SICO CAPITAL MONEY MARKET FUND

(Open-Ended Fund)

(Managed by SICO Capital Company)

FINANCIAL STATEMENT AND INDEPENDENT AUDITOR REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

INDEX

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INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SICO CAPITAL MONEY MARKET FUND
(MANAGED BY SICO CAPITAL COMPANY)

Opinion

We have audited the financial statements of SICO Capital Money Market Fund (the "Fund") managed by SICO Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income / (loss), statement of changes in net assets (equity) attributable to the unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed 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 International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Fund manager is responsible for the other information in the Fund's annual report. Other information consists of the information included in the Fund's 2023 annual report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information, and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Fund's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SICO CAPITAL MONEY MARKET FUND
(MANAGED BY SICO CAPITAL COMPANY) (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

In preparing the financial statements, management 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional 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 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's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SICO CAPITAL MONEY MARKET FUND
(MANAGED BY SICO CAPITAL COMPANY)(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

Other Matter

The financial statements of the fund for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 30, 2023.

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

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سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 17 Ramadan 1445H
(27 March 2024)

	Notes	**31 December 2023 SAR *(Audited)***	31 December 2022 SAR *(Audited)*
ASSETS			
Cash at bank	*7*	**738,776**	52,371,869
Investments carried at fair value through profit or loss (FVTPL)	*8*	**17,820,447**	67,142,182
Murabaha Placements	*9*	**30,031,466**	46,280,380
Sukuk	*10*	**8,054,444**	8,055,222
TOTAL ASSETS		**56,645,133**	173,849,653
LIABILITIES			
Accruals and other liabilities	*11*	**745,606**	893,960
TOTAL LIABILITIES		**745,606**	893,960
NET ASSETS (EQUITY) VALUE			
Net assets/ (equity) attributable to unitholders of redeemable units		**55,899,527**	172,955,693
Redeemable units in issue		**4,532,341**	14,662,444
Net assets value attributable per unit		**12.33**	11.80

	Notes	**31 December 2023 SAR *(Audited)***	31 December 2022 SAR *(Audited)*
INCOME			
Murabaha income	*9*	**2,175,680**	4,010,930
Sukuk income	*10*	**280,000**	267,556
Realized and unrealized gain on FVTPL investments:			
Realized gain on disposal of FVTPL investments	*8*	**5,929,087**	2,154,258
Unrealized (loss) / gain on FVTPL investments	*8*	**(4,535,376)**	965,142
Other income		**-**	150,000
TOTAL INCOME		**3,849,391**	7,547,886
EXPENSES			
Management fees	*6*	**248,527**	662,325
Other expenses	*6.1*	**220,326**	448,422
TOTAL EXPENSES		**468,853**	1,110,747
NET INCOME FOR THE YEAR		**3,380,538**	6,437,139
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,380,538**	6,437,139

Statement of changes in net assets (equity) attributable to the unitholders
For the year ended 31 December 2023

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
NET ASSETS (EQUITY) VALUE ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE YEAR	**172,955,693**	230,424,032
Total comprehensive income for the year	**3,380,538**	6,437,139
Changes from unit transactions:		
Proceeds from issuance of units	**60,472,440**	278,107,491
Payment towards units redeemed	**(180,909,144)**	(342,012,969)
Net change from unit transactions	**(120,436,704)**	(63,905,478)
NET ASSETS (EQUITY) VALUE ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE YEAR	**55,899,527**	172,955,693

Transactions in units for the period are summarized as follows:

	31 December 2023 *(Audited)*	31 December 2022 *(Audited)*
NUMBER OF UNITS AT THE BEGINNING OF THE YEAR	**14,662,444**	20,104,516
Units issued during the period	**5,004,697**	23,942,232
Units redeemed during the period	**(15,134,800)**	(29,384,304)
NUMBER OF UNITS AT THE END OF THE YEAR	**4,532,341**	14,662,444

