Al Yusr Morabaha and Sukuk Fund
Open-Ended Fund
(Managed by Alawwal Invest Company)
Financial Statements
For the Year ended 31 December 2021
Together with the
Independent Auditor's Report to the Unitholders

FINANCIAL STATEMENTS
For the Year Ending 31 December 2021

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS
AL YUSR SAR MORABAHA AND SUKUK FUND
MANAGED BY AL AWWAL INVEST
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **AL YUSR SAR MORABAHA AND SUKUK FUND** ("the Fund"), being managed by Al Awwal Invest (the "Fund Manager"), which comprise of the financial position as at 31 December 2021 and the statements of comprehensive income, statement of changes in net assets (Equity) attributable to the unitholders and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements statement present fairly, in all material respects, the Financial Position of the Fund as at 31 December 2021, and it's financial performance and it's cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Unqualified 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Fund's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 endorsed by SOCPA a and the Fund's Terms and Condition 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.

In preparing the financial statements, Fund 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 the Board of Directors, are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE UNITHOLDERS
AL YUSR SAR MORABAHA AND SUKUK FUND
MANAGED BY AL AWWAL INVEST
Riyadh, Kingdom of Saudi Arabia

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 audit 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 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 and on behalf of
Al Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
license 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ibrahim A. Al-Bassam
Certified Public Accountant
Registration No. 337

Riyadh, Kingdom of Saudi Arabia

28 March 2022
25 Sha`aban 1443

FINANCIAL POSITION
As at 31 December 2021
(Amounts in Saudi Arabian Riyals)

	Note	31 December 2021	31 December 2020
ASSETS			
Cash and cash equivalents	5	**56,092,159**	166,846,106
Investments designated at fair value through profit or loss (FVPL)	6	**401,032,264**	195,188,281
Money market placements measured at amortized cost	7	**110,142,500**	123,284,433
Investments measured at amortized cost -sukuk	8	**779,757,857**	333,707,705
TOTAL ASSETS		**1,347,024,780**	819,026,525
LIABILITIES			
Accrued expenses	11	**684,285**	49,571
TOTAL LIABILITIES		**684,285**	49,571
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS		**1,346,340,495**	818,976,954
Units in issue (in numbers)		**103,616,044**	63,994,891
Net Asset (Equity) Value per unit		**12.99**	12.79

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021
(Amounts in Saudi Arabian Riyals)

	Note	31 December 2021	31 December 2020
INCOME			
Net gain from investments designated at FVPL	9	**4,202,409**	4,336,588
Special commission income		**19,318,678**	18,144,959
		23,521,087	22,481,547
EXPENSES			
Management fees	10	**(5,525,223)**	(5,124,641)
Other expenses	12	**(1,036,074)**	(708,159)
		(6,561,297)	(5,832,800)
PROFIT FOR THE YEAR		**16,959,790**	16,648,747
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,959,790**	16,648,747

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS
For the year ended 31 December 2021
(Amounts in Saudi Arabian Riyals)

	31 December 2021	31 December 2020
Net assets (Equity) attributable to the Unitholders at beginning of the year	**818,976,954**	1,239,097,314
Profit for the year	**16,959,790**	16,648,747
Other comprehensive income for the year	**-**	-
	16,959,790	16,648,747
Changes from unit transactions		
Issuance of units during the year	**924,217,193**	375,118,080
Redemption of units during the year	**(413,813,442)**	(811,887,187)
Net assets (Equity) attributable to the Unitholders at end of the year	**1,346,340,495**	818,976,954

REDEEMABLE UNIT TRANSACTIONS

Transactions in redeemable units during the year are summarized as follows:

	31 December 2021 Units	31 December 2020 Units
Units at the beginning of the year	**63,994,891**	98,373,281
Units issued during the year	**71,713,410**	29,604,099
Units redeemed during the year	**(32,092,257)**	(63,982,489)
Net increase / (decrease) in unit	**39,621,153**	(34,378,390)
Units at end of the year	**103,616,044**	63,994,891

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Amounts in Saudi Arabian Riyals)

