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 2023

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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 2023, and its financial performance and its cash flows for the year then ended in accordance with the 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 2023;
- 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, comprising material accounting policy information 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 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.

Other information

The Fund Manager is responsible for the other information. The other information comprises the information included in the Fund's Annual Report, but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Fund's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the 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, the 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 the Fund Manager either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

Those charged with governance i.e., the Fund Board is 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 the 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 the 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 the Fund Manager's internal control.

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

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

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

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 (continued)

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

31 March 2024

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محاسبون قانونيون
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Lic No. 323/11/25/1
C.R 4030289002

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 2023	As at 31 December 2022
Assets			
Cash and cash equivalents	5	**1,210,563**	3,703,536
Investments carried at fair value through profit or loss (FVPL)	6	**77,913,268**	72,043,313
Dividend receivable		**152,000**	-
Due from broker for securities sold		**4,342,142**	2,423,826
Total assets		**83,617,973**	78,170,675
Liabilities			
Management fee payable	8	**122,142**	115,705
Custody and administration fee payable		**13,959**	13,223
Other accrued expenses	9	**147,077**	130,409
Total liabilities		**283,178**	259,337
Equity attributable to the Unitholders		**83,334,795**	77,911,338
Units in issue (number)	7	**4,850,687**	5,525,004.55
Equity attributable to each unit		**17.18**	14.10

The attached notes 1 to 16 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 2023	2022
Income			
Net realised gain on investments carried at FVPL		**8,441,528**	11,167,876
Net unrealised gain / (loss) on investments carried at FVPL		**7,623,771**	(17,340,331)
Dividends income		**2,006,114**	2,212,293
		18,071,413	(3,960,162)
Expenses			
Management fee expense	8	**(1,434,377)**	(1,671,247)
Other expenses	10	**(594,579)**	(675,165)
Total expenses		**(2,028,956)**	(2,346,412)
Net income / (loss) for the year		**16,042,457**	(6,306,574)
Other comprehensive income for the year		**-**	-
Total comprehensive income / (loss) for the year		**16,042,457**	(6,306,574)

The attached notes 1 to 16 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	
	2023	**2022**
Equity attributable to the Unitholders at the beginning of the year	**77,911,338**	91,884,734
Total comprehensive income / (loss) for the year	**16,042,457**	(6,306,574)
Subscriptions and redemptions by the Unitholders		
Issuance of units	**373,000**	2,232,750
Redemption of units	**(10,992,000)**	(9,899,572)
Net changes from unit transactions	**(10,619,000)**	(7,666,822)
Equity attributable to the Unitholders at the end of the year	**83,334,795**	77,911,338

The attached notes 1 to 16 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)

	Note	For the year ended 31 December	
		2023	**2022**
Cash flows from operating activities:			
Net income / (loss) for the year		**16,042,457**	(6,306,574)
Adjustments for:			
Net unrealised loss on investments carried at FVPL		**(7,623,771)**	17,340,331
		8,418,686	11,033,757
Net changes in operating assets and liabilities:			
Investments carried at FVPL		**1,753,816**	2,576,239
Due from broker for securities sold		**(1,918,316)**	2,972,271
Dividends receivable		**(152,000)**	-
Due to broker for securities purchased		**-**	(5,349,903)
Management fee payable		**6,437**	(23,195)
Custody and administration fee payable		**736**	(2,651)
Other accrued expenses		**16,668**	(43,269)
Net cash generated from operating activities		**8,126,027**	11,163,249
Cash flows from financing activities:			
Proceeds from issuance of units		**373,000**	2,232,750
Value of units redeemed		**(10,992,000)**	(9,899,572)
Net cash used in financing activities		**(10,619,000)**	(7,666,822)
Net change in cash and cash equivalents		**(2,492,973)**	3,496,427
Cash and cash equivalents at the beginning of the year	5	**3,703,536**	207,109
Cash and cash equivalents at the end of the year		**1,210,563**	3,703,536

The attached notes 1 to 16 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 judgments, 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 recognized in the year in which the estimates are revised and in any future years affected. There are no significant judgments, 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.

