

**Saudi Opportunities Fund
(Managed by Audi Capital Company)**

**AUDITED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2019



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**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SAUDI OPPORTUNITIES FUND
(Managed by Audi Capital Company)**

Opinion

We have audited the financial statements of Saudi Opportunities Fund (the "Fund") – managed by Audi Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SAUDI OPPORTUNITIES FUND
(Managed by Audi Capital Company) (continued)**

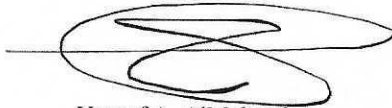
Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

for Ernst & Young



Yousef A. AlMubarak
Certified Public Accountant
License No. 427

Riyadh: 6 Sha'aban 1441H
(30 March 2020)



Saudi Opportunities Fund
(Managed by Audi Capital Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019 SR	31 December 2018 SR
ASSETS			
Bank balances		1,595,227	13,897,843
Investments at fair value through profit or loss (FVTPL)	5	55,677,217	100,004,392
Dividend receivable		-	29,850
TOTAL ASSETS		57,272,444	113,932,085
LIABILITIES			
Redemption payable		371,221	-
Management fee payable	6	187,885	179,931
Custody and administration fee payable		10,738	20,563
Accrued expenses	7	93,090	107,189
TOTAL LIABILITIES		662,934	307,683
EQUITY			
Net assets attributable to the Unitholders of redeemable units		56,609,510	113,624,402
TOTAL LIABILITIES AND EQUITY		57,272,444	113,932,085
Redeemable units in issue		5,378,056	11,866,733
Net assets value attributable to each unit		10.53	9.58

The attached notes 1 to 14 form an integral of these financial statements.

Saudi Opportunities Fund
(Managed by Audi Capital Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	<i>Notes</i>	2019 SR	2018 SR
INCOME			
Realised gain (loss) on investments at FVTPL		16,824,007	(2,187,561)
Unrealised (loss) gain on investments at FVTPL		(4,950,413)	5,871,981
Dividend income		3,195,902	3,589,461
TOTAL INCOME		15,069,496	7,273,881
EXPENSES			
Management fee expense	6	(1,524,073)	(1,885,543)
Other expenses	8	(478,158)	(537,020)
PROFIT FOR THE YEAR		13,067,265	4,851,318
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		13,067,265	4,851,318

The attached notes 1 to 14 form an integral of these financial statements.

Saudi Opportunities Fund
(Managed by Audi Capital Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	2019 SR	2018 SR
EQUITY AT THE BEGINNING OF THE YEAR	113,624,402	58,757,949
Profit for the year	13,067,265	4,851,318
Other comprehensive income for the year	-	-
Total comprehensive income for the year	13,067,265	4,851,318
Proceeds from units issued during the year	8,650,000	62,123,740
Value of units redeemed during the year	(78,732,157)	(12,108,605)
EQUITY AT THE END OF THE YEAR	56,609,510	113,624,402

REDEEMABLE UNITS TRANSACTIONS

Transactions in units for the year ended 31 December are summarised as follows:

	2019 Units	2018 Units
UNITS AT THE BEGINNING OF THE YEAR	11,866,733	6,680,438
Units issued during the year	829,422	6,460,658
Units redeemed during the year	(7,318,099)	(1,274,363)
Net (decrease) increase in units	(6,488,677)	5,186,295
UNITS AT THE END OF THE YEAR	5,378,056	11,866,733

The attached notes 1 to 14 form an integral of these financial statements.

Saudi Opportunities Fund
(Managed by Audi Capital Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 SR	2018 SR
OPERATING ACTIVITIES		
Profit for the year	13,067,265	4,851,318
<i>Adjustments to reconcile net income to net cash flows from operating activities:</i>		
Movement in unrealised loss (gain) on investments at FVTPL	4,950,413	(5,871,981)
	<u>18,017,678</u>	<u>(1,020,663)</u>
Working capital adjustments:		
Investments at FVTPL	39,376,762	(39,573,122)
Dividend receivable	29,850	(29,850)
Management fee payable	7,954	92,698
Custody and administration fee payable	(9,826)	10,594
Redemption payable	371,221	-
Accrued expenses	(14,098)	23,030
	<u>57,779,541</u>	<u>(40,497,313)</u>
Net cash flows used in operating activities		
FINANCING ACTIVITIES		
Proceeds from issuance of units	8,650,000	62,123,740
Value of units redeemed	(78,732,157)	(12,108,605)
	<u>(70,082,157)</u>	<u>50,015,135</u>
Net cash flows from financing activities		
NET INCREASE IN BANK BALANCES	(12,302,616)	9,517,822
Bank balances at beginning of the year	13,897,843	4,380,021
BANK BALANCES AT END OF THE YEAR	1,595,227	13,897,843