	Note	31 December 2021	31 December 2020
Cash flows from operating activities:			
Profit for the year		**16,959,790**	16,648,747
Adjustment to reconcile profit for the year to net cash flows:			
Unrealized (gain) / loss from investments carried at FVPL	9	**(1,417,760)**	2,703,752
		15,542,030	19,352,499
Working capital adjustments:			
Increase in investments designated at FVPL		**(204,426,223)**	(25,320,510)
Decrease in money market placements measured at amortized cost		**13,141,933**	572,738,567
Increase in investments measured at amortized cost - sukuk		**(446,050,152)**	(100,469,961)
Increase in accrued expenses		**634,714**	(19,816)
Net cash (used in) / generated from operating activities		**(621,157,698)**	466,280,779
Cash flows from financing activities:			
Proceeds from issuance of units		**924,217,193**	375,118,080
Payment on Redemption of units		**(413,813,442)**	(811,887,187)
Net cash generated from / (used in) financing activities		**510,403,751**	(436,769,107)
Net (decrease) / increase in cash and cash equivalents		**(110,753,947)**	29,511,672
Cash and cash equivalents at beginning of the year		**166,846,106**	137,334,434
Cash and cash equivalents at end of the year		**56,092,159**	166,846,106

The accompanying notes 1 to 18 form an integral part of these financial statements.

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Al Yusr Morabaha and Sukuk Fund (the "Fund") is an open-ended fund domiciled in Kingdom of Saudi Arabia, created by an agreement between Alawwal Invest (the "Fund Manager"), a subsidiary of The Saudi British Bank (formerly a subsidiary of Alawwal Bank) (the "Bank") and investors in the Fund (the "Unitholders").

The Fund Manager registered office is at P.O. Box 1467, Riyadh 11431, Kingdom of Saudi Arabia.

Al Yusr Morabaha and Sukuk Fund	
Commencement Date	1 July 2003
Latest Governing Terms and Condition Date	12 April 2021
Latest Governing Information Memorandum Date	12 April 2021
Category	Sharia'ah compliant
Objective	Capital preservation and appreciation
Allowed Investment Channels	Morabaha deposits
	Sukuk
	Structured investment products
	Morabaha funds

The Fund has appointed Riyad Capital Company (the "Custodian") to act as its custodian and registrar. The fees of the custody and registration services are paid by the Fund.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the "CMA") on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further amended on 12 07 (Rajab) 1442H (corresponding to 22 February 2021) (the "Amended Regulations"). The Fund Manager believes that the Amended Regulations was effective since 19 09 (Ramadan) 1442H (corresponding to 01 May 2021).

3 BASIS OF PREPARATION

3.1. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in the KSA").

3.2. Basis of preparation

These financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for financial assets held at FVTPL that are measured at fair value. These financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Fund's functional currency. All financial information presented has been rounded to the nearest SR.

3.3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3 BASIS OF PREPARATION (CONTINUED)

3.3. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank 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 consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Financial instruments

(i) <u>Classification</u>

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 or
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 either 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 assets

- ***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. The Fund does not hold any financial assets measured at amortised cost.

- ***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 (SPPI) on the principal amount outstanding; or
  ii. 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 includes in this category equity instruments held for trading which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

3 BASIS OF PREPARATION (CONTINUED)

3.3. Significant accounting policies (continued)

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. The Fund does not hold any financial liabilities measured at amortised cost.

(ii) Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. 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 plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

Debt instruments

The Fund recognises three classifications to subsequently measure its debt instruments:

- **Amortised cost**

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) which are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Special commission income from these financial assets is included in finance income using the effective interest rate method.

- **Fair Value through Other Comprehensive Income ("FVOCI")**

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets'cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission revenue and foreign exchange gains and losses, which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of income and recognised in other gains/(losses). Special commission income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / expense.

3 BASIS OF PREPARATION (CONTINUED)

3.3. Significant accounting policies (continued)

Debt instruments (continued)

- **Fair Value through profit or loss ("FVTPL")**

Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of income and which is not part of a hedging relationship is recognised and presented net in the statement of income in the year in which it arises.

Equity instruments

The Fund measures all equity investments at fair value through profit or loss and presents changes in fair value of equity investments in the statement of comprehensive income.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where 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 the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. 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. 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.

(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.

3 BASIS OF PREPARATION (CONTINUED)

3.3. Significant accounting policies (continued)

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized 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 categorization (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. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in note 13.

Trade date accounting

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

Amounts due to and due from brokers

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

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date.

