Saudi Opportunities Fund
Open-Ended Mutual Fund
(Managed by Audi Capital Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS AND FUND MANAGER

FOR THE YEAR ENDED 31 DECEMBER 2022

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Independent auditor's report to the Unitholders and Fund Manager of Saudi Opportunities Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saudi Opportunities Fund (the "Fund") as at 31 December 2022, 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 issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity attributable to the Unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of Fund Manager and those charged with governance for the financial statements

Fund Manager 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 issued by SOCPA, and the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority and the Fund's terms and conditions, and for such internal control as Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Fund Board is responsible for overseeing the Fund's financial reporting process.

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Independent auditor's report to the Unitholders and Fund Manager of Saudi Opportunities Fund (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fund Manager's internal control.

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

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

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

We communicate with the Fund Board 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.

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379

30 March 2023

Saudi Opportunities Fund
Open-Ended Mutual Fund
(Managed by Audi Capital Company)
STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2022	As at 31 December 2021
Assets			
Cash and cash equivalents	5	**3,703,536**	207,109
Investments carried at fair value through profit or loss (FVPL)	6	**72,043,313**	91,959,883
Due from broker for securities sold		**2,423,826**	5,396,097
Total assets		**78,170,675**	97,563,089
Liabilities			
Due to broker for securities purchased		**-**	5,349,903
Management fee payable	8	**115,705**	138,900
Custody and administration fee payable		**13,223**	15,874
Other accrued expenses	9	**130,409**	173,678
Total liabilities		**259,337**	5,678,355
Equity attributable to the Unitholders		**77,911,338**	91,884,734
Units in issue (number)	7	**5,525,004.55**	6,038,033.35
Equity attributable to each unit		**14.10**	15.22

The attached notes 1 to 15 form an integral part of these financial statements.

Saudi Opportunities Fund
Open-Ended Mutual Fund
(Managed by Audi Capital Company)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December 2022	2021
Income			
Net realised gain on investments carried at FVPL		**11,167,876**	23,668,885
Net unrealised loss on investments carried at FVPL		**(17,340,331)**	(7,766,601)
Dividends income		**2,212,293**	1,546,236
		(3,960,162)	17,448,520
Expenses			
Management fee expense	8	**(1,671,247)**	(1,239,359)
Other expenses	10	**(675,165)**	(576,410)
Total expenses		**(2,346,412)**	(1,815,769)
Net (loss) / income for the year		**(6,306,574)**	15,632,751
Other comprehensive income for the year		**-**	**-**
Total comprehensive (loss) / income for the year		**(6,306,574)**	15,632,751

The attached notes 1 to 15 form an integral part of these financial statements.

Saudi Opportunities Fund
Open-Ended Mutual Fund
(Managed by Audi Capital Company)
STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS
(All amounts in Saudi Riyals unless otherwise stated)

	For the year ended 31 December	
	2022	**2021**
Equity attributable to the Unitholders at the beginning of the year	**91,884,734**	50,166,849
Total comprehensive (loss) / income for the year	**(6,306,574)**	15,632,751
Subscriptions and redemptions by the Unitholders		
Issuance of units	**2,232,750**	26,085,134
Redemption of units	**(9,899,572)**	-
Net changes from unit transactions	**(7,666,822)**	26,085,134
Equity attributable to the Unitholders at the end of the year	**77,911,338**	91,884,734

The attached notes 1 to 15 form an integral part of these financial statements.