(All amounts in Saudi Riyals unless otherwise stated)

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 MATERIAL ACCOUNTING POLICIES

4.1 New Standards, interpretations and amendments Adopted by the Fund

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2022 except for the adoption of the following amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after 1 January 2023. The Fund has assessed that the below amendments have no significant impact on the financial statements.

The Fund has adopted the following amendments, interpretations, and revisions to existing standards, which were issued by the IASB and are applicable from 1 January 2023:

Standard / Interpretation	**Description**	**Effective from periods beginning on or after the following date**
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	1 January 2023
Narrow scope amendments to IAS 1	Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction -	There amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023

The adoption of the above amendments to standards and interpretations did not have any significant impact on these financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

4 MATERIAL ACCOUNTING POLICIES (continued)

4.2 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The listing is of standards and interpretations issued, which the Fund reasonably expects to be applicable at a future date. The Fund intends to adopt these standards when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
Amendments to 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.	(Available for optional adoption/effective date deferred indefinitely)
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025

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 offinancial position.

4 MATERIAL ACCOUNTING POLICIES (continued)

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.

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.

4 MATERIAL 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

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.

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 summarize 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 summarized 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 summarized 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 summarized 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 summarized in the statement of comprehensive income.

Any gain or loss on de-recognition is also summarized 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 MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

4.4.5 Derecognition

The Fund summarized 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 summarized) and the consideration received (including any new asset obtained less any new liability assumed) is summarized in statement of comprehensive income. Any commission in such transferred financial assets that is created or retained by the Fund is summarized as a separate asset or liability. The Fund enters into transactions whereby it transfers assets summarized 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 summarized. The Fund summarized 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 summarized 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.

4.8 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.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.8 Redeemable units (continued)

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 summarized 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 summarized when the Fund's right to receive dividend is established.

Realized 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% (2022: 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 (2022: for each 0.1% per annum) with minimum charge of SR 60,000 per annum (2022: SR 60,000 per annum) for each of custody fee and administrative fee.

(All amounts in Saudi Riyals unless otherwise stated)

4 MATERIAL 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 (2022: 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 2023	As at 31 December 2022
Cash balance with the custodian	**1,210,563**	3,703,536

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 summarized below:

	31 December 2023			
	% of market value	Cost	Market value	Unrealized (loss) / gain
Equities				
Petrochemical Industries	**28%**	**32,186,674**	**21,633,040**	**(10,553,634)**
Banking and Financial services	**28%**	**21,372,545**	**21,619,684**	**247,139**
Retail	**4%**	**2,617,170**	**2,829,400**	**212,230**
Oil and Gas	**13%**	**7,629,714**	**9,852,900**	**2,223,186**
Real Estate Management and Development	**9%**	**9,076,845**	**6,932,800**	**(2,144,045)**
Telecommunication and Information Technology	**4%**	**2,924,764**	**2,969,400**	**44,636**
Health Care	**5%**	**5,070,428**	**4,027,452**	**(1,042,976)**
Cement	**1%**	**442,859**	**422,447**	**(20,412)**
Energy and Utilities	**10%**	**8,699,855**	**7,626,145**	**(1,073,710)**
Total	**100%**	**90,020,854**	**77,913,268**	**(12,107,586)**

	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)

(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 2023	As at 31 December 2022
Units at the beginning of the year	**5,525,004.55**	6,038,033.35
Units issued	**22,931**	123,227.06
Units redeemed	**(697,248.55)**	(636,255.86)
Net change in units	**(674,317.55)**	(513,028.80)
Units at the beginning of the year	**4,850,687**	5,525,004.55