The attached notes 1 to 14 form an integral of these financial statements.

Saudi Opportunities Fund (Managed by Audi Capital Company)

NOTES TO FINANCIAL STATEMENTS

At 31 December 2019

1. GENERAL

Saudi Opportunities Fund (the “Fund”) is an open-ended fund created by an agreement between Audi Capital Company (the “Fund Manager”) and investors (the “Unitholders”) in the Fund. The objective of the Fund is to invest according to the Shari’ah guideline, and to achieve long term capital appreciation through investing primarily in the equities of the Saudi listed companies, specifically in S&P Saudi listed companies in line with the Shariah guidelines. The Fund will not distribute any dividend to unit holders and will reinvest the profits and cash dividend distributed to the fund.

The Fund was established on 26 Rajab 1436H (corresponding to 15 April 2015) as per approval from the Capital Market Authority (“CMA”) and commenced its operations on 1 May 2015.

The Fund has appointed HSBC Saudi Arabia to act as its custodian (the “Custodian”) and administrator (the “Administrator”). The fees of the custodian and administrator’s services are paid by the Fund.

The address of the Fund Manager is as follows:

Audi Capital Company
Centria Building – 3rd Floor - 2908 Prince Muhammad Ibn Abdulaziz Road
Al Ulaya – Unit No. 28, Ar Riyadh 12241-6055
Kingdom of Saudi Arabia

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the Capital Market Authority (“CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and by the New Investment Fund Regulations (“Amended Regulations”) published by the CMA on 16 Sha’aban 1437H (corresponding to 23 May 2016) which became effective from 6 Safar 1438H (corresponding to 6 November 2016) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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 the measurement of investments at FVTPL.

These financial statements are presented in Saudi Riyals (“SR”), which is the Fund’s functional currency.

Functional currency is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Fund’s investments and transactions are denominated in SR. Investor subscriptions and redemptions are determined based on net asset value, and received and paid in SR. The expenses (including management fees, custodian fees and administration fees) are denominated and paid in SR. Accordingly, management has determined that the functional currency of the Fund is SR.

Saudi Opportunities Fund
(Managed by Audi Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2019

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies

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

Cash and cash equivalents

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

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

For the purpose of statement of cash flows, cash and cash equivalent include bank balances.

Financial instruments

Initial recognition

The Fund records financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets or financial liabilities not at fair value through profit or loss, their fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

Classification

The Fund classifies its financial assets under the following categories:

- Fair value through profit or loss ("FVTPL");
- Fair value through other comprehensive income ("FVTOCI"); and
- Amortised cost.

These classifications are on the basis of business model of the Fund for managing the financial assets, and contractual cash flow characteristics.

The Fund measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in either profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Fund classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method except for financial liabilities at fair value through profit or loss.

The Fund designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

Derecognition of financial instruments

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

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

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies

Financial instruments (continued)

Derecognition of financial instruments (continued)

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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 assets and settle the liabilities simultaneously.

Impairment of financial assets

The Fund holds receivables with no financing component and having maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If a previous write-off is later recovered, the recovery is credited to profit or loss.

Special commission revenue on impaired financial assets is recognised using the rate of special commission used to discount the future cash flows for the purpose of measuring the impairment loss.

Trade date accounting

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2019

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies

Provisions

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

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

Accrued expenses and other payables

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

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.

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 fee is payable at an agreed rate with the Fund Manager. The Fund Manager will charge a management fee of 1.75% of the Net Asset Value accrued daily and paid on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2019

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies

Dividend income

Dividend income is recognised in profit or loss on the date on which the Fund's right to receive the payment for dividend 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.

