

Blom Saudi Riyal Murabaha Fund

Annual Fund Report

31 December 2021

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A. Investment Fund Information

1) Name of investment fund.

Blom Saudi Riyal Murabaha Fund.

2) Investment objectives and policies.

BLOMINVEST SAR Murabaha Fund is a public open-ended investment fund, which aims to achieve low to medium risk investment returns to unit holders while preserving capital and providing liquidity. This is done through investing primarily in short term shariah-compliant deposits or murabaha contracts, other money market funds and fixed income instructions.

The performance of the Fund shall be measured by reference to the Tadawul index in order to supply investors with an indication of the performance of the Fund.

Under normal market conditions, the Fund will comply with the following guidelines:

- The fund manager's investments are concentrated in money market transactions such as deposits and Murabaha contracts in the Kingdom of Saudi Arabia and the Gulf Cooperation Council countries. The investments in the Saudi riyal currency will constitute at least 50% of the short-term money market transactions' asset class of the fund's net assets, and more than This will be invested in money market transactions in the currencies of the Gulf Cooperation Council, and it will be in the currency according to the issuing authority.
- The total investment of the fund in one entity or different entities belonging to the same group may not exceed 25% of the fund's net asset value, and this includes all investments in money market transactions concluded with one counterparty or different entities belonging to the same group, and the issued securities. For one person or different entities belonging to the same group and bank deposits with one entity or different entities belonging to the same group.
- The fund manager may invest up to 50% of the fund's net assets in money market funds that comply with Sharia regulations and standards, provided that they are offered publicly and licensed by the Capital Market Authority or similar regulatory bodies and managed by the fund manager and other fund managers. The currency of the funds according to the issuer.

- The fund manager has the right to invest up to 50% of the fund's net assets in fixed income instruments such as sukuk, structured products and securitization contracts that comply with Sharia regulations, in the markets of the Kingdom of Saudi Arabia, the Gulf Cooperation Council and globally, according to the available opportunities, and the currency is according to the issuer.
- The fund may invest a maximum of 15% of the total value of fixed income instruments in fixed income instruments such as sukuk, structured products and securitization contracts that are compliant with Sharia regulations categorized without an investment credit assessment or does not have a credit rating by international rating
- The Fund may not invest in derivative contracts.
- The value of the fund's investments in securitization may not exceed 10% of the fund's net asset value.
- The weighted average maturity date of the fund's assets should not exceed 180 calendar days.
- The fund manager must constantly ensure that at least 10% of the fund's net asset value is cash or investments with a maturity date or a remaining maturity period that does not exceed seven (7) days.
- The fund manager may obtain financing that is compatible with Shariah regulations, provided that the amount of financing does not exceed 10% of the net asset value of the fund, and that the financing period does not exceed one year.

3) Distribution of income and gain policy.

Dividends and/or income are reinvested in the Fund not paid out or distributed to investors.

4) The Fund Reports are available upon request free of charge at Blominvest Saudi Arabia

website: WWW.BLOMINVEST.SA

5) Description of the fund's benchmark and the service provider's website.

The Fund's benchmark is SAIB one Month and the service provider's website is www.sama.gov

B. Fund Performance

1) Last (3) financial years.

	2021
a) NAV at year-end (SAR)	66,554,461.96
b) NAV/unit at year-end (SAR)	10.0110
c) Lowest NAV (SAR)	9.9982
c) Highest NAV(SAR)	10.0111
d) Units at year-end	6,648,137.391
e) Distribution/ unit	-
f) Expense Ratio	0.22%
g) percentage of borrowed assets from the total asset value	0
h) Fund's Performance vs Benchmark	-

2) Performance record.

	1 year	3 year	5 year
a) Total Return	-	-	-

	2021
b) Annual Total Return	-

d) Fund Expenses

Fee Type	Amount	Pct. Of average NAV
Management Expense	SAR 34,596	0.07%
VAT on Management Expense	SAR 5,189	0.01%
Custodian Expense	SAR 6,104	0.01%
VAT ON Custodian Expense	SAR 915	0.00%
Administrator Expense	SAR 16,093	0.03%
VAT ON Administrator Expense	SAR 2,414	0.01%
Transaction Expense	SAR 1,444	0.00%

VAT ON Transaction Expense	SAR	216	0.00%
Audit Expense	SAR	22,500	0.05%
VAT ON Audit Expense	SAR	3,375	0.01%
Fund Board Expense	SAR	5,000	0.01%
CMA Expense	SAR	1,849	0.00%
Tadawul Charges	SAR	1,466	0.00%
VAT ON Tadawul Charges	SAR	220	0.00%
Shariah Fees	SAR	3,658	0.01%
Total	SAR	105,018.00	0.22%

The Fund Manager did not elect to waive or rebate any fees.

d) The bases for calculating the performance data.