Saudi Opportunities Fund
Open-Ended Mutual Fund
(Managed by Audi Capital Company)
STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals unless otherwise stated)

	For the year ended 31 December	
	2022	**2021**
Cash flows from operating activities:		
Net (loss) / income for the year	**(6,306,574)**	15,632,751
Adjustments for:		
Net unrealised loss on investments carried at FVPL	**17,340,331**	7,766,601
	11,033,757	23,399,352
Net changes in operating assets and liabilities:		
Investments carried at FVPL	**2,576,239**	(49,713,503)
Due from broker for securities sold	**2,972,271**	(4,368,521)
Dividends receivable	**-**	21,500
Due to broker for securities purchased	**(5,349,903)**	4,404,984
Management fee payable	**(23,195)**	63,586
Custody and administration fee payable	**(2,651)**	5,710
Other accrued expenses	**(43,269)**	65,820
Net cash generated from / (used in) operating activities	**11,163,249**	(26,121,072)
Cash flows from financing activities:		
Proceeds from issuance of units	**2,232,750**	26,085,134
Value of units redeemed	**(9,899,572)**	-
Net cash (used in) / generated from financing activities	**(7,666,822)**	26,085,134
Net change in cash and cash equivalents	**3,496,427**	(35,938)
Cash and cash equivalents at the beginning of the year	**207,109**	243,047
Cash and cash equivalents at the end of the year	**3,703,536**	207,109

The attached notes 1 to 15 form an integral part of these financial statements.

1 FUND AND ITS ACTIVITIES

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 SandP 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's 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 Olaya - 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") published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha'ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the "Amended Regulations") on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 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 endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, using the accrual basis of accounting and the going concern concept except for the investments measured at fair value through profit or loss (FVPL). The Fund presents its statement of financial position in the order of liquidity.

3.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the main economic environment in which the fund operates (the "functional currency") and are expressed in Saudi Riyals (SR), which is fund functional and operational currency and all financial information presented is rounded to the nearest SR.

3.4 Critical accounting judgments, estimates and assumption

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. There are no significant judgment, estimates and assumptions made by the management in the preparation of these financial statements.

3.5 Going concern

The Fund Manager of the Fund has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern.

3 BASIS OF PREPARATION (continued)

3.6 Expected credit loss

Expected credit loss (ECL) against financial assets is an estimate used in the preparation of these financial statements, however the amount is not material. The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weights of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 New standards

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 but they had no material impact on these financial statements. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PPandE) prohibits an entity from deducting from the cost of an item of PPandE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

(All amounts in Saudi Riyals unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 New standards (continued)

Annual Improvements to IFRS Standards 2018–2020 (continued)

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

4.2 Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Fund has decided not to adopt early, and they do not have a significant impact on those financial statements.

The most significant of these are as follows:

Standards	Title	Effective date
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024
IAS 1	Narrow scope amendments to IAS1, Practice statement 2	1 January 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17	1 January 2023
IAS 8	Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Deferred

4.3 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalent consists of cash in investment account, balance with custodian and deposits with an original maturity of less than three months at the date of acquisition. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

4.4 Financial instruments

4.4.1 Initial recognition and measurement

On initial recognition, a financial asset is measured at its fair value and classified at amortized cost, fair value through profit or loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”).

Financial asset at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

4.4.1 Initial recognition and measurement (continued)

Financial asset at fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and commission on the principle amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund Manager may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial asset at fair value through profit or loss ("FVPL")

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL.

Business model assessment

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and commission

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest or 'Commission' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example: liquidity risk and administrative costs), as well as profit margin.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

4.4.1 Initial recognition and measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and commission (continued)

In assessing whether the contractual cash flows are solely payments of principal and commission, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of the time value of money – for example, periodical reset of interest / commission rates.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortized cost. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

4.4.2 Classification of financial liabilities

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVPL.

4.4.3 Recognition and Initial and measurement

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. Financial assets measured at FVPL are initially recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. Financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition issue.

4.4.4 Subsequent measurement

Financial assets at FVPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognised in profit or loss in 'Net gain from investments carried at FVPL' in the statement of profit or loss and other comprehensive income.

Financial assets and financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest / commission method and is recognised in the statement of comprehensive income.

Any gain or loss on de-recognition is also recognised in the statement of comprehensive income.

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative commission using the effective interest / commission method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

4.4.5 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in statement of comprehensive income. Any commission in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability. The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognised. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

4.4.6 Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortized cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; 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.

