)

An impairment loss recognized in prior periods is evaluated at each reporting date to determine whether there are indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that could have been determined, net of depreciation or amortization, had the impairment loss not been recognized previously.

5. CASH AND CASH EQUIVALENTS

	2023	2022
Cash at investment portfolios	**101,955,870**	35,861,475
Cash at bank	**312,143**	211,659
	102,268,013	36,073,134

6. DIVIDENDS RECEIVABLE

The balance represents profit payable to the Fund on investment in financial assets at fair value through profit or loss, the Fund has not received it up to the date of preparing the financial statements and its breakdown is as follows:

	2023	2022
US Market - NYSE investment	**167,497**	164,141
US Market - NASDAQ investment	**35,741**	55,273
	203,238	219,414

7. RELATED PARTIES TRANSACTIONS AND BALANCES

Transactions with related parties represent management fees, administrative fees, custody fees, compensations to Independent Fund Board Members, and expenses incurred on behalf of the fund.

a) Due from a related party comprise of the following:

			Amount of transactions		**Balance as at December 31,**	
Related party	**Nature of relationship**	**Nature of transaction**	**For the year ended December 31, 2023**	For the period of inception date April 27, 2022 to December 31, 2022	**2023**	2022
Alkhabeer Capital Company	Fund Manager	Expenses incurred on behalf of the fund	**-**	289,909		
		Payments	**(289,909)**	-	**-**	289,909
					-	289,909

(Expressed in Saudi Riyal)

b) Due to related parties comprise of the following:

			Amount of transactions		**Balance as at December 31,**	
Related parties	**Nature of relationship**	**Nature of transaction**	**For the year ended December 31, 2023**	For the period of inception date April 27, 2022 to December 31, 2022	**2023**	2022
Alkhabeer Capital Company	Fund Manager	Management fees	**9,069,525**	5,939,388		
		Administrative fees	**1,700,536**	1,113,636		
		Payments	**(11,267,501)**	(1,824,474)	**4,731,110**	5,228,550
Albilad Capital Company	Custodian	Custody fees	**617,319**	341,276		
		Payments	**(610,525)**	(299,659)	**48,411**	41,617
Fund Board of Directors	Board of Directors	Compensations to Independent Fund Board Members	**34,000**	26,000		
		Payments	**(47,000)**	**-**	**13,000**	26,000
Growth I for investments (One-person company)	Subsidiary to Custodian	Expenses paid on behalf of the company	**10,074**	147,658		
		Payments	**(10,074)**	(147,658)	-	**-**
					4,792,521	5,296,167

c) All transactions with related parties are approved by the Fund Manager.

(Expressed in Saudi Riyal)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

December 31, 2023	Saudi Arabian Stock Exchange "Tadawul" Investment	London Stock Exchange Investment - USD	US Market – "NASDAQ" Investment	US Market – "NYSE" Investment	Paris Stock Exchange "Euronext" Investment	London Stock Exchange Investment	Swiss Stock Exchange Investment	Tokyo Stock Exchange Investment	German Stock Exchange – "Xtera" Investment	Fair value as at December 31, 2023
Balance at the beginning of the year	16,108,063	159,696,165	222,659,846	225,529,736	67,113,142	97,638,902	99,949,925	8,116,647	16,064,836	912,877,262
Additions	13,779,299	23,853,008	65,877,187	110,731,962	13,744,945	29,210,762	14,073,888	-	-	271,271,051
Disposals	(15,356,157)	(120,033,846)	(180,353,206)	(165,895,548)	(47,101,740)	(64,720,851)	(56,142,298)	(3,596,249)	(17,903,573)	(671,103,468)
Unrealized gains	2,082,563	17,369,489	84,585,506	6,804,951	6,154,596	211,248	3,339,479	415,709	-	120,963,541
Realized gains / (losses)	2,307,835	7,626,669	45,188,008	1,778,888	2,678,599	(1,461,716)	807,717	648,978	1,838,737	61,413,715
Balance at the end of the year	**18,921,603**	**88,511,485**	**237,957,341**	**178,949,989**	**42,589,542**	**60,878,345**	**62,028,711**	**5,585,085**	**-**	**695,422,101**