The measures of performance have been consistently applied.:

$$=((P1/P0)-1)*100\%$$

3) Material changes that occurred during the period and that affected the performance of the fund.

Not Applicable

4) Exercise of annual voting rights.

Not Applicable

5) Fund board meeting.

a) Names of Fund Board members, and indicating membership type

- 1- Mr. Mark Ezzat Al-Hajj - Chairman
- 2- Mr. Mohammed bin Hamad Al-Dosari - Non-Independent Member
- 3- Mr. Khalid bin Abdulrahman Aba Hussein - Independent Member
- 4- Abdullah bin Fahd bin Abdullah Al-Mulhim - Independent Member

b) A brief about of the fund board members' qualifications

1- Mr. Mark Ezzat Al-Hajj - Chairman

Mark Al Hajj is responsible for business development and institutional sales at Bloom Investments Saudi Arabia. Prior to assuming this role, he was involved in developing the asset management business of BLOM BANK Group in the Middle East and North Africa region. On the structuring front, Mr. Al-Hajj worked on the legal and technical structure of all issued investment funds managed by Bloom Group.

2- Mr. Mohammed bin Hamad Al-Dosari

Mohammed Al-Dosari, Head of Product Development and Corporate Finance at Bloom Investments Saudi Arabia. He holds a master's degree in applied finance and a bachelor's degree in financial management, with more than 13 years of experience in developing companies and investment products, managing investments, and managing financial strategies that improve investment returns taking into account the risks associated with investment. His skills and experience have proven his ability to achieve strategic business development goals during the various investment stages. One of his most prominent skills is working with companies to identify and analyze their financial positions and develop strategic solutions to achieve their financial planning goals. In addition, previous experiences contribute to developing relationships and building a strong client base to achieve targeted revenue growth.

3- Mr. Khalid bin Abdulrahman Aba Hussein

Khaled Aba Hussein, a former advisor at the Saudi Central Bank. He joined the Saudi Central Bank (SAMA), where he worked in the Banking Supervision Department, specialized in inspecting treasury, investment and various banking products, then finance and combating money laundering. He received many courses in various aspects of banking, finance and finance at Arab and international institutes and central banks, in addition to the International Monetary Fund, the International Finance Corporation and the American Deposit Insurance

Company. He participated in many specialized financial and banking committees locally and internationally, including the off-plan sales committee and the value-added tax committee.

4- Abdullah bin Fahd bin Abdullah Al-Mulhim

He is currently the Head of Investments at Al Fozan Holding Company since 2015, part of the Alternative Investments team covering both the local direct private markets and the international private indirect markets. Member of the Board of Directors of the United Household Appliances Company, a member of the Board of Directors of Retail Real Estate Development Company, a member of the Board of Directors of Khalifa Abdullah AlGosaibi Investments KSC, and a member of the Board of Directors of Union Gulf Holding Company K.S.C. And a member of the Board of Directors of Arnon Plastic Industries Ltd. He has extensive experience in the investment field, as he held the position of Senior Executive Director at Banque Saudi Fransi from 2012 to 2015, and was an Assistant Director at Samba Financial Group from 2009 to 2012. He participated in many activities and events such as the World Economic Forum.

c) The roles and responsibilities of the Fund Board

- Approval of all contracts, decisions and substantial reports to which the Fund is a party, including - but not limited to - approving contracts for providing management services for the Fund, and contracts for providing custody services, and this does not include contracts concluded in accordance with investment decisions regarding any investments it has made Fund or will do so in the future.
- Adopting a written policy regarding voting rights related to the Fund's assets.
- Supervising, and when appropriate, approving or approving any conflict of interest disclosed by the fund manager.
- Meeting at least twice annually with the Fund Manager's Compliance and Compliance Committee or its compliance officer to review the Fund's compliance with all relevant laws, rules and regulations, including - but not limited to - the requirements stipulated in the Investment Funds Regulations.