Under IFRS 9, loss allowances is measured on either of the following bases:

a) 12-month ECLs: these ECLs that result from possible default events within the 12 months after the reporting date; and

b) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

4.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.6 Other accrued expenses

Other accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective profit rate method.

4.7 Provision

A provision is recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognized for future operating loss.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Redeemable units

The Fund is open for subscriptions/ redemptions of units from Sunday to Thursday. The net assets value of the Fund is determined every day from Sunday to Thursday (each a "Valuation Day"). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the value of net assets (fair value of Fund assets minus Fund liabilities) by the total number of outstanding units on the relevant Valuation Day.

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

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

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

The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

4.9 Zakat / Taxation

Zakat / taxation is the obligation of the unitholders and therefore, no provision for such liability is made in these financial statements.

4.10 Revenue recognition

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

Dividends income is recognised when the Fund's right to receive dividend is established.

Realised gain on disposal of investments held at FVPL is measured as the difference between the sales proceed and the carrying value before disposal.

Profit on murabaha contracts and sukuk is recognised on effective commission rate method.

The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective commission rate, the Fund manager estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses. The carrying amount of the financial asset is adjusted if the Fund manager revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as impairment losses.

4.11 Management, custody and administration fees

Management fee is calculated at rate mentioned in Terms and Conditions of the Fund and is payable monthly in arrears. On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 1.75% (2021:1.75% per annum) per annum of the Fund's equity. In addition, on a daily basis the Fund Manager charges the Fund, custody fee and administrative fee for each at the rate of 0.1% per annum of the Fund's equity (2021: for each 0.1% per annum) with minimum charge of SR 60,000 per annum (2021: SR 60,000 per annum) for each of custody fee and administrative fee.

(All amounts in Saudi Riyals unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Other expenses

Other expenses are charged at rates / amounts within limits mentioned in Terms and Conditions of the Fund. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fees, legal fees and other similar charges. The other expenses are not expected to exceed in total SR 175,625 (2021: SR 175,625) per annum.

4.13 Equity per unit

The equity per unit as disclosed in the statement of financial position is calculated by dividing the equity of the Fund by the number of units outstanding at year end.

5 CASH AND CASH EQUIVALENTS

	As at 31 December 2022	As at 31 December 2021
Cash balance with the custodian	**3,703,536**	207,109

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

The composition of the investment's portfolio on the last valuation day of the year is summarised below:

	31 December 2022			
	% of market value	Cost	Market value	Unrealized (loss) / gain
Equities				
Petrochemical Industries	**28%**	**28,017,334**	**19,823,620**	**(8,193,714)**
Banking and Financial services	**21%**	**17,764,514**	**15,039,774**	**(2,724,740)**
Retail	**10%**	**8,902,321**	**7,800,000**	**(1,102,321)**
Oil and Gas	**10%**	**7,216,261**	**6,901,500**	**(314,761)**
Real Estate Management and Development	**8%**	**10,068,259**	**5,671,399**	**(4,396,860)**
Agriculture and Food Industries	**7%**	**6,385,177**	**5,551,820**	**(833,357)**
Telecommunication and Information Technology	**7%**	**5,304,984**	**4,867,800**	**(437,184)**
Health Care	**6%**	**4,101,743**	**4,286,200**	**184,457**
Industrial Investment	**3%**	**3,862,076**	**2,101,200**	**(1,760,876)**
Total	**100%**	**91,622,669**	**72,043,313**	**(19,579,356)**