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

3 BASIS OF PREPARATION (CONTINUED)

3.3. Significant accounting policies (continued)

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

Accrued expenses

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

Redeemable units

Redeemable units are classified as equity instruments when:

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

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

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

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

The Fund classifies its net assets attributable to the Unitholders as equity because it meets the criteria described above. As such, the issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

3 BASIS OF PREPARATION (CONTINUED)

3.3. Significant accounting policies (continued)

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 year end.

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.

Special commission income

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

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

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

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

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).

Dividend income

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

Foreign currency translation

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

3 BASIS OF PREPARATION (CONTINUED)

3.3. Significant accounting policies (continued)

Foreign currency translation (continued)

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

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

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

Fee and other expenses

Fee and other expenses are recognized on an accrual basis.

Zakat and income tax

Under the current system of taxation in 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, are not provided in the accompanying financial statements.

3.4. New standards, interpretations and amendments

The accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2020. There are new standards, amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Fund.

There are several other amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s financial statements. In the opinion of the Fund’s Board, these will have no significant impact on the financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

3.4. New standards, interpretations and amendments (continued)

3.4.1 New standards, amendments to standards and interpretations

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Fund's Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective January 1, 2021

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions	April 1, 2021	This amendment extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).

3 BASIS OF PREPARATION (continued)

3.4. New standards, interpretations and amendments

3.4.2 New standards, amendments and revised IFRS issued but not yet effective

The Fund has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning	Summary of the amendment
IAS 37	Onerous Contracts Cost of Fulfilling Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.

3 BASIS OF PREPARATION (continued)

3.4. New standards, interpretations and amendments (continued)

3.4.2 New standards, amendments and revised IFRS issued but not yet effective (continued)

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS as endorsed in 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 advice and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized 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, the management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value measurement

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price available on respective stock exchange, without any deduction for transaction costs. The Fund is using the last traded prices, which is recognized as standard pricing convention within the industry.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. As per Terms and Conditions of the Fund, valuation technique used for such financial instruments is the cost and any accrued profit earned on the financial instruments.

The Fund measures financial instruments at fair value at each reporting date. Fair values of those financial instruments are disclosed in note 13.

5 CASH AND CASH EQUIVALENTS

	Notes	31 December 2021	31 December 2020
Bank balance		**56,092,159**	9,810,139
Short-term bank deposits		-	157,035,967
		56,092,159	166,846,106

6 INVESTMENT DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

Investments comprise the following sectors as at statement of financial position date:

	31 December 2021			31 December 2020		
Industry sector	***Cost***	***Fair Value***	***Unrealized Gain/ (Loss)***	***Cost***	***Fair Value***	***Unrealized Gain/ (Loss)***
Al Rajhi Commodity Fund	**197,320,950**	**198,447,623**	**1,126,673**	195,000,000	195,188,281	188,281
Alinma Saudi Riyal Liquidity Fund	**202,105,273**	**202,584,641**	**479,368**	-	-	-
Total	**399,426,223**	**401,032,264**	**1,606,041**	195,000,000	195,188,281	188,281

All the investments are made in Kingdom of Saudi Arabia

7 MONEY MARKET PLACEMENTS MEASURED AT AMORTISED COST

	31 December 2021 SR	31 December 2020 SR
Gulf International Bank	**60,133,333**	-
Al Rajhi Bank	**50,009,167**	-
Bank Aljazira	-	78,169,433
National Bank of Kuwait	-	45,115,000
	110,142,500	123,284,433

Counterparties with whom the Fund has made placements have credit ratings of investment grade as issued by rating agencies. The average effective special commission rate on money market placements as at the yearend is 1.17% p.a. (31 December 2020: 2.45 % p.a.).

Money market placements measured at amortised cost is subject to impairment assessment based on ECL model as per IFRS 9 and the charge was not material to be recognized in the financial statements.