- Ensure the completeness and accuracy of the terms and conditions of the fund, the information memorandum and any other document, whether a contract or other, that includes disclosures related to the fund and the fund manager and its management of the Fund, in addition to ensuring that the foregoing complies with the provisions of the Investment Funds Regulations.
- Ensuring that the fund manager carries out his responsibilities in the interest of the unit holders in accordance with the provisions of the Investment Funds Regulations, the terms and conditions of the fund and the information memorandum.
- To work with honesty, good faith, interest, skill, care and diligence in a manner that achieves the interests of unit owners.
- Recording the minutes of the meetings that show all the proceedings of the meetings and the decisions taken by the Board.

d) Details on the remuneration of fund board members.

2,500 Saudi riyals for each attendance session for each independent member, calculated on each calendar day, and paid immediately after the session (twice annually). The annual total of all independent members' remuneration amounts to only 10,000 Saudi riyals.

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

Situations in which a conflict of interest may arise:

- Conflict between the interest of the fund manager and the interest of any investment fund he manages.
- A conflict between the interest of the fund and the interest of any other investment fund managed by the fund manager or the interest of a client account.
- Conflict between the interests of the members of the fund's board of directors and the interests of the fund.

Knowing that the fund manager invests at the time in 5 other funds that he manages in addition to his investment in Blominvest Murabaha Fund, which are: Blom MSCI Saudi Arabia Select Min Vol Fund, Blom Fund of REIT Funds, Al Mazaya Saudi Equity, Fund Blominvest Freestyle Equity Fund , and Blom Saudi Equity Fund, there is no significant conflict of interest between these funds and the fund manager. It should also be noted that the chairman of the board of directors of Blominvest Murabaha Fund - Mr. Marc Alhajj , is a the chairman of Blom REITs Fund of Funds. Accordingly, the fund manager reports that there is no conflict of interest between the interests of the members of the fund's board of directors and the interests of the fund.

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

It should also be noted that the chairman of the board of directors of Blominvest Murabaha Fund - Mr. Marc Alhajj , is a the chairman of Blom REITs Fund of Funds.

g) Discussion Topics - Board Resolution dated 29/12/2021

Discussion Topics

- Fund performance
- The changes made in the terms and conditions of the Fund(if any) .
- The Fund's commitment to the relevant laws and regulations.
- The possibility of a conflict of interest.

Resolutions

- Approval of Fund performance.
- Approval of The changes made in the prospectus and the terms and conditions of the Fund.
The fund launch date has been rescheduled to Sunday 02/26/1443 AH corresponding to 03/10/2021AD
- Approval of Fund's commitment to the relevant laws, regulations and regulations. There was an investment breach on November 18, 2021 due to the time period between the receipt of new subscription amounts and the time taken to deposit them, and the override was rectified

in time. And another breach was reported on 20th of October 2021 due to the reduction of the short term investments in Almurabaha was rectified in time.

- d) Approval of the possibility of a conflict of interest.
- e) Approval of the Electronic voting on the General Assemblies of the companies in which the Fund invests.

C. Fund Manager

1) Name and address of the fund manager.

Blominvest Saudi Arabia, with its registered office at Al Oula Building, 3rd floor, King Fahad Road, Riyadh, P.O. Box 8151, Riyadh 11482, Saudi Arabia with CMA License number: 08094 - 37.

2) Names and addresses of sub-manager and/or investment adviser (if any).

The Fund Manager did not appoint a sub-manager or investment advisor.

3) Investment activities during the period.

The Fund's aims to achieve steady capital appreciation with a high degree of capital preservation.

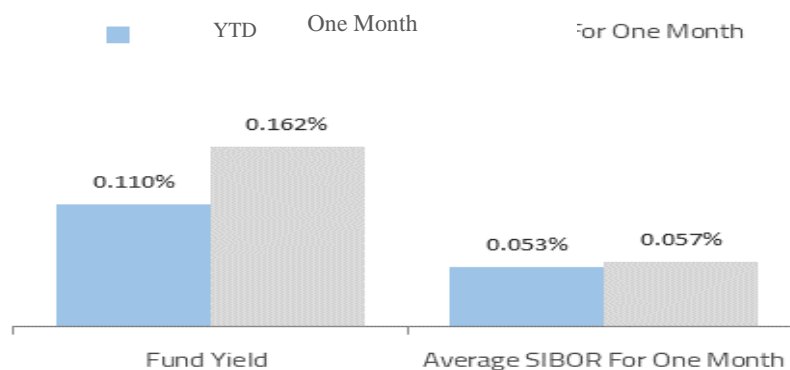
Barring any adverse events, the expected interest rate hikes will be supportive of the performance of Murabaha funds moving forward.

