

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
FINANCIAL STATEMENTS
For the year ended 31 December 2023
Together with the
Independent Auditor's Report

YAQEEEN SAUDI EQUITY FUND
(Managed by Yaqeen Capital)
FINANCIAL STATEMENTS
For the year ended 31 December 2023

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

Independent Auditor's Report

To the unitholders of Yaqeen Saudi Equity Fund

Opinion

We have audited the financial statements of **Yaqeen Saudi Equity Fund** (the "Fund") managed by Yaqeen Capital (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to unitholders and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

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

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

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, the Fund's Terms and Conditions and for such internal control as Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the Fund's Board, is responsible for overseeing the Fund's financial reporting process.

Independent Auditor's Report

To the unitholders of Yaqeen Saudi Equity Fund (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Yaqeen Saudi Equity Fund** (the "Fund").

KPMG Professional Services



Hani Hamzah A. Bedairi
License No: 460

Riyadh: 17 Ramadan 1445H
Corresponding to: 27 March 2024



YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2023

(All amounts are in Saudi Riyals unless stated otherwise)

	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalent	5	17,282,378	10,367,947
Financial assets at fair value through profit or loss (FVTPL)	6	<u>163,281,737</u>	<u>139,438,528</u>
Total assets		<u>180,564,115</u>	<u>149,806,475</u>
Liabilities			
Management fee payable	7	851,621	784,964
Other liabilities	8	<u>15,891</u>	<u>15,271</u>
Total liabilities		<u>867,512</u>	<u>800,235</u>
Net assets (equity) attributable to the Unitholders		<u>179,696,603</u>	<u>149,006,240</u>
Units in issue (number)		<u>36,542,451</u>	<u>40,299,992</u>
Net asset value per unit		<u>4.92</u>	<u>3.70</u>
Contingencies and commitments	9	-	-

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

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	31 December 2023	31 December 2022
Income			
Dividend income		4,425,709	3,074,104
Net fair value gain on financial assets at FVTPL	6	<u>46,173,252</u>	<u>10,947,180</u>
		<u>50,598,961</u>	<u>14,021,284</u>
Expenses			
Management fee	7	(3,341,689)	(3,395,947)
Other expenses	8	<u>(108,059)</u>	<u>(115,783)</u>
Total operating expenses		<u>(3,449,748)</u>	<u>(3,511,730)</u>
Profit for the year		47,149,213	10,509,554
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>47,149,213</u>	<u>10,509,554</u>

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

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
STATEMENT OF CHANGES IN NET ASSETS (EQUITY)
ATTRIBUTABLE TO THE UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

	31 December 2023	31 December 2022
Net assets (equity) attributable to the Unitholders at the beginning of the year	149,006,240	197,755,415
Profit and total comprehensive income for the year	47,149,213	10,509,554
Unitholders' subscriptions and redemptions:		
Issuance of redeemable units during the year	1,852,825	4,005,762
Redemption of redeemable units during the year	(18,311,675)	(63,264,491)
Net assets (equity) attributable to the Unitholders at end of the year	179,696,603	149,006,240

Movement in number of units

The movement in number of units is summarized as follows:

	31 December 2023	31 December 2022
Number of units as at 1 January	40,299,992	55,633,083
Issuance of redeemable units during the year	425,908	1,027,524
Redemption of redeemable units during the year	(4,183,449)	(16,360,615)
Number of units as at 31 December	36,542,451	40,299,992

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

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMEBR 2023
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	31 December 2023	31 December 2022
Cash flows from operating activities			
Profit for the year		47,149,213	10,509,554
Adjustments for non-cash items:			
Net fair value gain on investments at FVTPL	6	(46,173,252)	(10,947,180)
Changes in operating assets and liabilities:			
Purchase of financial assets at FVTPL	6	(195,872,956)	(164,216,375)
Proceeds from sale of financial assets at FVTPL	6	218,202,999	206,113,008
Management fee payable		66,657	(227,738)
Other liabilities		620	(608)
Net cash generated from operating activities		<u>23,373,281</u>	<u>41,230,661</u>
Cash flows from financing activities			
Issuance of redeemable units during the year		1,852,825	4,005,762
Redemption of redeemable units during the year		(18,311,675)	(63,264,491)
Net cash used in from financing activities		<u>(16,458,850)</u>	<u>(59,258,729)</u>
Net increase / (decrease) in cash and cash equivalents			
		6,914,431	(18,028,068)
Cash and cash equivalents at the beginning of the year		10,367,947	28,396,015
Cash and cash equivalents at the end of the year	5	<u>17,282,378</u>	<u>10,367,947</u>

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

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

1 GENERAL INFORMATION

Yaqeen Saudi Equity Fund (the "Fund") is a fund established under an agreement between Yaqeen Capital Financial (Yaqeen Capital) Company ("Fund Manager") and Fund Investors ("Unitholders"). The Fund's objectives are to achieve long-term capital growth through investing in securities listed on the Saudi exchange that meet Islamic Sharia. The Fund is "open-ended" and does not normally distribute any dividends to the Unitholders. Instead, all profits collected in the Fund are reinvested and are reflected in the price of the Fund's unit.