Statement of cash flows
For the year ended 31 December 2023

	Notes	31 December 2023 SAR (Audited)	31 December 2022 SAR (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		**3,380,538**	6,437,139
Adjustments for:			
Unrealized (loss) / gain on FVTPL investments	*8*	**(4,535,376)**	(965,142)
		(1,154,838)	5,471,997
Changes in operating assets:			
Investments carried at FVTPL		**53,857,111**	10,959,836
Investments carried at amortized cost-Murabaha	***9***	**9,017,756**	80,475,008
Investments carried at amortized cost Sukuk	***10***	**778**	(8,055,222)
Changes in operating liabilities:			
Accrued expenses	*11*	**(148,354)**	368,484
Net cash generated from operating activities		**61,572,453**	89,220,103
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		**60,472,440**	278,107,491
Redemptions of the units		**(180,909,144)**	(342,012,969)
Net cash used in financing activities		**(120,436,704)**	(63,905,478)
NET DECREASE IN CASH AND CASH EQUIVALENTS:		**(58,864,251)**	25,314,625
Cash and cash equivalents at beginning of the year		**59,603,027**	34,288,402
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**738,776**	59,603,027

1. INCORPORATION AND ACTIVITIES

The SICO Capital Money Market Fund (the "Fund") is an open-ended mutual fund established and managed through an agreement between SICO Capital Company (the “Fund Manager”) - a Saudi Closed Joint Stock Company (the "Fund Manager") and investors (the “Unitholder”) in the Fund. The address of the Fund Manager is as follows:

SICO Capital Company
7702 King Fahad Road (5th Floor)
Al Malqa District
Riyadh 13542
P.O. Box 64666

The Fund commenced its operations on 25 Sha’ban 1437H (corresponding to June 01, 2016)

In dealing with the unit holders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, unit holders are considered to be owners of the assets of the Fund.

The principal investment objective of the Fund is to invest in Sharia-compliant money market funds, placements and other money market instruments in order to maximize medium-term capital growth while preserving the invested capital by investing in Saudi Riyal and US dollar currencies.

Units were initially offered at a price of SAR 10 per unit, with a minimum initial subscription amount to SAR 10,000.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further Amended by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12 Rajab1442H. Corresponding to 24 February 2021G (the “Amended Regulations”). The amended regulations are effective from 19 Ramadan 1442, corresponding to 1 May 2021).

3. SUBSCRIPTION / REDEMPTION

The Fund is open for dealing before 12:00 pm on Sunday to Thursday (each day a “Dealing Day”). The net asset value (equity) of the Fund’s portfolio is determined on each working day's closing prices (each “Valuation Day”). The unit price is calculated by subtracting the liabilities from the total assets value, then dividing the result (NAV) by the number of units outstanding on a valuation day.

4. BASIS OF PREPARATION

4.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in the KSA") ") and the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund's terms and conditions and the Information Memorandum.

4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit and loss (FVTPL).

4.3. Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyal (SAR) which is also the functional currency of the Fund.

4.4. Financial year

The financial year of the Fund commences on 1 January and ends on 31 December of each calendar year.

4.5 Significant Accounting Judgements, Estimates, And Assumptions

In the ordinary course of business, the preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Major areas where estimates or judgements made are significant to the Fund's financial statements or where judgement was exercised in the application of accounting policies are as follows:

4. BASIS OF PREPARATION (Continued)

Use of Judgements

Assessment as investment entity

Entities that meet the definition of an investment entity under IFRS are required to measure their investments at fair value through profit or loss rather than applying equity accounting method or consolidation. The criteria, which define an investment entity, is as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all its investments on a fair value basis. The Fund's investment proposal to the unit holders clearly states its objective of providing investment management services to investors, for the purpose of capital appreciation with a clearly documented exit strategy from the investment.

The Fund's investment proposal to the unit holders clearly states its objective of providing investment management services to investors, for the purpose of capital appreciation with a clearly documented exit strategy from the investment.

The Fund reports to its investors and to its management, the investment it manages on a fair value basis. The investment is reported at fair value to the extent allowed by accounting standards in the Fund's annual financials. The Fund's exit strategy for its investment is reviewed annually. Therefore, the Management concluded that the Fund meets the definition of an investment entity.