The Fund was introduced in October 2021 and since then it delivered a slightly lower return compared to its benchmark (one month SIBOR), this is due to the ramp up phase as the fund is expected to deliver superior performance during 2022.

4) Investment fund's performance during the period.

YTD: The Fund ended 2021 with 0.110% yield vs 0.162% 1 month Sibor yield

Since Inception: The Fund ended 2021 up 0.110% yield vs 0.162 1 month Sibor yield for the benchmark.



5) Details of any material changes made during the period

- The fund manager reported an investment breach on November 18, 2021 due to the time period between the receipt of new subscription amounts and the time taken to deposit them, and the override was handled in time. And another breach was reported on 20th of October 2021 due to the reduction of the short term investments in Almurabahat.
- Updates on the terms and conditions to reflect the change in the fund's launch date has been rescheduled to Sunday 02/26/1443 AH corresponding to 03/10/2021AD

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

Not Applicable

7) Investment fund invests substantially in other investment funds.

Not Applicable

8) A statement on any special commission received by the fund manager during the period.

The Fund manager did not receive any special commission during the year of 2021.

9) Any other data and other information required by these Regulations to be included in this report.

Not Applicable.

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

The registered fund manager has been managing the fund since the fund's inception in : October 4, 2021

11) A disclosure of the expense ratio of each underlying fund at end of year and the weighted average expense ratio of all underlying funds that invested in (where applicable).

Not Applicable.

D. Custodian

1) Name and address of custodian.

HSBC Saudi Arabia

2nd floor-HSBC Building, Olaya Road

7267 Olaya- Al-Murooj, Riyadh 12283-2255, Saudi Arabia

2) A brief description of its duties and responsibilities.

- The custodian is responsible for his obligations in accordance with the provisions of the investment funds regulations, whether he performs his responsibilities directly or assigns them to a third party in accordance with the provisions of the investment funds regulations and the regulations of financial market institutions.
- The custodian is responsible towards the fund manager and unit holders for the fund's losses resulting from its fraud, negligence, misbehavior or willful negligence.
- The custodian is responsible for preserving and protecting the assets of the fund for the benefit of the unit owners, and is also responsible for taking all necessary administrative procedures in relation to the preservation of the fund's assets.

20-Mar-2022

To:

BLOMINVEST SAUDI ARABIA (Fund Manager)

Riyadh - Kingdom of Saudi Arabia
 King Fahad Road – Al-Oula Bldg. – 3rd Floor
 P.O.Box 8151 Riyadh 11482

Subject: Custodian details on Fund Report as per ANNEX 3 Article 76 of the Investment Fund Regulations for the year 2021

Fund Name BLOMINVEST SR MURABAHA FUND

1) Name and address of custodian.

HSBC Saudi Arabia
 2nd floor-HSBC Building, Olaya Road
 7267 Olaya – Al Murooj, Riyadh 12283-2255, Saudi Arabia

2) Brief description of its duties and responsibilities,

Custodian is service provider to the Fund in line with article 23 to 30 of Investment Fund Regulations issued by the Capital Market Authority. Below are the brief responsibility of the custodian.

- Opening of segregated accounts for the Fund in the name of the custodian for the benefit of the specific Fund.
- Safekeeping and periodic reconciliation of assets under custody
- Movement of Funds for Fund's investment and Operational purposes based on Fund Manager Instructions
- Settlement of trades after execution and handling corporate action in the Fund portfolio based on Fund Manager Instructions
- Providing periodic statements to the Fund's Managers and the auditors.
- Complying with client money rules and Investment Account Instructions issued by the CMA

We confirm that above mentioned responsibilities on part of custodian have been duly complied.

We don't have any opinion on the below aspects.

3) A statement based on its opinion whether the fund manager has:

- issued, transferred and redeemed the units in accordance with the provisions of the Investment Funds regulations and the fund's Terms and Conditions.
- valued and calculated the price of units in accordance with the provisions of The Investment Funds Regulations, the fund's Terms and Conditions and the Information memorandum.
- breached any of the investment restrictions, limitations and borrowing powers applicable to the Investment fund Regulations.

Best Regards,
 HSBC Saudi Arabia.



E. Fund Operator

1) Name and address of fund operator

Blominvest Saudi Arabia

Riyadh, Kingdom of Saudi Arabia,

Phone: +966 (11) 4949555, Fax: +966 (11) 4949551, P.O. Box 8151 Riyadh 11482

2) A brief description of its duties and responsibilities.