December 31, 2022	Saudi Arabian Stock Exchange "Tadawul" Investment	London Stock Exchange Investment - USD	US Market – "NASDAQ" Investment	US Market – "NYSE" Investment	Paris Stock Exchange "Euronext" Investment	London Stock Exchange Investment	Swiss Stock Exchange Investment	Tokyo Stock Exchange Investment	German Stock Exchange – "Xtera" Investment	Fair value as at December 31, 2022
Balance at the beginning of the period	-	-	-	-	-	-	-	-	-	-
Additions	33,630,042	176,235,366	263,729,461	224,060,822	71,174,159	107,294,839	108,885,067	8,176,278	15,505,962	1,008,691,996
Disposals	(13,581,312)	-	(5,946,347)	(3,549,397)	(3,325,575)	(13,908,924)	-	-	-	(40,311,555)
Unrealized (losses) / gains	(4,903,293)	(16,539,201)	(34,172,324)	5,268,827	(686,983)	4,822,891	(8,935,142)	(59,631)	558,874	(54,645,982)
Realized gains / (losses)	962,626	-	(950,944)	(250,516)	(48,459)	(569,904)	-	-	-	(857,197)
Balance at the end of the period	16,108,063	159,696,165	222,659,846	225,529,736	67,113,142	97,638,902	99,949,925	8,116,647	16,064,836	912,877,262

(Expressed in Saudi Riyal)

9. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2023	2022
Accrued professional fees	**64,909**	67,733
Other credit balances	**5,000**	5,000
	69,909	72,733

10. FUND ESTABLISHMENT EXPENSES AND OTHER

	For the year ended December 31, 2023	For the period of inception date April 27, 2022 to December 31, 2022
Investment and registration expenses	**652,348**	1,159,082
Professional and consulting fees	**136,634**	142,903
Compensations to Independent Fund Board Members - (note 7)	**34,000**	26,000
Other expenses	**37,055**	58,044
	860,037	1,386,029

11. OTHER INCOME

	For the year ended December 31, 2023	For the period of inception date April 27, 2022 to December 31, 2022
Foreign currency gains	**3,158,742**	1,721,082
Other	**-**	840
	3,158,742	1,721,922

12. ADMINISTRATIVE FEES AND OTHER EXPENSES

The Fund is managed by the Fund Manager and the calculation of the fees and expenses of management per the terms and conditions of the Fund as follows:

a) Administrative fees

The Fund administrative is entitled to 0.15% of annual fees (as shown in the terms and conditions of the Fund) of the net assets value that is paid semi-annually.

b) Management fees

The Fund Manager is entitled to 0.8% of annual fees (as shown in the terms and conditions of the Fund) of the net assets value that is paid semi-annually.

c) Custodian fees

The Fund must pay fees that amount to SR 25,000 for the establishment of a Special Purpose entity (SPE).

The annual custody fees of assets in the Saudi Market of the total value of the fund's assets are as follows:

- From SR 0 - to SR 750 million: 0.06%
- From SR 750 million - to SR 1 billion: 0.05%
- More than SR 1 billion: 0.04%

(Expressed in Saudi Riyal)

The annual custody fees assets in the global markets are as follows:

- United States and United Kingdom: 0.04%
- France, Germany, Switzerland and Japan: 0.07%
- The Chinese market (A) and the Chinese market (B): 0.22%

The monthly Custodian's fees shall not be less than SAR 3,000, as a minimum per month.

d) Dealing fees and expenses (brokerage)

The brokerage expenses (including the intermediary fees) or any other trading fees shall be paid by the Fund directly at levels determined in accordance with the laws or by the intermediary in the markets where the Fund deals. Such amounts vary commensurate with the types of deals, the nature of investments and the volume of transactions.

e) Other fees and expenses

The Fund shall pay all the other actual expenses related to the Fund's operations, the placement of Fund investments and the outsourced professional and operational services provided by third parties, including without limitation, the costs holding the unitholders' meetings and other professional services provided to the Fund, in addition to the expenses of the Income Purification Service Provider (if any) and the Index Service Provider. The Fund shall be liable for any taxes which are imposed in the future by regulatory authorities and become due and payable. Such fees and expenses shall not exceed 0.50% of the Fund's NAV annually, with the exception of the fees, commissions and taxes that are subject to government laws and regulations. Actual fees only will be deducted.