	31 December 2021			
	% of market value	Cost	Market value	Unrealized (loss) / gain
Equities				
Banking and Financial services	26%	25,051,549	23,689,770	(1,361,779)
Industrial Investment	25%	22,424,511	22,988,944	564,433
Petrochemical Industries	11%	10,506,533	10,609,500	102,967
Telecommunication and Information Technology	9%	8,252,680	8,470,100	217,420
Transport	9%	8,679,347	7,847,132	(832,215)
Oil and Gas	7%	6,204,665	6,399,178	194,513
Agriculture and Food Industries	4%	3,273,289	3,320,080	46,791
Cement	3%	3,243,244	2,866,619	(376,625)
Health Care	3%	2,741,468	2,673,020	(68,448)
Energy and Utilities	2%	2,518,199	1,822,990	(695,209)
Retail	1%	1,303,424	1,272,550	(30,874)
Total	100%	94,198,909	91,959,883	(2,239,026)

(All amounts in Saudi Riyals unless otherwise stated)

7 UNIT TRANSACTIONS

Transactions in units for the year are summarized as follows:

	As at 31 December 2022	As at 31 December 2021
Units at the beginning of the year	**6,038,033.35**	4,403,643.72
Units issued	**123,227.06**	1,634,389.63
Units redeemed	**(636,255.86)**	-
Net change in units	**(513,028.80)**	1,634,389.63
Units at the beginning of the year	**5,525,004.55**	6,038,033.35

8 TRANSACTIONS WITH RELATED PARTIES

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

In the ordinary course of its activities, the Fund transacts business with Fund Manager and related parties. Related party transactions are governed by limits set by the regulations issued by CMA. All the related party transactions are undertaken at mutually agreed prices and approved by the Fund Manager. These transactions were carried out on the basis of approved Terms and Conditions of the Fund.

Related parties of the Fund include "Audi Capital Company" being the Fund Manager, other funds managed by the Fund Manager and the Fund Board.

During the year, the Fund entered into the following transaction with related parties in the ordinary course of business:

Related Party	Relationship	Nature of transaction	Amount of transaction during the year		Closing balance receivable / (payable)	
			2022	2021	31 December 2022	31 December 2021
Audi Capital	Fund Manager	Fund management fee	**1,671,247**	1,239,359	**115,705**	138,900
Bank Audi Suisse	Shareholder of Fund Manager	Investment in Fund's units	**(431,242)**	1,047,959	**1,155,175**	1,586,417
Fund Board	Fund Board	Board fee	**45,272**	60,000	**-**	-

Management fee and other transactions

The Fund pays a management fee calculated at an annual rate of 1.75% (2021: 1.75%) of the equity. 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.

9 OTHER ACCRUED EXPENSES

	As at 31 December 2022	As at 31 December 2021
Shariah fee	**78,612**	90,000
Professional fee	**20,000**	27,750
Standard and Poor Index benchmark fee	**20,788**	20,794
Other	**11,009**	35,134
	130,409	173,678

(All amounts in Saudi Riyals unless otherwise stated)

10 OTHER EXPENSES

	Note	For the year ended 31 December 2022	2021
VAT expense		**291,832**	220,721
Administrative fee		**95,500**	72,440
Custody fee		**95,500**	72,440
Board fee	7	**45,272**	60,000
Professional fee		**35,000**	45,000
Transaction fee		**33,300**	37,238
Shariah fee		**30,000**	30,000
Other		**48,761**	38,572
		675,165	576,410

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

<u>Determination of fair value and fair value hierarchy</u>

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

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

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The Fund has only investments carried 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. There were no transfers between various levels of fair value hierarchy during the current year or prior period.

(All amounts in Saudi Riyals unless otherwise stated)

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Determination of fair value and fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) measured at fair value at 31 December.

As at 31 December 2022	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments carried at FVPL	**72,043,313**	**72,043,313**	-	-	**72,043,313**
	72,043,313	**72,043,313**	-	-	**72,043,313**

As at 31 December 2021	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments carried at FVPL	91,959,883	-	91,959,883	-	91,959,883
	91,959,883	-	91,959,883	-	91,959,883

12 FINANCIAL RISK MANAGEMENT

Concentration risk

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 Terms and Conditions include specific guidelines to focus on maintaining a diversified portfolio.