- The fund operator will keep books and records related to the operation of all the funds it operates
- Preparing a register of unit owners and keeping it in the Kingdom
- Subscription or redemption requests shall be treated at the price calculated at the evaluation point following the deadline for submitting subscription and redemption requests
- Implementation of subscription or redemption requests so that they do not conflict with any provisions contained in the investment regulations or the terms and conditions of the fund

3) Sub – Fund Operator

1) Name and address of fund operator

HSBC Saudi Arabia Limited

7267 Olaya - Al Murooj, Riyadh 12283-2255

www.hsbcSaudi.com

2) A brief description of its duties and responsibilities.

- The sub-operator is responsible for the full and fair evaluation of the Fund's assets
- The sub-operator of the fund is responsible for calculating the unit price of fund .

E. Auditor

1) Name and address of auditor.

Ernst & Young

Al Faisaliah Office Tower | King Fahad Road | P.O. Box 2732 | Riyadh 11461, Saudi Arabia

The auditors in their “opinion” letter have declared the following:

- a) The financial statements have been prepared and audited in accordance with IFRS standards, the Investment Funds Regulations ,the fund's terms and conditions and the information memorandum;
- b) The financial statements give a true and fair view of the net income and the net gains or losses of the investment fund’s assets in that accounting period; and
- c) The financial statements give a true and fair view of the financial position of the investment fund at the end of the period.

F. Financial Statement

Financial Statement (attached) has been prepared in accordance with IFRS standards

BLOMINVEST SR MURABAHA FUND
(Managed by Blominvest Saudi Arabia)

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT**

FOR THE PERIOD FROM 3 OCTOBER 2021 TO 31 DECEMBER 2021



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF BLOMINVEST SR MURABAHA FUND (MANAGED BY BLOMINVEST SAUDI ARABIA)

Opinion

We have audited the financial statements of Blominvest SR Murabaha Fund (the "Fund") managed by Blominvest Saudi Arabia (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity attributable to the unitholders and statement of cash flows for the period from 3 October 2021 to 31 December 2021 (the "Period"), and 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 at 31 December 2021, and its financial performance and its cash flows for the period 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 Organisation 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 endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of 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 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, 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 BLOMINVEST SR MURABAHA FUND
(MANAGED BY BLOMINVEST SAUDI ARABIA) (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.



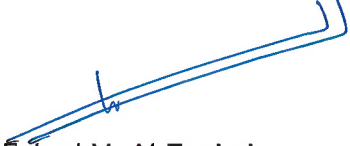
**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF BLOMINVEST SR MURABAHA FUND
(MANAGED BY BLOMINVEST SAUDI ARABIA) (CONTINUED)**

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

- 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.

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.

for Ernst & Young Professional Services


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

Riyadh: 27 Sha'ban 1443H
(30 March 2022)



Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 SR
ASSETS		
Financial assets at fair value through profit or loss (FVTPL)	9	31,973,055
Murabaha placements at amortised cost	8	21,679,971
Accrued special commission income		33,419
Bank balance	7	12,926,981
TOTAL ASSETS		66,613,426
LIABILITIES AND EQUITY		
LIABILITIES		
Management fees payable	9	13,404
Accrued expenses		45,560
TOTAL LIABILITIES		58,964
EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY)		66,554,462
TOTAL LIABILITIES AND EQUITY		66,613,426
Redeemable units in issue		6,648,137
Net asset value attributable to each per unit		10.01

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

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

STATEMENT OF COMPREHENSIVE INCOME

For the period from 3 October 2021 to 31 December 2021

		<i>From 3 October 2021 to 31 December 2021</i>
	<i>Notes</i>	<i>SR</i>
INCOME		
Special commission income		33,419
Net movement in unrealised gain on financial assets at FVTPL	9	123,055
Other income		3,027
TOTAL INCOME		<u>159,501</u>
EXPENSES		
Management fees		(34,596)
Other expense		(70,443)
TOTAL EXPENSES		<u>(105,039)</u>
NET INCOME FOR THE PERIOD		54,462
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>54,462</u></u>

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

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

For the period from 3 October 2021 to 31 December 2021

	<i>From 3 October 2021 to 31 December 2021 SR</i>
Net income and total comprehensive income for the period	54,462
Issuance and redemptions of units	
Issuance of units during the period and net changes in value of units	66,500,000
Equity attributable to the unitholders at end of the period	66,554,462