8 TRANSACTIONS AND BALANCES 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)**	
			2023	**2022**	**31 December 2023**	**31 December 2022**
Audi Capital	Fund Manager	Fund management fee	**1,434,377**	1,671,247	**122,142**	115,705
Bank Audi Suisse	Shareholder of Fund Manager	Investment in Fund's units	**(674,318)**	(431,242)	**480,857**	1,155,175
Fund Board	Fund Board	Board fee	**40,493**	45,272	**-**	-

Management fee and other transactions

The Fund pays a management fee calculated at an annual rate of 1.75% (2022: 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 2023	As at 31 December 2022
Shariah fee	**108,612**	78,612
Professional fee	**13,000**	20,000
Standard and Poor Index benchmark fee	**20,791**	20,788
Other	**4,674**	11,009
	147,077	130,409

(All amounts in Saudi Riyals unless otherwise stated)

10 OTHER EXPENSES

	Note	For the year ended 31 December 2023	2022
VAT expense		**250,991**	291,832
Administrative fee		**81,964**	95,500
Custody fee		**81,963**	95,500
Board fee	8	**40,493**	45,272
Professional fee*		**45,000**	35,000
Transaction fee		**24,975**	33,300
Shariah fee		**30,000**	30,000
Other		**39,193**	48,761
		594,579	675,165

* This includes auditor's remuneration for the statutory audit and interim review of the Fund's financial statements and interim financial information for the year ended 31 December 2023 amounting to SR 30,000 and SR 15,000 respectively. (2022: SR 20,000 and SR 15,000 respectively).

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

Determination of fair value and fair value hierarchy

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.

	Carrying amount	Fair value			
As at 31 December 2023		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Investments carried at FVPL	**77,913,268**	**77,913,268**	**-**	**-**	**77,913,268**
	77,913,268	**77,913,268**	**-**	**-**	**77,913,268**

	Carrying amount	Fair value			
As at 31 December 2022		**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

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.

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 2023	**As at 31 December 2022**
Cash and cash equivalents	**1,210,563**	3,703,536
Due from broker for securities sold	**4,342,142**	2,423,826
Dividend receivable	**152,000**	-
	5,704,705	6,127,362

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 isrequired.

(All amounts in Saudi Riyals unless otherwise stated)

12 FINANCIAL RISK MANAGEMENT (continued)

Credit risk *(continued)*

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.

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 2023			
Assets			
Cash and cash equivalents	**1,210,563**	-	**1,210,563**
Investments carried at FVPL	**77,913,268**	-	**77,913,268**
Dividend receivable	**152,000**	-	**152,000**
Due from broker for securities sold	**4,342,142**	-	**4,342,142**
Total assets	**83,617,973**	-	**83,617,973**
Liabilities			
Management fee payable	**122,142**	-	**122,142**
Custody and administration fee payable	**13,959**	-	**13,959**
Other accrued expenses	**147,077**	-	**147,077**
Total liabilities	**283,178**	-	**283,178**

	Within 12 months	After 12 months	Total
As at 31 December 2021			
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

12 FINANCIAL RISK MANAGEMENT (continued)

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.

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 2023		**31 December 2022**	
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**	**3,895,663**	+/-5	3,602,166

(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 2023 (31 December 2022).

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 INFORMATIVE ZAKAT RETURN SUBMISSION

Article 3 of Zakat Collection Rules for Investing in Investment Funds, stipulates that all investment funds approved to be established by the CMA after the effective date of the resolution (1 January 2023), must register with Zakat, Tax and Customs Authority (ZATCA) for Zakat purposes before the end of the first fiscal year from the date of the approval on their establishment and submit an informative zakat return within 120 days of fiscal year end. The Fund received its Tax identification number 3117603605 from ZATCA on 10 August 2023. The Fund will submit the informative zakat return in due course.

The responsibility of paying zakat on investment in the Fund's units remains with the Unitholders and the Fund does not have the zakat obligation.

16 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund’s Board on 27 March 2024 (corresponding to 17 Ramadhan 1445H).