13. ZAKAT BASE

According to the rules for zakat levy from investors in investment funds, investment funds are not obligated to pay zakat, only to provide information declaration and calculating the fund's zakat base is submitted. This was implemented at the beginning of 2023, therefore no comparative figures are presented. The zakat base is presented as follows:

	2023
Adjustment on net adjusted profit:	
Profit as per book for the year	**187,848,230**
Adjusted profit for the year	**187,848,230**
Zakat base:	
Equity attributable to unitholders	**793,080,981**
Additions and other liabilities	**4,731,110**
Book value of non-current assets based on authority	**(14,584,461)**
Zakat base	**783,227,630**
Fund's zakat base is the largest between zakat base and adjusted profit	**783,227,630**
The value of zakat according to the fund's zakat base	**20,189,102**
Outstanding units	**71,616,802**
The value for zakat per unit	**0.2819**

14. TREASURY UNITS

On July 19, 2023, Alkhabeer Capital announced the approval of the Fund’s unitholders’ meeting to implement the purchase of 50% of its units for the purpose of canceling them, at a price not exceeding the price of the Fund’s net asset value, provided that the purchases are made through the Saudi Stock Exchange (“Saudi Tadawul”). It will not be through special deals, and purchases will take place over a period of twelve months from the date of approval.

The value of the units purchased as treasury units during the year ending December 31, 2023 amounted to SR 259.6 million, which represents 28.4 million treasury units. The Fund's repurchased units (Treasury Units) are recognized at market price on each purchase transaction and are included as a deduction from the unitholders' equity.

The following is the movement of treasury units during the year/period:

	For the year ended December 31, 2023	For the period of inception date April 27, 2022 to December 31, 2022
Number of treasury units at the beginning of the year / period	**-**	-
Additional from purchase treasury units	**28,383,198**	-
Number of treasury units outstanding at the end of the year / period	**28,383,198**	-

15. SHARIA COMPLIANCE

The Fund operates in accordance with the provisions of Sharia law, as determined by the Sharia advisor. The Sharia advisor has reviewed the Fund's public offering document and confirmed that it is in compliance with Sharia provisions.

16. LAST VALUATION DATE

The last date for valuation during the year is December 31, 2023.

17. RISK MANAGEMENT

The Fund's activities are exposed to various financial risks, including market risks (including currency risk, fair value and cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial market conditions and seeks to mitigate potential adverse effects on the Fund's financial performance.

a) Market risk; Market risks are:

- **Currency risk**

Currency risk is the risk of changes in the value of financial instruments due to changes in foreign exchange rates. Most of the Fund's transactions are in Saudi Riyal, US Dollar, Euro, British Pound, Swiss Franc, and Japanese Yen.

- **Interest rate risk**

Interest rate risk is the risk of fluctuations in the fair value or future cash flows of a financial instrument due to changes in interest rates. The Fund is not exposed to interest rate risk as it has not taken any credit facilities as of the date of the financial statements.

(Expressed in Saudi Riyal)

- **Other price risk**

Other price risks are the risks arising from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices (other than those arising from currency risk). The Fund Manager ensures that investments are not made in money market instruments classified to reduce the risk of any potential decline in their value.
The Fund Manager will also ensure diversification of investments in different sectors, financial instruments issued by different issuers, and in different financial markets, and to meet the requirements of due diligence studies.

b) Credit risk

Credit risk is the risk that a party will not be able to meet its obligations, resulting in a financial loss to the other party. The financial assets that are likely to expose the Fund to concentrations of credit risk are mainly cash and cash equivalents, due from a related party, and other debit balances. Cash is deposited with reputable financial institutions, and management reviews the other debit balances. Accounts receivable are shown net of expected credit loss provision (if any), which was estimated by the Fund's management based on past experience and its assessment of the current economic environment.

c) Liquidity risk

Liquidity risk is the risk that an entity may face difficulties in securing the necessary liquidity to meet its obligations related to financial instruments. Liquidity risk may arise from the inability to sell a financial asset quickly and at a value close to its fair value. Liquidity risk is managed by periodically ensuring that sufficient liquidity is available. 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 through profit-sharing facilities. The Fund has sufficient liquidity to meet its obligations.