REDEEMABLE UNIT TRANSACTIONS

Transactions in redeemable units made for the period from 3 October 2021 to 31 December 2021 are summarized as follows:

	<i>From 3 October 2021 to 31 December 2021 Units</i>
Issuance of units during the period and units at end of the period	6,648,137

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

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

STATEMENT OF CASH FLOWS

For the period from 3 October 2021 to 31 December 2021

	<i>From 3 October 2021 to 31 December 2021 SR</i>
	<i>Note</i>
OPERATING ACTIVITIES	
Net income for the period	54,462
Adjustment to reconcile net income to net cash flows:	
Net movement in unrealised gain on financial assets at FVTPL	(123,055)
Special commission income	(33,419)
	(102,012)
Changes in working capital	
Financial assets at FVTPL	(31,850,000)
Management fees payable and accrued expenses	58,964
	(31,893,048)
Net cash used in operating activities	(31,893,048)
FINANCING ACTIVITY	
Issuance of units and cash from financing activity	66,500,000
NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7 34,606,952

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

Blominvest SR Murabaha Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

1. GENERAL

Blominvest SR Murabaha Fund (the “Fund”) is an open-ended investment fund created by an agreement between Blominvest Saudi Arabia Company (the “Fund Manager”) and investors (“unit holders”). The investment objective of the Fund is to provide capital preservation and short-term capital growth, through investing in Shariah-compliant conservative transactions. The Fund was established on 26 Safar 1443H (corresponding to 3 October 2021) as per approval from the Capital Market Authority (the “CMA”).

The address of the registered office of the Fund Manager is as follows:

Al-Oula Building 3rd Floor, King Fahd Road
P.O. Box 8151, Riyadh 11482
Kingdom of Saudi Arabia

The Fund has appointed HSBC Saudi Arabia Limited to act as its custodian and administrator. The fees for the custodian and administrator services are paid directly by the Fund.

This is the first set of financial statements of the Fund since its creation and accordingly, no comparative figures presented in the financial statements.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006), and effective from 6 Safar 1438H (corresponding 6 November 2016) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 16 Sha’aban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia. The regulations were further amended by Resolution of the Board of CMA number 2-22-2021 dated 1 Rajab 1442H (corresponding to 24 February 2021). The amended regulations were effective form 19 Ramadan 1442H (corresponding to 1 May 2021).

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

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 Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in the KSA”) and applicable provisions of Investment Funds Regulations issued by the Board of Capital Market Authority, Fund’s terms and conditions and Investment memorandum.

These financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss which are stated at their fair value and also using the accruals basis of accounting and the going concern concept.

These financial statements are presented in Saudi Riyal (“SR”), which is the functional currency of the Fund, and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Fund in preparing its financial statements:

Blominvest SR Murabaha Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Financial instruments

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

(i) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset
- *Financial assets measured at amortised cost*
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- *Financial assets measured at fair value through profit or loss (FVTPL)*
A financial asset is measured at fair value through profit or loss if:
 - i. Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (SPPI); and
 - ii. It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
 - iii. At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund investments includes investments in equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial liabilities

- *Financial liabilities measured at fair value through profit or loss (FVTPL)*
A financial liability is measured at FVTPL if it meets the definition of held for trading. The Fund does not hold any financial liabilities measured at FVTPL.
- *Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Financial instruments (continued)

(ii) Recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the statement of comprehensive income.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value including any directly attributable transaction costs.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVTPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of comprehensive income.

Financial assets and financial liabilities at amortised cost are subsequently measured at amortised cost using effective commission rate (ECR) method.

(v) Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Financial liabilities

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(vi) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

Blominvest SR Murabaha Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Financial instruments (continued)

(vii) *Impairment of financial assets*

The Fund assesses on a forward looking basis the Expected Credit Losses (“ECL”) associated with its financial assets, carried at amortised cost, the ECL is based on a 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

4.2 Trade date accounting

All regular way purchases and sales of financial assets are recognised / derecognised 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 market place.

4.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as ‘cash and cash equivalents.

For the purpose of the statement of cash flows, cash and cash equivalents consists of bank balance as described above.

4.4 Accrued expenses

Liabilities are recognised for amounts to be paid in the future for services received, whether billed by the suppliers or not. These are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

4.5 Provisions

Provisions are recognised 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 recognised 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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

4.6 Zakat and income tax

Under the current system of taxation in the Kingdom of Saudi Arabia the Fund is not liable to pay any Zakat or income tax as they are considered to be the obligation of the Unitholders and as such, these are not provided in the financial statements.