Going concern

The Fund's management 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 management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

4. BASIS OF PREPARATION (Continued)

Measurement of fair values

The Fund's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Fund uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Fund recognizes transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Impairment of financial assets

The Fund applies and determines expected credit loss (ECL) model for the measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortized cost e.g., bank balances. An expected credit loss is the probability weighted estimate of credit losses (i.e., present value of all cash shortfalls) over the expected life of the financial asset. For the determination of the expected credit loss, the fund evaluates among other factors, the credit risk, default and timing of collection since initial recognition. This requires recognizing allowance for expected credit losses in the statements of profit or loss and other comprehensive income.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New standards, amendments and interpretations adopted by the Fund

Standard, interpretation and amendments	**Description**	**Effective date**
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8IFRS 1	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which previously permitted wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- International tax reform – pillar two model rules-	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendment also introduce targeted disclosure requirements for affected companies	Annual period beginning on or after 1 January 2023

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

Standards issued but not yet effective

Standard, interpretation and amendments	**Description**	**Effective date**
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	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.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	Annual periods beginning on or after 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	Annual periods beginning on or after 1 January 2024

6. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been adopted by the Fund and applied consistently throughout all years presented in these financial statements.

Financial instruments

Initial recognition and measurement of financial assets

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e., the date that the Fund executes purchase or sale of the assets). Regular way purchase or sale of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on trade date at which the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss is recognized immediately in profit or loss. For all other financial assets and financial liabilities transaction costs are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

6. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

De-recognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards are transferred.

Classification and subsequent measurement of financial assets

Financial assets are classified into the following specified categories:

- Financial assets at fair value through profit or loss (FVPL);
- Financial assets at fair value through other comprehensive income (FVOCI); or
- Financial assets at amortized cost.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate Sukuk, Murabaha placement.

Classification and subsequent measurement of debt instruments depend on:

(i) The Fund's business model for managing the asset; and
(ii) The cash flow characteristics of the asset.

Financial assets at Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized in profit or loss statement. Profit income from these financial assets is included in 'Special commission income' using the effective interest rate method.

Financial assets at Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses on the instrument's amortized cost are recognized in profit or loss statement.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss statement. Profit income from these financial assets is included in 'Special commission income' using the effective interest rate method.

Fair value through profit or loss: Financial assets that do not meet the criteria for amortized cost or FVOCI are classified as fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value is presented in the statement of profit or loss in the year in which it arises.

6. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the statement of profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' when the Fund's right to receive payments is established.

Impairment of financial assets

The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Fund's financial assets fall into this category.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses are recognized for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

6. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Expected credit loss measurement

The Fund does not have a formal internal grading mechanism. Credit risks are generally managed on the basis of external credit ratings of counterparties.

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

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

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

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

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

Definition of 'Default'

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Fund. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default. The Fund considers indicators that are:

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

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Fund for regulatory capital purposes. conditions. To derive PiT PDs, the Fund will annually source macro-economic forecast data for selected variables from appropriate sources.

6. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Probability of Default (PD)

Through the yearly review of investments in debt instruments, the Fund shall draw a yearly transition matrix to compute account-based PD over the one-year horizon for the past 5 years. These PDs will be grouped as per credit ratings. This rating migration shall capture the movement of obligors into default at yearly intervals. An average default rate of the 5 yearly transition matrices provides the through the cycle PDs. IFRS 9 requires the use of a PD that is a ‘point-in-time’ (PiT PD) estimate reflecting current forecasts of future economic conditions. To derive PiT PDs, the Fund will annually source macro-economic forecast data for selected variables from appropriate sources.