8 INVESTMENTS MEASURED AT AMORTISED COST - SUKUK

	31 December 2021	31 December 2020
Debt securities	**SR**	**SR**
CBB International	**223,649,774**	167,173,751
National Commercial Bank	**124,160,250**	50,667,847
Oman Sovereign	**103,558,284**	82,655,087
Arab National Bank	**69,493,514**	26,180,851
Alinma Bank	**65,000,000**	-
Bank Aljazira	**50,000,000**	-
Saudi British Bank	**50,000,000**	-
SRCs	**44,000,000**	-
Bank Al-Bilad	**30,000,000**	-
JAZCOR	**9,389,035**	-
Riyad Bank	**4,000,000**	-
Banque Saudi Franci	**4,000,000**	4,029,500
Arabian Aramco Total Services Company	**2,507,000**	3,000,669
	779,757,857	333,707,705

The average effective special commission rate on investments as at the yearend is 3.45 % p.a. (31 December 2020: 4.30 % p.a.).

Investments measured at amortised cost is subject to impairment assessment based on ECL model as per IFRS 9. The management has assessed the ECL in accordance with the standard and the charge was not material to be recognized in the financial statements.

9 NET GAIN FROM INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021	31 December 2020
Realized gain	**2,784,649**	7,040,340
Unrealized gain / (loss)	**1,417,760**	(2,703,752)
	4,202,409	4,336,588

10 TRANSACTIONS WITH RELATED PARTIES

Management fee and other transactions

The Fund is managed and administered by the Fund Manager. For this service, the Fund pays a management fee calculated on every valuation day, at an annual rate of 0.5 % of the Fund's daily net assets. Total management fees for the year amounted to SR 5,525,223 (2020: SR 5,124,641).

Other expenses paid by the Fund Manager on behalf of the Fund are charged to the Fund.

Board of Directors

The independent directors are entitled to remuneration for their services at rates determined by the Fund's terms and conditions in respect of attending meetings of the Board of Directors or meetings of the Fund. Independent Director's fees are currently SR 3,000 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board, in addition, SR 2,000 are paid to each independent director by the Fund per annum. Please refer note 12 for the details.

Units held by related parties

The balances as at year end resulting from such transactions included in the financial statements are as follows:

Related party and nature of relationship	**Nature of transactions**	**31 December 2021**	**31 December 2020**
		Units	**Units**
Fund Manager	Units held	**5,898,665**	3,947,549

11 ACCURED EXPENSES

	31 December 2021	31 December 2020
	SR	SR
Management fees payable	**543,528**	-
Custody fee	**13,562**	-
Board members fees	**7,381**	8,571
Tadawul fees	**5,000**	5,000
CMA monitoring fees	**7,500**	7,500
Audit fee	**20,000**	25000
VAT	**87,314**	-
Others	**-**	3,500
	684,285	49,571

12 OTHER EXPENSES

	31 December 2021	31 December 2020
	SR	SR
VAT	**853,880**	484,750
Custody fee	**142,313**	162,338
Audit fees	**20,000**	40,000
Board Members fees	**7,381**	8,571
Tadawul fees	**5,000**	5,000
CMA Monitoring fees	**7,500**	7,500
	1,036,074	708,159

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within
the fair value hierarchy, 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; and
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The table below presents the financial instruments measured at their fair values as of reporting date based on the fair value hierarchy:

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	SR	**SR**	**SR**	**SR**
Investments designated at FVTPL	**-**	**401,032,264**	**-**	**401,032,264**
Total	**-**	**401,032,264**	**-**	**401,032,264**

	31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	SR	**SR**	**SR**	**SR**
Investments designated at FVTPL	-	195,188,281	-	195,188,281
Total	-	195,188,281	-	195,188,281

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) and deems transfers to have occurred at the end of the reporting year during which the change has occurred. During the year, there was no transfer in fair value hierarchy for the financial assets held at fair value through profit or loss.

The fair values of investments measured at amortized cost are set out below:

	31 December 2021	31 December 2020
Investments measured at amortized cost	**889,900,357**	333,707,705
	889,900,357	333,707,705

The valuation of investments measured at amortized cost is estimated using contractual cash flows discounted at market yield as of reporting date, which is the sukuk market yield plus the prevailing Saudi Inter Bank offer rates (SIBOR). Input into the discounted cash flow techniques includes market yield, contractual cash flows and primary origination spreads.

Other financial instruments such as, cash and cash equivalents and morabaha placements. These are short-term financial assets whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including overdraft and accrued expenses.