The address of the Fund's manager is as follows:

Yaqeen Capital
Olaya Street, P.O. 884
Riyadh 11421
Kingdom of Saudi Arabia

Yaqeen Capital is the administrator of the Fund. Further, Al-Bilad Capital Company is the custodian of the Fund as per the terms and conditions of the Fund.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. In addition, the Unitholders are considered as owners benefiting from the Fund's assets.

The Capital Market Authority ("CMA") license to establish the Fund was obtained on 10 Jumada Al Akhir 1441H (corresponding to 4 February 2020). The Fund commenced its activities on 14 Shaban 1441H (corresponding to 8 April 2020).

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by CMA on 3 Dhul Hija 1427H (corresponding to 24 December 2006) as amended by the resolution of CMA board on 16 Sha'aban 1437H (corresponding to 23 May 2016). It is further amended by the resolution of CMA board on 12 Rajab 1442H (corresponding to 24 February 2021).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of liquidity.

The Fund has also complied with Investment Funds Regulations published by CMA and Fund's terms and conditions, information memorandum and key information summary (collectively hereinafter referred to as "Terms and Conditions") with respect to preparation and presentation of these financial statements.

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

2 BASIS OF PREPARATION (CONTINUED)

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss that are measured at fair value.

Furthermore, these financial statements are prepared, using the accrual basis of accounting and are based on the going concern basis.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyal (SR), which is also the functional currency of the Fund. All financial statements presented has been rounded to the nearest SR unless stated otherwise.

2.4 Financial year

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

2.5 Use of judgements and estimates

In the ordinary course of business, the preparation of the 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. There are no areas of significant judgment or critical assumption used in the preparation of these financial statements.

3 APPLICATION OF NEW AND REVISED STANDARDS

3.1 New standards

Following are the amendments to standards which are effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards did not have a significant impact on the financial statements of the Company.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17, 'Insurance contracts', as amended in December 2021

3.2 Standards issued but not yet effective

Following are the new amendments to standards, which are effective for annual periods beginning on, or after 1 January 2024 and earlier application is permitted however, the Company has not early adopted them in preparing these financial statements. The following standards are not expected to have a significant impact on the financial statements of the Company upon adoption:

- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities
- Amendments to IFRS 10 and IAS 28 related to sale or contribution of assets between an Investor and its Associate or Joint Ventures
- Amendment to IFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to IAS 1, Non-current Liabilities with Covenants

YAQEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

4 MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below. The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2022. Based on the adoption of new standard and in consideration of current economic environment, the following accounting policies are applicable effective January 1, 2023 replacing, amending, or adding to the corresponding accounting policies set out in 2022 annual financial statements.

4.1 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise current account with the bank.

4.2 Financial instruments

4.2.1 Initial recognition and measurement

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 market place. All other financial assets and liabilities (including assets and liabilities designated at fair value through income statement) 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 are 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.

4.2.2 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.

4.2.3 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;
- Financial assets at fair value through other comprehensive income; or

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 FVTPL, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investments at FVOCI. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments (continued)

4.2.3 Classification and subsequent measurement of financial assets (continued)

When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to 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. The fund has not classified any of its equity investments at FVOCI.

4.2.4 Classification and measurement of financial liabilities

Liabilities are recognized on an accrual basis for amounts to be paid in the future in return for services received, whether or not billed by the provider.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Fund has designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method.

4.2.5 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.

4.3 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.

(i) Redeemable units

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

The Fund classifies its redeemable units as an equity instrument if the redeemable units have all of the following features:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Equity attributable to Unitholders (continued)

- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata shares of the Fund's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

In addition in order to classify instruments as equity 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 recognized equity or the change in the fair value of the recognized and unrecognized equity of the Fund; and
- The effect of substantially restricting or fixing the residual return to the instrument holders.