Loss Given Default (LGD)

Loss given default is defined as the forecasted economic loss in case of default. LGD computation will be based on the Fund’s losses on defaulted accounts after the consideration of recovery percentages. IFRS 9 also requires that LGD be estimated in collaboration with the forward-looking valuation of collaterals based on macro-economic factors. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

For LGD estimation on its non-collateralized portfolio, the Fund shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 5 years prior to the assessment date. Exposure at Default (EAD)

Exposure at default is an estimation of the extent that the Fund may be exposed to an obligor in the event of default. The estimation of EAD should consider any expected changes in the exposure after the assessment date. This is of importance in the case of Stage 2 assets where the point of default may be several years in the future.
Discount rate

The Fund will compute effective profit rate at a contractual level. If the computation of the effective profit rate (at reporting date) is not feasible, the Fund will use the contractual profit (at reporting date) for discounting purposes.

The Fund Manager has performed an ECL assessment for the financial assets. An allowance for impairment over these financial assets was not recognized in these financial statements as the ECL amount was not material.

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 ongoing basis. The Fund measures instruments quoted in an active market at the market price because this price provides a reasonable approximation of the exit price.

Offsetting of financial liabilities and financial assets

Financial assets and financial liabilities are offset and the net amount is presented in the statement of assets and liabilities 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.

6. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Trade date accounting

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e., the date that the Fund commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

Amounts due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial liabilities, other than those classified as at FVTPL, for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

Provisions

Provisions are recognized when the Fund has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognized as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

Accrued expenses and other liabilities.

A provision is recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Equity attributable to unitholders

The net assets attributable to the unitholders comprise redeemable units issued and accumulated profit generated by the Fund. The redeemable units are classified as equity as explained below.

6. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Redeemable Units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the Unitholder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the Unitholder's rights to a pro rata share of the Fund's net assets
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in net assets attributable to the Unitholders. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

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.

Foreign currency translation

Transactions in foreign currencies are translated into SR at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated into SR at the exchange rate at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses, except for those arising on financial instruments at FVTPL, which are recognized as a component of net gain from financial instruments at FVTPL.

6. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Net gain or loss on financial assets and liabilities at Fair Value through Profit or Loss ("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 and expenses.

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, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Net assets value per unit

The net assets value per unit disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units in issue at the reporting date.

Zakat

Zakat is the obligation of the Unitholder and is not provided for in these financial statements.

Dividend income

Dividend income is recognized in the statement of profit or loss when declared (i.e. when the Fund's right to receive the dividend is established).

Special commission income

Special commission income including special commission income from non-derivative financial assets measured at amortized cost, are recognized in the statement of comprehensive income, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

6. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Management fees, Other expenses, and Transaction fees

The fund pays on a quarterly basis, management fees of 0.3% and administration fees of 0.05% calculated on daily net assets value. Custody fees is paid to the custodian based on asset classes of the fund with a maximum cap of 0.06% on the annual net asset value and minimum monthly charge of SR2,000.

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
Management fees	**248,527**	662,325
	248,527	662,325

6.1 Other Expenses

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
Administration fee	**41,421**	110,388
Custody fee	**47,679**	132,466
Audit fee	**32,182**	21,000
Publication Tadawul fee	**5,014**	5,000
Board of Directors fee	**19,945**	20,000
Regulatory fee	**7,521**	11,137
Shariah board fee	**7,541**	7,500
VAT & other expenses	**59,023**	140,931
	220,326	448,422

7. CASH AND BANK

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
Balances with financial institutions	**738,776**	52,371,869
Total	**738,776**	52,371,869

Cash and cash equivalents balance comprise of balances with the custodian. As of date, cash balances include current accounts held with Riyad Bank and Bank Saudi Fransi that do not earn profit.

8. INVESTMENTS CARRIED AT FVTPL

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
Sharia high yield certificate	**15,798,236**	47,436,898
ITQAN fund for Murabaha and Sukuk	**1,917,248**	5,136,888
Alinma Saudi Riyal liquidity Fund	**97,355**	93,363
Riyad SAR Trade Fund	**7,608**	7,151
Alawwal Saudi Riyal Murabaha	**-**	2,467,882
Tsharuq Fund	**-**	12,000,000
Total	**17,820,447**	67,142,182