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:

	Within 12 months SR	After 12 months SR	Total SR
Cash and cash equivalents	**56,092,159**	**-**	**56,092,159**
Investments designated at FVPL	**401,032,264**	**-**	**401,032,264**
Money market placements measured at amortized cost	**110,142,500**	**-**	**110,142,500**
Investments measured at amortized cost - sukuk	**-**	**779,757,857**	**779,757,857**
TOTAL ASSETS	**567,266,923**	**779,757,857**	**1,347,024,780**
Accrued expenses and other liabilities	**684,285**	**-**	**684,285**
TOTAL LIABILITIES	**684,285**	**-**	**684,285**

	Within 12 months SR	After 12 months SR	Total SR
Cash and cash equivalents	166,846,106	-	166,846,106
Investments designated at FVPL	195,188,281	-	195,188,281
Money market placements measured at amortized cost	123,284,433		123,284,433
Investments measured at amortized cost - sukuk	-	333,707,705	333,707,705
TOTAL ASSETS	485,318,820	333,707,705	819,026,525
Accrued expenses and other liabilities	49,571	-	49,571
TOTAL LIABILITIES	49,571	-	49,571

15 FINANCIAL RISK MANAGEMENT

The Fund has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

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

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management framework

The Fund's objective in managing risk is the creation and protection of Unitholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk (which includes special commission rate risk, currency risk and price risk).

Financial risk management framework (continued)

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. The composition of the portfolio are monitored by the Fund's Board on a semi-annual basis.

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use derivative instruments to manage excessive risk concentrations when they arise.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties. The Fund Manager seeks to limit its credit risk by monitoring credit exposure and by dealing with reputed counterparties.

The Fund is exposed to credit risk on its bank balance. The table below shows the maximum exposure to credit risk for the component of the statement of financial position.

	31 December 2021 SR	**31 December 2020** SR
Cash and cash equivalents	**56,092,159**	166,846,106
Money market placements measured at amortized cost	**110,142,500**	123,284,433
Investments measured at amortized cost - sukuk	**779,757,857**	333,707,705
	945,992,516	623,838,244

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

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

As at the reporting date, the Fund's debt securities exposures were concentrated in the following economic sectors and geographies.

	31 December 2021 SR	**31 December 2020** SR
Sectors		
Sovereign	**327,208,058**	249,828,838
Banks	**396,653,764**	80,878,198
Corporate	**55,896,035**	3,000,669
	779,757,857	333,707,705
Geographical distribution		
Kingdom of Saudi Arabia	**452,549,799**	83,878,867
Kingdom of Bahrain	**223,649,774**	167,173,751
Sultanate of Oman	**103,558,284**	82,655,087
	779,757,857	333,707,705

The management has conducted an ECL assessment as required under IFRS 9 and based on that assessment, the management believes that there is no need for any significant impairment loss 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 that are settled by delivering cash or another financial assets.

The Fund's terms and conditions provide for the terms of subscriptions and redemptions of units and it is, therefore, exposed to the liquidity risk of meeting Unitholder redemptions. However, the Fund is allowed to borrow in order to satisfy redemptions. The Fund's securities are considered to be readily realizable as they are all listed on stock markets. 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.

Market risk

Market Risk is the risk that changes in market prices - such as foreign exchange rates, special commission rates and equity prices will affect the Fund's income or the fair value of its holdings in financial instruments.

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

Equity price risk

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

The Fund's investments are susceptible to market price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of industry concentration.

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

The table below sets out the effect on profit or loss of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular special commission and foreign currency rates, remain constant.

	31 December 2021		**31 December 2020**	
Net gain (loss) on investment held at FVTPL	**+/- 5%**	**20,051,613**	+/- 5%	9,759,414

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is not subject to fluctuations in foreign exchange rates as it ordinary transact in Saudi Riyal.

Special commission rate risk

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

The Fund is subject to special commission rate risk on its commission bearing assets and liability, including Morabaha placements. The sensitivity of the income is the effect of assumed changes in commission rates, with all other variables held constant, on the Fund's income for the year based on the floating rate financial assets held at the year end. There are no investments in which Fund has made investment in floating rate securities. Hence, there is no effect of change in market commission rate on the Fund's profitability and is not exposed to special commission rate risk.

16 SUBSEQUENT EVENTS

In the opinion of management, no events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

17 LAST VALUATION DAY

The last valuation day for the period was 30 December 2021 (2020: 31 December 2020)

18 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Fund's Board on 21 Shaban 1443H corresponding to 24 March 2022G.