Net gain or loss on financial assets and liabilities at 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.

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 year. 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.

Fee and other expenses

Fee and other expenses are recognised on an accrual basis in the accounting year in which they are incurred.

Zakat and income tax

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

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 profit or loss.

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

Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange gains / losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gain / loss from financial instruments at FVTPL.

3.4 New standards, interpretations and amendments

There are new standards, amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Fund.

3.5 Standards issued but not yet effective

There are several 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 Board, these will have no impact on the financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable, when they become effective.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements requires the use of judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Saudi Opportunities Fund
(Managed by Audi Capital Company)

NOTES TO FINANCIAL STATEMENTS

At 31 December 2019

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Going concern

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 recognised 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. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The Fund measures financial instruments at fair value at each reporting date. Fair values of those financial instruments are disclosed in note 5.

5. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investments comprise the following sector exposures as at reporting date:

	<i>% of market value</i>	<i>Cost SR</i>	<i>31 December 2019 Market value SR</i>	<i>Unrealised gain (loss) SR</i>
<i>Equities</i>				
Banking & Financial services	28%	12,724,515	15,691,264	2,966,749
Petrochemical Industries	19%	10,536,415	10,505,334	(31,081)
Retail	16%	8,414,905	8,808,753	393,848
Telecommunication & Information Technology	9%	5,013,816	5,124,307	110,491
Agriculture & Food Industries	3%	1,285,417	1,444,300	158,883
Industrial Investment	3%	1,693,895	1,727,070	33,175
Insurance	2%	859,603	849,920	(9,683)
Real Estate Development	7%	4,005,383	4,140,362	134,979
Cement	5%	2,290,622	2,505,971	215,349
Energy & Utilities	7%	4,098,501	3,963,827	(134,674)
Transport	1%	791,800	916,109	124,309
Total	100%	51,714,872	55,677,217	3,962,345

Saudi Opportunities Fund
(Managed by Audi Capital Company)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2019

5. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (continued)

		31 December 2018		
	% of market value	Cost SR	Market value SR	Unrealised gain (loss) SR
<i>Equities</i>				
Petrochemical Industries	26%	24,837,753	26,232,792	1,395,039
Banking & Financial Services	39%	33,412,656	39,342,275	5,929,619
Retail	9%	7,987,175	8,699,876	712,701
Telecommunication & Information	8%	6,770,265	7,797,217	1,026,951
Agriculture & Food Industries	4%	4,169,895	3,784,032	(385,863)
Industrial Investment	4%	4,302,273	4,299,749	(2,524)
Insurance	6%	5,024,650	5,848,437	823,787
Transport	2%	2,651,087	2,284,861	(366,226)
Real Estate Development	2%	1,935,879	1,715,153	(220,726)
Total	100%	91,091,633	100,004,392	8,912,758

Equity investments are unrated equity investments listed on Saudi stock exchange ("Tadawul").

6 TRANSACTIONS WITH RELATED PARTIES

Management fee and other transactions

The Fund pays a management fee calculated at an annual rate of 1.75% of the net asset value. The calculation of the management fee is done on a daily basis and the payment is made on the first valuation day of the following month.

Expenses paid by the Fund Manager on behalf of the Fund are reimbursed from the Fund.

Management fee expenses are disclosed in the statement of comprehensive income while administration fee and advisory board compensation are disclosed in note 8 to the financial statements. Management fee payable and administration fee payable are disclosed on the statement of financial position.

Advisory board compensation is disclosed in note 8 to the financial statements and accrued advisory board fee is disclosed in note 7 to the financial statements.

Trade transactions on the Saudi stock exchange are executed through the Fund Manager.

Units held by related parties

The Unitholders' account as at 31 December 2019 included 1,010,515 units (31 December 2018: 5,030,674), held by affiliates of the Fund Manager.