	30 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
Fair Value:		
At the beginning of the period	67,142,182	77,136,876
Additions during the period	8,625,472	40,724,088
Sold during the period	(57,947,207)	(50,718,782)
At the end of the period	**17,820,447**	67,142,182
Realized and unrealized gain / losses:		
Unrealized balance at the beginning of the period	(1,983,837)	(4,369,675)
Realized during the period	(5,929,087)	(2,154,258)
Unrealized balance at the end of the period	3,377,548	7,489,075
Movement during the period	**4,535,376**	965,142

9. MURABAHA PLACEMENTS

The following table provides the details of the Islamic financing portfolio at the end of reporting dates in the banks of the following countries:

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
United Arab Emirates (UAE)	**-**	10,553,434
Sultanate of Oman	**-**	18,198,047
Kingdom of Saudi Arabia	**11,032,857**	-
Kingdom of Bahrain	**18,998,609**	17,528,899
Total	**30,031,466**	46,280,380

The following table represents the movement of investments in Murabaha contracts measured at amortized cost during the period:

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
Carrying amount as at the beginning of period	**46,280,380**	146,605,972
Additions during the period	**363,265,707**	46,280,944
Matured during the period	**(379,158,667)**	(146,607,824)
Murabaha income	**2,175,680**	4,010,930
Murabaha income received during the period	**(2,531,634)**	(4,009,642)
Carrying amount as at the end of period	**30,031,466**	46,280,380

Murabaha placements include placements with maturities of 3 months or less amounting SAR 10.4 million (31 December 2022: SAR 7.23 million).

Commodity Murabaha placements include commodities such as aluminum, platinum, palladium, and crude palm oil whereby all the Murabaha placements will mature within a period of less than 12 months.

The rate of profit on Murabaha placements ranges from 3.20% to 6.45% per annum.

The Fund Manager has performed an ECL assessment for the financial assets carried at amortized cost. An allowance for impairment over these financial assets was not recognized in the financial statement as the amount was insignificant.

10. INVESTMENT HELD AT AMORTIZED COST - SUKUK

The following table represents the movement of investments in Sukuk measured at amortized cost during the period:

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
Carrying amount at the beginning of the period	**8,055,222**	-
Additions during the period	**-**	32,322,778
Matured during the period	**-**	(24,248,889)
Sukuk profit recognized	**280,000**	267,556
Sukuk profit received during the period	**(280,778)**	(286,223)
Carrying amount at the end of the period	**8,054,444**	8,055,222

The investment in Sukuk represents the Sukuk issued by Al Rajhi Bank rated A-. The Sukuk bears profit, payable on a quarterly basis priced at 3.5%.

11. ACCRUALS AND OTHER LIABILITIES

	31 December 2023 SAR *(Audited)*	31 December 2022 SAR *(Audited)*
Accrued management fees	**37,440**	348,141
Administration fee payable	**6,239**	58,024
Custody fee payable	**208,536**	217,977
Audit Charges payable	**50,606**	9,500
Publication Tadawul fee payable	**18,977**	13,963
Board of director fee payable	**9,945**	25,000
Shariah board fee payable	**20,147**	20,126
Regulatory fee payable	**10,441**	17,900
VAT payables	**45,544**	94,415
Other payables	**337,731**	88,914
	745,606	893,960

12. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties of the Fund include SICO Capital being the Fund Manager, SICO Bank Bahrain (the shareholder of SICO Capital), with the underlying properties of the Fund being custodized with Riyad Capital (being the custodian of the Funds).

12. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The significant related party transactions entered into by the Fund during the year are as follows:

Related party	**Nature of relationship**	**Nature of transaction**	**31 December 2023 SAR *(Audited)***	31 December 2022 SAR *(Audited)*
SICO Capital Company	Fund manager	Management fees	**248,527**	662,325
		Administration fees	**41,421**	110,388
Riyad Capital	Fund Custodian	Custodian fees	**47,679**	132,466