(All amounts in Saudi Riyals unless otherwise stated)

12 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 Fund's maximum exposure to credit risk for the component of the statement of financial position at each reporting date.

	As at 31 December 2022	**As at 31 December 2021**
Cash and cash equivalents	**3,703,536**	207,109
Due from broker for securities sold	**2,423,726**	5,396,097
	6,127,262	5,603,206

All due from broker for securities sold are expected to be received in one month. The management has conducted a review for allowance for impairment as required under IFRS 9 and based on such assessment, the management believes that there is no significant impairment allowance is required.

Credit risk on cash and cash equivalents is limited as these are held with banks with sound credit ratings. The Fund holds its cash in banks which has a long-term credit rating of "BBB+" by Fitch, and there is no historical history of default to recover the balance.

Management believes that cash and cash equivalents and due from broker for securities sold do not pose any significant credit risk for the Fund.

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 investments are considered to be readily realizable. 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 at the reporting date approximate their carrying values and are all settled within one year from the reporting date.

(All amounts in Saudi Riyals unless otherwise stated)

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

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	After 12 months	Total
As at 31 December 2022			
Assets			
Cash and cash equivalents	**3,703,536**	-	**3,703,536**
Investments carried at FVPL	**72,043,313**	-	**72,043,313**
Due from broker for securities sold	**2,423,826**	-	**2,423,826**
Total assets	**78,170,675**	-	**78,170,675**
Liabilities			
Management fee payable	**115,705**	-	**115,705**
Custody and administration fee payable	**13,223**	-	**13,223**
Other accrued expenses	**130,409**	-	**130,409**
Total liabilities	**259,337**	-	**259,337**

	Within 12 months	After 12 months	Total
As at 31 December 2021			
Assets			
Cash and cash equivalents	207,109	-	207,109
Investments carried at FVPL	91,959,883	-	91,959,883
Due from broker for securities sold	5,396,097	-	5,396,097
Total assets	97,563,089	-	97,563,089
Liabilities			
Due to broker for securities purchased	5,349,903	-	5,349,903
Management fee payable	138,900		138,900
Custody and administration fee payable	15,874	-	15,874
Other accrued expenses	173,678	-	173,678
Total liabilities	5,678,355	-	5,678,355

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, special commission and equity prices will affect the Fund's income or the fair value of its holdings in financial instruments. Market risk comprises three types of risks: equity price risk, currency risk and special commission rate risk.

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 Fund's Terms and Conditions in place. The Fund's market positions are monitored on a timely basis by the Fund Manager.

(i) 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 sector concentration.

(All amounts in Saudi Riyals unless otherwise stated)

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) 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 2022		31 December 2021	
Equities that is subject to floating market prices	**Reasonably possible change %**	**Effect on equity**	**Reasonably possible change %**	**Effect on equity**
Investments carried at FVPL	**+/-5**	**3,602,166**	+/-5	4,597,994

(ii) 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 invests in financial instruments and enters into transactions that are denominated in SR, which is the Fund's functional and presentation currency, and therefore the Fund is not exposed to any currency risk.

The Fund's currency risk is managed on a timely basis by the Fund Manager in accordance with the Terms and Conditions in place.

(iii) Special commission rate risk

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

Operational risk

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

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

Capital risk management

The Fund's capital represents the net assets of the Unitholders. The Fund's objectives when managing capital are to maintain the ability to continue as a going concern and achieve returns for Unitholders and benefits for other stakeholders, as well as maintaining the capital base to support the development of the Fund's investment activities. In order to maintain or adjust the capital structure, the Fund Manager may call up an unfunded commitment, if any, from, or any additional capital from the Unitholders or distribute the funds to the Unitholders.

13 LAST VALUATION DAY

The last valuation day for the purpose of preparation the financial statements of the year was 31 December 2022 (31 December 2021).

14 SUBSEQUENT EVENTS

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

15 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund's Board on 29 March 2023 (corresponding to 7 Ramadhan 1444H).