The Fund's redeemable participating units meet the definition of puttable instruments classified as equity instruments under IAS 32.16(A-B) and accordingly, are classified as equity instruments.

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have any of the features or meet all the conditions set out in paragraphs 16A and 16B of International Accounting Standard (IAS 32), 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 recognized in net assets attributable to unit holders. The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

(ii) Trading in the units

Units of the Fund are made available for purchase only in the Kingdom of Saudi Arabia at Yaqeen Capital branches by natural and corporate persons. The net asset value of the Fund is determined on the Valuation Day by dividing the net value of assets (fair value of total assets minus liabilities) by the total number of outstanding units on the relevant Valuation Day.

4.4 Net assets value per unit

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

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the amount can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and taxes.

Realized gains and losses on investments at FVTPL sold are determined on a weighted average cost basis. 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).

4.6 Management fee, custody fee and other expenses

The Fund's expenses include management fee, custody fee and other expenses. These expenses are recognised on accrual basis. Management and custody fee are based on predetermined rates as specified in the Terms and Conditions of the Fund. Detailed policies are as follows:

4.6.1 Management fee

The Fund Manager charges the Fund, on every Valuation Day, a management fee at an annual rate of 1.75% (31 December 2022: 1.75%) of the Fund's net assets value.

4.6.2 Custody fee

The Fund accrues custody fee expense at an annual rate of 0.02% (31 December 2022: 0.02%) of the net assets value. These charges are calculated and accrued on each dealing day.

4.6.3 Other expenses

The Fund Manager recovers from the Fund any other expense incurred on behalf of the Fund at rates specified in the Terms and Conditions of the Fund.

5 CASH AND CASH EQUIVALENT

	31 December 2023	31 December 2022
Cash at bank	<u>17,282,378</u>	<u>10,367,947</u>

Cash and cash equivalent comprise balances held with Al Bilad Bank which has a A3 long term credit rating as per Moody's

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

All of the Fund's financial assets are investments in the securities listed on the Saudi Stock Exchange Tadawul that meet Islamic Sharia. The Fund invests in the shares of enterprises within the targeted indicator portfolio, considering the relative weights of assets distribution, while sufficient cash is held continuously to meet expenses and any other obligations on the Fund.

YAQEEEN SAUDI EQUITY FUND
(Managed By Yaqeen Capital)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts are in Saudi Riyals unless stated otherwise)

**6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)
(CONTINUED)**

	Note	31 December 2023	31 December 2022
Investment in listed equity securities	6.1 & 6.2	<u>163,281,737</u>	<u>139,438,528</u>

6.1 Investments in listed equity securities is valued at published market price on Tadawul. The geographical dispersion of above investments is within the Kingdom of Saudi Arabia.

Movement in investments carried at fair value through profit or loss is as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	139,438,528	170,387,981
Purchase during the year	195,872,956	164,216,375
Sold during the year	<u>(218,202,999)</u>	<u>(206,113,008)</u>
	117,108,485	128,491,348
Net changes in financial assets at FVTPL		
Realized fair value gain, net for the year	<u>27,413,495</u>	<u>31,505,863</u>
Unrealized fair value loss, net for the year	<u>18,759,757</u>	<u>(20,558,683)</u>
Net fair value gain on financial assets at FVTPL	<u>46,173,252</u>	<u>10,947,180</u>
Balance as at 31 December	<u>163,281,737</u>	<u>139,438,528</u>

6.2 The Diversification of financial assets at fair value through profit or loss into industry groups specified by Tadawul is summarized as follows:

	31 December 2023	31 December 2022
Industry group		
Material	30,041,300	26,393,137
Banks	26,632,900	36,286,310
Insurance	14,499,800	10,006,700
Software and services	14,413,480	11,676,800
Telecommunication services	13,532,000	17,893,800
Health care equipment and services	11,555,440	1,433,900
Media and entertainment	10,712,000	-
Food and beverages	9,495,500	-
Energy	8,250,000	8,045,543
Consumer Staples distribution and Retail	6,165,000	2,829,843
Utilities	5,420,800	-
Capital Goods	4,926,237	-
Real Estate Mgmt & Development	3,834,000	6,270,382
Consumer Discretionary distribution and Retail	3,803,280	-
Consumer Services	-	6,245,685
Transportation	-	5,840,918
Commercial and professional services	-	3,759,500
Diversified financials	-	2,756,010
	<u>163,281,737</u>	<u>139,438,528</u>

YAQEEEN SAUDI EQUITY FUND
 (Managed By Yaqeen Capital)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
 (All amounts are in Saudi Riyals unless stated otherwise)

7 MANAGEMENT FEE PAYABLE

	Note	31 December 2023	31 December 2022
Balance as at 1 January		784,964	1,012,702
Expense for the year	7.1	3,341,689	3,395,947
Payment during the year		(3,275,032)	(3,623,685)
Balance as at 31 December		851,621	784,964

7.1 The Fund Manager charges the Fund, on every Valuation Day on daily basis, a management fee at an annual rate of 1.75% (31 December 2022: 1.75%) of the Fund's net assets value.