7 ACCRUED EXPENSES

	31 December 2019 SR	31 December 2018 SR
Accrued audit fees	45,000	22,500
Accrued transaction charges	11,138	-
Accrued board fees (note 6)	-	30,997
Accrued benchmark fees	-	23,692
Accrued other expenses	36,952	30,000
	93,090	107,189

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2019

8 OTHER EXPENSES

	2019 SR	2018 SR
Custody and administration fees*	174,383	215,480
VAT expense	90,873	110,462
Advisory board compensation (note 6)	21,667	60,833
Audit fees	45,000	45,000
Transaction fees	69,626	30,825
Shariah board fees	30,000	30,000
Benchmark index fee	26,774	29,531
Regulatory fees	7,500	7,500
Publication of fund information on Tadawul's website	5,000	5,000
Inception fee	7,335	2,389
	478,158	537,020

*During 2019, the custody and administration fee expense charged by the Fund Manager amounted to SR Nil (2018: SR 129,059).

9. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 1 of the fair value hierarchy. Management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current year or prior

10. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

<i>As at 31 December 2019</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	1,595,227		1,595,227
Investments at fair value through profit or loss	55,677,217	-	55,677,217
TOTAL ASSETS	57,272,444		57,272,444
LIABILITIES			
Management fee	187,885	-	187,885
Accrued expenses	98,459	-	98,459
Custody and administration fee payable	5,368	-	5,368
Redemption payable	371,221		371,221
TOTAL LIABILITIES	662,933	-	662,933

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NOTES TO FINANCIAL STATEMENTS
At 31 December 2019

10. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>As at 31 December 2018</i>	<i>Within 12 months SAR</i>	<i>After 12 months SAR</i>	<i>Total SAR</i>
ASSETS			
Cash and cash equivalents	13,897,843	-	13,897,843
Investment at fair value through profit or loss	100,004,392	-	100,004,392
Dividend receivable	29,850	-	29,850
TOTAL ASSETS	113,932,085	-	113,932,085
LIABILITIES			
Management fee	179,931	-	179,931
Accrued expenses	107,189	-	107,189
Custody and administration fee payable	20,563	-	20,563
TOTAL LIABILITIES	307,683	-	307,683

11. 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.

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).

The Fund's Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Fund is willing to accept and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2019

11. FINANCIAL RISK MANAGEMENT (continued)

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 table below shows the maximum exposure to credit risk for the component of the statement of financial position at each reporting date.

	<i>31 December 2019 SR</i>	<i>31 December 2018 SR</i>
Bank balances	1,595,227	13,897,843
Dividend receivable	-	29,850
	<u>1,595,227</u>	<u>13,927,693</u>

Credit risk on cash equivalents is limited as these are held with banks with sound credit ratings.

Management believes that dividend receivable does not pose any significant credit risk for the Fund. As at reporting date, dividend receivable was neither past due nor impaired.

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 asset.

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. 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. The undiscounted value of the financial liabilities of the Fund approximate their carrying values at the reporting date and are all repayable within 12 months of the reporting date.

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest 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 Fund 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 geographical distribution and industry concentration.

11. FINANCIAL RISK MANAGEMENT (continued)

Equity price risk (continued)

Sensitivity analysis

The table below sets out the effect on net assets attributable to unitholders 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 commission and foreign currency rates, remain constant.

	31 December 2019 SR	31 December 2018 SR
Strengthening of 5%	2,783,861	5,000,220
Weakening of 5%	(2,783,861)	(5,000,220)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Most of the Fund's financial assets and liabilities and most of the Fund's transactions are denominated in Saudi Riyals, which is Fund's functional currency, and therefore the management believes that the Fund is not exposed to any significant currency risk.

Special commission rate risk

The fund has no special commission rate bearing financial assets or liabilities, therefore, the Fund Manager believes the Fund is not exposed to any direct special commission rate risk.

12. EVENTS AFTER THE REPORTING PERIOD

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these financial statements. These developments could impact our future financial results, cash flows and financial condition.

No events have occurred subsequent to the reporting date and before the issuance of these financial statements, which require adjustments to and/or disclosure in these financial statements.

13. LAST VALUATION DAY

The last valuation day of the year was 31 December 2019 (year ended 31 December 2018: 31 December 2018).

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are approved by the Fund Board on 6 Sha'aban 1441H (corresponding to 30 March 2020).