Related party	**Nature of relationship**	**Nature of transaction**	**31 December 2023 *(units)***	31 December 2022 *(units)*
SICO Capital Company	Fund Manager	Units held	**1,156,748**	365,389
SICO Al Qasr Real Estate Fund	Affiliate	Units held	**1,046,264**	-
SICO Saudi REIT Fund	Affiliate	Units held	**953,077**	127,336
SICO Bank B.S.C	Affiliate	Units held	**831,953**	434,882
SICO Capital Khairat fund	Affiliate	Units held	**106,414**	-
Riyadh Real Estate Fund	Affiliate	Units held	**-**	254,624

The balances resulting from related party transactions are as follows:

Related party	**Nature of relationship**	**Nature of transaction**	**31 December 2023 SAR *(Audited)***	31 December 2022 SAR *(Audited)*
SICO Capital Company	Fund manager	Management fees payable*	**37,440**	348,141
		Admin fees *	**6,239**	58,024
Riyad Capital	Fund Custodian	Custodian fees *	**208,536**	217,977

* These balances have been recorded under other accrued expenses.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management believes that the fair value of all other financial assets and liabilities are classified as amortised cost and at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. There were no transfers between various levels of fair value hierarchy during the current year or prior year.

14. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

As at 31 December 2023	**Within 12 months SAR *(Audited)***	**After 12 months SAR *(Audited)***	**Total SAR *(Audited)***
ASSETS			
Cash at bank	**738,776**	**-**	**738,776**
Murabaha placements	**30,031,466**		**30,031,466**
TOTAL ASSETS	**30,770,242**	**-**	**30,770,242**
LIABILITIES			
Accrued management fees	**37,440**	**-**	**37,440**
Accrued expenses	**708,166**	**-**	**708,166**
TOTAL LIABILITIES	**745,606**	**-**	**745,606**

As at 31 December 2022 (Audited)	Within 12 months SAR *(Audited)*	After 12 months SAR *(Audited)*	Total SAR *(Audited)*
ASSETS			
Cash at bank	52,371,869	-	52,371,869
Murabaha placements	7,231,158	-	7,231,158
TOTAL ASSETS	59,603,027	-	59,603,027
LIABILITIES			
Accrued management fees	348,141		348,141
Accrued expenses	545,819	-	545,819
TOTAL LIABILITIES	893,960	-	893,960

15. FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2023 **Assets as per statement of financial position**	**FVTPL SAR *(Audited)***	**Amortized cost SAR *(Audited)***
Cash at bank	**-**	**738,776**
Investments carried at FVTPL	**17,820,447**	**-**
Investments carried at amortized cost - Murabaha	**-**	**30,031,466**
Sukuk	**-**	**8,054,444**
Total	**17,820,447**	**38,824,686**

15. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	FVTPL	Amortized cost
31 December 2022		
Assets as per statement of financial position	SAR	SAR
	(Audited)	*(Audited)*
Cash at bank		52,371,869
Investments carried at FVTPL	67,142,182	-
Investments carried at amortized cost - Murabaha	-	46,280,380
Sukuk	-	8,055,222
Total	67,142,182	106,707,471

16. FINANCIAL RISK MANAGEMENT

16.1 Financial risk factors

The objective of the Funds is to continue to provide optimum returns to its unitholders. The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

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

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

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

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

(ii) Commission rate risk

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

		31 December 2023 SAR		31 December 2022 SAR
Sukuk	±5%	**402,761**	±5%	402,761

16. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The Fund has exposure to equity instruments' price risk as the Fund holds such investments.

The table below summarizes the impact on the Fund's net assets (equity), of reasonable possible changes in the returns of each of the strategies to which the Fund is exposed through its investment in funds at year end. A reasonably possible change is management's assessment, based on historical data sourced from the underlying Investee Funds, of what a reasonably possible percentage movement is in the value of a fund following each respective strategy over a 6-month period, in SAR. The impact on net assets (equity) attributable to holders of redeemable shares is calculated by applying the reasonably possible movement determined for each strategy to the value of each Investee Fund held by the Fund.