8 OTHER LIABILITIES

	Note	31 December 2023	31 December 2022
Balance as at 1 January		15,271	15,879
Expense for the year	8.1 &	108,059	115,783
Payment during the year	8.2	(107,439)	(116,391)
Balance as at 31 December		15,891	15,271

Other fees include custody fee and other expense which are based on predetermined rates as specified in the Terms and Conditions of the Fund. These expenses are recognised on accrual basis. Detailed policies are as follows:

8.1 Custody fee

The Fund accrues custody fee expense at an annual rate of 0.02% (31 December 2022: 0.02%) of the net assets value. These charges are calculated and accrued on each dealing day.

8.2 Other expenses

The Fund Manager recovers from the Fund any other expense incurred on behalf of the Fund at rates specified in the Terms and Conditions of the Fund.

9 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2023 and 31 December 2022.

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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.

Within the normal course of business, the Fund deals with related parties that are in turn subject to the Fund's terms and conditions issued by the CMA.

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10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

The Yaqeen Capital (Fund Manager) and other funds managed by the Fund Manager are considered as related parties to the Fund.

Related Party	Nature of transaction	Transactions		Closing balance	
		2023	2022	2023	2022
Yaqeen Capital	Management fee (note 7)	(3,341,689)	(3,395,947)	851,621	784,964

The Fund pays management fees, and other expenses calculated on each Valuation Day in the percentages shown below of the Fund's net assets value.

Percentage

Management fees	1.75%
Other fees and expenses, including: Custody fees	0.02%

11 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.

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 a market price, because this price is assessed to be a reasonable approximation of the exit price.

The fair value hierarchy consists of the following levels:

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

Investments are based on prices quoted in active markets classified as level 1 and include quoted equity instruments. The Fund does not adjust the quoted price for these instruments.

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11 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fund has classified investments measured at fair value through profit or loss (FVTPL) as level 1 as per the fair value hierarchy. During the period, there has been no transfer in fair value hierarchy. For other financial assets and liabilities, such as cash and cash equivalents, dividend receivable, management fee payable and other liabilities, the carrying values were determined to be a reasonable approximation of fair value due to their nature.

12 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Fund's objective is to ensure the Fund's ability to continue as a going concern so that it can continue to provide optimal returns for the Unitholders and ensure reasonable safety of the Unitholders.

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

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

Monitoring and controlling risks 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) Credit risk

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

The Fund's policy is to conclude financial instrument contracts with reputable counterparties. The Fund seeks to reduce credit risk by monitoring credit exposures, setting limits for transactions with specific counterparties, and constantly assessing the solvency of such parties.

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

	31 December 2023	31 December 2022
Cash and cash equivalent (note 5)	17,282,378	10,367,947

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss.

All financial assets were considered for ECL as on 31 December 2023 and 31 December 2022. However, the impact of ECL on these assets was immaterial as the Fund is not exposed to significant credit risk and there is no history of default on recovery of these balances.

The Fund is not currently exposed to credit risk within its investment portfolio. The cash and cash equivalents balance is deposited with Bank Al Bilad, which has an external credit rating with a credit quality of A3.

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12 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet its 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 the subscription and redemptions of units on dealing days during the week and it is, therefore, exposed to the liquidity risk of meeting Unit holder's redemptions. The Fund's investments in gold contracts are readily realizable, and can easily be liquidated at any time. The Fund Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of investment, or obtaining funding from related parties.

2023	Up to one year	More than one year	More than five year	Total
Financial liabilities				
Management fee payable	851,621	-	-	851,621
Other liabilities	15,891			15,891
	<u>867,512</u>	<u>-</u>	<u>-</u>	<u>867,512</u>

2022	Up to one year	More than one year and up to five year	More than five year	Total
Financial liabilities				
Management fee payable	784,964	-	-	784,964
Other liabilities	15,271	-	-	15,271
	<u>800,235</u>	<u>-</u>	<u>-</u>	<u>800,235</u>

Maturity profile

The table below shows an analysis of financial assets and financial liabilities according to when they are expected to be recovered or settled respectively. The amount disclosed are the contractual undiscounted cash flows which equal their carrying balances as the impact of discounting is not significant.