4.7 Redeemable Units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder 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 holder’s rights to a pro rata share of the Fund’s net assets

Blominvest SR Murabaha Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Redeemable Units (Continued)

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 shares. If the redeemable shares 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 equity. If the redeemable shares 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 shares 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.

The capital of the Fund is SR 66,481,370 divided into 6,648,137 participating units of SR 10 par value. All issued participating units are fully paid. The Fund's capital is represented by these participating units and are classified as equity instruments. The units are entitled to payment of a proportionate share of the Fund's net asset value upon winding up of the Fund.

4.8 Net assets value per unit

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

4.9 Special Commission income

Special commission income including special commission income from financial assets classified amortised cost, are recognised in the statement of comprehensive income, using Effective Commission Rate (ECR) method. The ECR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the ECR, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

4.10 Net gain or loss on financial assets 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).

4.11 Management fees

Fund management fees are recognised on accrual basis and charged to the statement of comprehensive income. Fund management fee is charged at agreed rates with the Fund Manager and as stated in the terms and conditions of the Fund

Blominvest SR Murabaha Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Fair value of financial instruments

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year. The Fund determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.13 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 translations 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.

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 recognised as a component of net gain from financial instruments at FVTPL.

Blominvest SR Murabaha Fund (Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS as endorsed in the KSA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Funds' accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

Going concern

The Board of Directors in conjunction with the Fund Manager 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, they are not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis

Allowance for expected credit losses

The Fund recognises allowance for expected credit loss (ECL) on its Murabaha placements and Sukuk instruments. The Fund measures loss allowance at an amount equal to lifetime ECL, except for the following, for which they are measured at 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets on which credit risk has not increased significantly since their initial recognition

The Fund considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade' or certain unrated investment with no default in past. 12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

Fair value Measurement

The Fund measures its investments in financial instruments, such as equity instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

6. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE FUND

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

**6. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE FUND
(continued)**

These amendments had no impact on the financial statements of the Fund. The Fund intends to use the practical expedients in future periods if they become applicable.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. However, these amendments had no impact on the financial statements of the Fund.

Standards issued but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Based on the Fund's assessment, the below standards are not expected to have potential impacts on the reported numbers and disclosures.

Standards	Description	Mandatory effective date
IFRS 17	Insurance Contracts	1 January 2023
IFRS 1	First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter	1 January 2022
IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 37	Onerous Contracts: Costs of Fulfilling a Contract	1 January 2022

7. CASH AND CASH EQUIVALENTS

	2021 SR
Bank balance	12,926,981
Murabaha placements with an original maturity of less than three months (note 8)	21,679,971
Cash and cash equivalents	34,606,952

8 MURABAHA PLACEMENTS AT AMORTIZED COST

Murabaha placements are an Islamic mode of money market placements with financial institutions in the Kingdom of Saudi Arabia and the rest of the Middle East. Murabaha placements earn commission at the rate 0.84% per annum and have original maturity period of less than 90 days as of 31 December 2021.

The management has assessed allowance for expected credit losses (ECL) as required under IFRS 9 and based on that assessment, the management believes that no allowance for ECL is required to be recognised as at 31 December 2021 as the credit risk is low.

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of the financial assets at fair value through profit and loss is summarised below:

<i><u>Mutual funds</u></i>	<i>31 December 2021</i>			
	<i>% of market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain SR</i>
Itqan Fund for Murabaha	40%	12,800,000	12,849,129	49,129
Alawwal Saudi Riyal Murabaha	21%	6,750,000	6,769,249	19,249
Al khair Capital Murabaha Fund	17%	5,300,000	5,322,855	22,855
Muscat capital Money Market Fund	11%	3,500,000	3,519,840	19,840
Falcom SAR Murabaha Fund	11%	3,500,000	3,511,982	11,982
	100%	31,973,055	31,973,055	123,055

10. TRANSACTIONS WITH RELATED PARTIES

As per the agreement, the Fund is required to pay a management fee at the maximum rate of 0.3% per annum calculated based on the total net asset value at each valuation date and fund operation fees at the rate of 0.5% calculated based on the total net asset value with minimum fees of SR 66,000.

The Fund is also required to pay a custodian fees of 0.5% of total Fund's assets with minimum fees of SR 24,000 per month.