December 31, 2023	**Book value**	**Less than one year**	**More than one year**
Non-derivative financial liabilities			
Due to related parties	**4,792,521**	**4,792,521**	**-**
Accrued expenses and other credit balances	**69,909**	**69,909**	**-**
	4,862,430	**4,862,430**	**-**

December 31, 2022	Book value	Less than one year	More than one year
Non-derivative financial liabilities			
Due to related parties	5,296,167	5,296,167	-
Accrued expenses and other credit balances	72,733	72,733	-
	5,368,900	5,368,900	-

(Expressed in Saudi Riyal)

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Book value		**Fair Value**			
	Recorded at Amortized Cost	**Recorded at Fair Value**	**Level (1)**	**Level (2)**	**Level (3)**	**Total**
December 31, 2023						
Financial Assets						
Cash and cash equivalents	**102,268,013**	**-**	**-**	**-**	**-**	**102,268,013**
Dividends receivable	**203,238**	**-**	**-**	**-**	**-**	**203,238**
Financial assets at fair value through profit or loss	**-**	**695,422,101**	**695,422,101**	**-**	**-**	**695,422,101**
	102,471,251	**695,422,101**	**695,422,101**	**-**	**-**	**797,893,352**
Financial Liabilities						
Due to related parties	**4,792,521**	**-**	**-**	**-**	**-**	**4,792,521**
Accrued expenses and other credit balances	**69,909**	**-**	**-**	**-**	**-**	**69,909**
	4,862,430	**-**	**-**	**-**	**-**	**4,862,430**

	Book value		**Fair Value**			
	Recorded at Amortized Cost	**Recorded at Fair Value**	**Level (1)**	**Level (2)**	**Level (3)**	**Total**
December 31, 2022						
Financial Assets						
Cash and cash equivalents	36,073,134	-	-	-	-	36,073,134
Dividends receivable	219,414	-	-	-	-	219,414
Due from a related party	289,909	-	-	-	-	289,909
Financial assets at fair value through profit or loss	-	912,877,262	912,877,262	-	-	912,877,262
	36,582,457	912,877,262	912,877,262	-	-	949,459,719
Financial Liabilities						
Due to related parties	5,296,167	-	-	-	-	5,296,167
Accrued expenses and other credit balances	72,733	-	-	-	-	72,733
	5,368,900	-	-	-	-	5,368,900

19. DIVIDENDS

The Board of Directors of the Fund approved to distribute of dividends for 85,188,808 outstanding units as follows:

Approval Date	The period paid for	Amount per Unit	Total in Saudi Riyals
August 14, 2023	**January 1, 2023 to June 30, 2023**	**0.93**	**79,225,591**

20. GEOGRAPHICAL OPERATING SEGMENTS

The Fund achieves continuous investment returns, and all Fund operations are carried out inside and outside the Kingdom of Saudi Arabia. The Fund's operations are monitored by the Fund's management under one sector. The following is a statement of geographic information for local and foreign investments, as well as investment income during the year / period:

December 31, 2023	**Inside Kingdom**	**Outside Kingdom**	**Total**
Financial assets	**18,921,603**	**676,500,498**	**695,422,101**
Realized gains from financial assets measured at fair value through profit or loss	**2,307,835**	**59,105,880**	**61,413,715**
Unrealized gains from financial assets measured at fair value through profit or loss	**2,082,563**	**118,880,978**	**120,963,541**
	4,390,398	**177,986,858**	**182,377,256**

December 31, 2022	**Inside Kingdom**	**Outside Kingdom**	**Total**
Financial assets	16,108,063	896,769,199	912,877,262
Realized gains / (losses) from financial assets measured at fair value through profit or loss	962,626	(1,819,823)	(857,197)
Unrealized losses from financial assets measured at fair value through profit or loss	(4,903,293)	(49,742,689)	(54,645,982)
	(3,940,667)	(51,562,512)	(55,503,179)

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Fund Board of Directors for the year ended December 31, 2023 on Ramadan 16, 1445H (March 26, 2024).