2023	Up to one year	More than one year	No fixed maturity	Total
Financial assets				
Cash and cash equivalents	-	-	17,282,378	17,282,378
Financial assets at fair value through profit or loss	-	-	163,281,737	163,281,737
			<u>180,564,115</u>	<u>180,564,115</u>
Financial liabilities				
Management fee payable	851,621	-	-	851,621
Other liabilities	15,891	-	-	15,891
	<u>867,512</u>	<u>-</u>	<u>-</u>	<u>867,512</u>

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12 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

c) Market risk

i) Commission rate risk

Special Commission rate risk arises from the possibility that changes in market special commission rates will affect future profitability or the fair value of the financial instruments.

As of the date of the statement of financial position, the Fund is not exposed to significant commission rate risk as it does not have any financial instruments that carry significant special commission.

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

The functional currency of the Fund is Saudi Riyals. As the Fund's financial assets and financial liabilities are denominated in its functional currency, the Fund is not subject to currency risk.

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 price risk arises primarily from uncertainty about the future prices of the financial instruments that the Fund holds.

The Fund Manager closely monitors the price movement of its financial instruments listed at Saudi Stock Exchange "Tadawul". The Fund Manager manages the risk through diversification of its investment portfolio by investing in various industry sectors.

The table below shows the Fund's total financial assets by investment sectors;

Industry group	%	31 December 2023	%	31 December 2022
Material	18.4%	30,041,300	18.9%	26,393,137
Banks	16.3%	26,632,900	26.0%	36,286,310
Insurance	8.9%	14,499,800	7.2%	10,006,700
Software and services	8.8%	14,413,480	8.4%	11,676,800
Telecommunication services	8.3%	13,532,000	12.8%	17,893,800
Health care equipment and services	7.1%	11,555,440	1.0%	1,433,900
Media and entertainment	6.6%	10,712,000	-	-
Food and beverages	5.8%	9,495,500	-	-
Energy	5.1%	8,250,000	5.8%	8,045,543
Consumer Staples distribution and Retail	3.8%	6,165,000	2.0%	2,829,843
Utilities	3.3%	5,420,800	-	-
Capital Goods	3.0%	4,926,237	-	-
Real Estate Mgmt & Dev't	2.3%	3,834,000	4.5%	6,270,382
Consumer Discretionary distribution and Retail	2.3%	3,803,280	-	-
Consumer Services	-	-	4.5%	6,245,685
Transportation	-	-	4.2%	5,840,918
Commercial and professional services	-	-	2.7%	3,759,500
Diversified financials	-	-	2.0%	2,756,010
		163,281,737		139,438,528

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12 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

The effect of a 5% increase in the value of the equity investments held at the reporting date would, all other variables held constant, have resulted in an increase in profit and net assets of SR 8,164,089 (2022: SR 6,971,926). A 5% decrease in their value would, on the same basis, have resulted in decrease of profit and net assets by the same amount.

13 CAPITAL MANAGEMENT

The capital of the Fund is represented by net assets attributable to holders of redeemable units. The net assets attributable to holders of redeemable units can change significantly on each Valuation Day, as the Fund is subject to subscriptions and redemptions at the discretion of unit holders on every Valuation Day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

The Fund Board and the Fund Manager monitor capital on the basis of the value of net assets attributable to Unitholders.

14 UNIT VALUE RECONCILIATION

In accordance with CMA circular no. 1/6/7218/17 dated 13 Rabi al-Thani 1439H (corresponding to 31 December 2017), the CMA Board decided on 10 Rabi al-Thani 1439H (corresponding to 28 December 2017) to restrict the recording of expected credit losses (ECL) calculated in accordance with IFRS 9 only for the purpose of financial reporting.

All financial assets held at amortized cost were considered for ECL as on 31 December 2023. However, the impact of ECL on these assets was immaterial as cash and cash equivalent held with bank and dividend receivable recoverable from a company having sound credit rating and there is no history of default or recovery of these balances. Accordingly, this condensed interim financial statements do not contain any significant ECL adjustments and therefore reconciliation of the unit price calculated according to the applicable financial reporting framework to the unit price calculated for the purpose of unit transactions is not required.

15 LAST VALUATION DAY

The Fund units are valued, and the net assets value is calculated at the end of each working day (valuation day). The last day of valuation was 31 December 2023.

16 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board on 27 March 2024.