In addition, The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund including audit fee, board compensation and other similar charges.

The management fees amounting to SR 34,596 reflected in the statement of comprehensive income, represent the fees charged by the Fund Manager during the period from 3 October 2021 to 31 December 2021, as described above. The management fees payable to the Fund Manager is amounting to SR 13,404 as of 31 December 2021.

The unitholders' account included 4,000,000 units held by the Fund Manager as of 31 December 2021.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures its investments in financial instruments, such as financial assets as FVTPL, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Fund has only investments at fair value through profit or loss which is measured at fair values. All other financial assets and liabilities are classified as amortised cost and management believes that the fair value of all other financial assets and liabilities 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 period.

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Fund's financial assets as at 31 December 2021. There are no other financial assets and financial liabilities measured at fair value.

	<i>Total</i> <i>SR</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1)</i> <i>SR</i>	<i>Significant observable inputs (Level 2)</i> <i>SR</i>	<i>Significant unobservable inputs (Level 3)</i> <i>SR</i>
<i>As at 31 December 2021</i>				
<i>Financial asset measured at fair value</i>				
Financial assets at FVTPL	31,973,055	-	31,973,055	-

Management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets, other than bank balances, held by the Fund as at 31 December 2021.

	<i>2021</i> <i>SR</i>
<i>Financial assets at amortised cost</i>	
Murabaha placements at amortised cost	21,679,971
<i>Financial assets at fair value through profit or loss (FVTPL)</i>	
Financial assets at FVTPL	31,973,055
<i>Total financial assets</i>	53,653,026

Set out below is an overview of financial liabilities held by the Fund as at 31 December 2021.

	<i>2021</i> <i>SR</i>
<i>Financial liabilities at amortised cost</i>	
Management fees payable	13,404

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund's principal financial liabilities management fees payable. The Fund also has financial assets in the form of cash and cash equivalents and financial assets at FVTPL, Murhabah placements at amortised cost which are integral and directly derived out of its regular business.

The Fund's financial operations are exposed to following risks.

Credit risk

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Fund. The Fund has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low.

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The Fund attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Fund maintains bank accounts with high credit rated financial institutions.

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

	2021
	SR
Murabaha placements at amortised cost	21,679,971
Bank balance	12,926,981
	34,606,952

The management has assessed allowance for expected credit losses (ECL) as required under IFRS 9 and based on that assessment, the management believes no allowance for ECL is required to be recognised against the carrying value of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Fund's terms and conditions provide for redemptions of units twice a week and it is, therefore, exposed to the liquidity risk of meeting Unit holders' redemptions. The Fund's bank balances and Murabaha placements are considered to be readily realisable. The Fund Manager monitors liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available including bank facilities to meet commitments as they arise.

The undiscounted value of all financial liabilities of the Fund at the reporting date approximate to their carrying values and all are to be settled within three months from the reporting date.

Special commission rate risk

Special commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. Presently, the Fund does not hold any variable commission rate financial instruments therefore, not exposed to special commission rate risk.

Blominvest SR Murabaha Fund
(Managed by Blominvest Saudi Arabia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2021

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:

<i>As at 31 December 2021</i>	<i>Less than 12 months SR</i>	<i>More than 1 year SR</i>	<i>Total SR</i>
ASSETS			
Murabaha placements at amortized cost	21,679,971	-	21,679,971
Financial assets at FVTPL	31,973,055	-	31,973,055
Accrued special commission income	33,419	-	33,419
Bank balance	12,926,981	-	12,926,981
TOTAL ASSETS	66,613,426	-	66,613,426
LIABILITIES			
Management fees payable	13,404	-	13,404
Accrued expenses	45,560	-	45,560
TOTAL LIABILITIES	58,964	-	58,964

15. LAST VALUATION DAY

The last valuation day of the period was 30 December 2021.

16. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities and business continuity, the Fund Manager has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

During the period from 3 October 2021 to 31 December 2021, the Fund’s operations and financial results have witnessed impact due to the COVID-19 outbreak mainly as result of decline in the Fund’s investments’ fair values in line with unit price declining trend. The impact of the pandemic on the Fund’s operations and financial results till the date of the financial statements has been reflected in the net assets value and investments value. These developments could further impact our future financial results, cash flows and financial condition and the Fund Manager will continue to assess the nature and extent of the impact on its business and financial results.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Fund’s management on 27 Sha’ban 1443H (corresponding to 30 March 2022).