	31 December 2023		31 December 2022	
	Reasonable possible change %	Impact on net assets (equity)	Reasonable possible change %	Impact on net assets (equity)
Murabaha Funds	+/- 1%	**402,722**	+/- 1%	+/- 462,803

(b) Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk for its investment portfolio and bank balances.

Its Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Fund is exposed to credit risk for its cash and cash equivalents, investments carried at amortized cost, other assets. Bank balances are placed with reputable financial institutions; hence the credit risk is minimal.

16. FINANCIAL RISK MANAGEMENT (Continued)

Credit ratings

The credit quality of the Fund's cash and cash equivalent balances are assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. The cash and cash equivalent balances along with credit ratings are tabulated below:

Rating of Financial Institution	**31 December 2023 SAR *(Audited)***	31 December 2022 SAR *(Audited)*
Cash at bank		
A-2	**738,776**	52,371,869
Total	**738,776**	52,371,869
Murabaha placements		
Unrated	**12,767,850**	28,079,176
B	**6,230,759**	-
B-	**-**	18,198,047
A-	**11,032,857**	-
A+	**-**	-
BBB+	**-**	3,157
Total	**30,031,466**	46,280,380
SUKUK		
baa2	8,054,444	8,055,222
Total	**38,085,910**	106,707,471

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

	Notes	**31 December 2023 SAR *(Audited)***	31 December 2022 SAR *(Audited)*
Cash at bank	*7*	**738,776**	52,371,869
Murabaha placements	*9*	**30,031,466**	46,280,380
Sukuk	*10*	**8,054,444**	8,055,222

The management has conducted a review as required under IFRS 9 and based on an assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash at bank, sukuk and murabaha placements.

16. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.
The Fund's terms and conditions provide for subscription and redemption of units on every Valuation Day and it is, therefore, exposed to the liquidity risk of meeting redemptions at any time. The Fund's securities are considered to be readily realizable, and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to ensure sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by obtaining financing from the related parties of the Fund.
The remaining contractual maturities at the reporting date of the Fund's financial liabilities consisting of accrued management fee, other accrued expenses and redemption payable will be matured within next 12 months:

(d) Operational risk

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

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

16.2 Fair value estimation

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision, if any, of financial instrument carried at amortized cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

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

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity instruments. The Fund does not adjust the quoted price for these instruments.

As of December 31, 2023, the Fund's financial instruments comprise cash and cash equivalent, Investment carried at fair value through profit and loss, Murabaha placements, accrued management fee and other accrued expenses. Investments carried at fair value through profit or loss are held in level 2 hierarchy of fair value. To determine the fair value of such investments, management used NAV of the funds. There were no transfers among the level 1, 2 and 3 during the year ended December 31, 2023.

17. CHANGES IN FUNDS TERMS AND CONDITIONS

The changes to the Fund's terms and conditions reflect the following key change during the period;

- Resignation of Independent Board Member: Mr. Ibrahim Fatani.
- Change of fund auditors from PKF Al Bassam & Co to Ernst & Young Professional Services.
- Updating the zakat clause to reflect the implementation of the rules for collecting zakat from investors in investment funds (note 19).

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

As of the date of approval of these financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these financial statements.

19. ZAKAT

The Ministry of Finance, through Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (which corresponds to December 3, 2022), has approved the Zakat Rules for Investment Funds that are permitted by the CMA. These rules take effect from January 1, 2023, and require Investment Funds to register with the Zakat, Tax, and Customs Authority (ZATCA). The Rules also mandate Investment Funds to submit a zakat information declaration to ZATCA within 120 days after the end of their fiscal year, which should include audited financial statements, records of related party transactions, and any other data requested by ZATCA. According to the Rules, Investment Funds are not subject to Zakat if they do not engage in unstipulated economic or investment activities as per their CMA-approved Terms and Conditions. The Zakat collection will be applied to the Fund's Unitholders. During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting the zakat information declaration as required.

20. LAST VALUATION DAY

In accordance with the Terms and Conditions of the Fund, the last valuation day of the year was 31 December 2023 (2022: 31 December 2022).

21. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board on 27 March 2024 (Corresponding to 17 Ramadan 1445H).