Annual Report 2024

ALKHABEER DIVERSIFIED INCOME TRADED FUND 2030

(A Closed-Ended Shari'a-Compliant Investment Traded Fund Listed on Saudi Tadawul)

Alkhabeer Capital

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This document does not constitute an offer to buy, subscribe or participate in any way in Alkhabeer Diversified Income Traded Fund 2030, nor shall it (or any part of it) form the basis of, or be relied on, in connection with, or act as inducement to enter into any contract whatsoever. Prospective investors should read carefully Alkhabeer Diversified Income Traded Fund's Terms and Conditions and their contents related to investment risks as well as other Alkhabeer Diversified Income Traded Fund 2030 documents prior to making any investment decision. Alkhabeer Diversified Income Traded Fund 2030 documents are available on Alkhabeer Capital's website www.alkhabeer.com. Fund reports are also available on the Fund Manager's website. This investment is not a cash deposit with a local bank. The value of the amount invested and any other income which may arise therefrom, may increase or decrease. All prospective investors are required to make their own determination, with their own financial and legal advisors, and evaluate all risks involved. No assurance can be given that the targeted and projected results will be achieved. Moreover, past performance of Alkhabeer Diversified Income Traded Fund 2030 is not a guarantee of future performance. By investing in the Fund, the investor acknowledges having read and accepted Alkhabeer Diversified Income Traded Fund's Terms and Conditions. This investment may not be suitable for all investors. The past performance of the Fund or the past performance of the Benchmark, if any, is not an indicator of the Fund's future performance. The Fund may invest in Securities issued by the Fund Manager or any of its affiliates, commensurate with the Fund's objectives, investment policies and practices as provided in the Fund's Terms and Conditions. Alkhabeer Capital may hold a share in the Funds it manages. No assurance can be given to Unit subscribers that the absolute performance of the Fund, or its performance as compared to the benchmark, will recur or be similar to any previous performance. Moreover, no assurance can be provided by the Fund Manager concerning the achievement of the investment objectives. Subscribers shall before subscribing take into consideration the risk factors as described in the Fund's Terms and Conditions and Information Memorandum, which may adversely affect the Fund's Net Asset Value. The subscribers may lose their subscriptions in the Fund, and such loss may result in the total loss or reduction of the value of the Units. The Fund Manager or any of its affiliates shall not be liable for any loss which may be suffered by the Fund, unless such loss is caused by deliberate negligence on the part of the Fund Manager. All prospective investors shall make their own decisions or by seeking advice from their professional advisors, in respect of the legal and financial risks and taxes applicable to this Fund.

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(A) Fund Information

1. Name of the Fund

Alkhabeer Diversified Income Traded Fund 2030.

2. Fund Investment Objectives, Policies and Practices

- The Fund's investment objective is to generate periodic income for investors by investing in income generating assets which are compliant with the guidelines of the Shari'a Supervisory Committee.

- The Fund seeks to achieve its objective by investing in diversified income-generating assets with an investment structure that is compliant with the guidelines of the Shari'a Supervisory Committee, to generate periodic income for the Fund. The Fund Manager may invest in Sukuk, Trade Finance Contracts Transactions, Leasing Transactions, Structured Income Instruments, Asset-backed Debts, Income Funds and Murabaha Transactions. The limits of investment in the types of underlying assets in the Kingdom and abroad shall be as follows:

Asset Type	In Kingdom		Abroad	
	Minimum	Maximum	Minimum	Maximum
Sukuk*	0%	100%	0%	100%
Trade Finance Contracts Transactions	0%	0%	0%	100%
Leasing Transactions	0%	0%	0%	100%
Asset-backed Debts	0%	0%	0%	100%
Structured Income Instruments	0%	0%	0%	100%
Income Funds**	0%	100%	0%	100%
Cash and Murabaha Transactions***	0%	100%	0%	100%

* Depending on available opportunities and the Fund Manager's discretion based on domestic and global economic conditions.
** Depending on available opportunities and the Fund Manager's discretion based on domestic and global economic conditions.
*** Depending on available opportunities and the Fund Manager's discretion based on domestic and global economic conditions.

- Description of Fund Asset Types and Strategies:

Investment Type:
1. **Sukuk:** Investment shall be made in Sovereign, Quasi-Sovereign or corporate Sukuk that are issued locally and internationally by way of a public offering or private placement, whether listed or unlisted, and are in compliance with the Shari'a Guidelines and denominated either in Saudi Riyals or US dollars, or in any other currency pegged to the US dollar. The Fund Manager has the right to invest in any investment grade Sukuk issuance. The Fund Manager may also invest in any sub-investment grade or non-rated Sukuk, up to a maximum of 30% of total Sukuk for both types of

Investment Type:	
	Sukuk combined. However, the average credit rating of the Sukuk portfolio upon execution shall be investment grade (i.e. BBB- / Baa3) or higher according to the major credit rating agencies Standard & Poor's, Fitch or Moody's. In the event the ratings of these agencies differ, the Fund Manger may use the higher rating of the major credit rating agencies. The Fund can invest in Sukuk through a Broker, for international investments only. The Fund Manager shall be responsible for appointing the Broker in accordance with the laws and regulations issued by the Capital Market Authority. The Broker will sell or buy Sukuk in the relevant market acting on the Fund Manager’s instructions.
2.	**Trade Finance Contracts Transactions:** Investment in Trade Finance Contracts Transactions shall be made through a diversified portfolio of short-term and asset-backed and/or insurance-backed Trade Finance Transactions. They shall be Shari’a-compliant spread across international markets outside the Kingdom of Saudi Arabia, and subject to the laws and regulations issued by the financial and supervisory bodies regulating these markets in the countries in which they operate. The Fund Manager will engage a Broker, in respect of international investments only, to execute the Trade Finance Contracts Transactions subject to investment guidelines as agreed between the Fund Manager and the Broker in line with the Fund’s objectives in terms of risks and returns. The Fund Manager shall be responsible for appointing the Broker in accordance with the laws and regulations issued by the Capital Market Authority. The Broker shall be regulated by a regulatory authority outside the Kingdom comparable to the Saudi Central Bank or the Capital Market Authority. Whereas Trade Finance Contracts Transactions do not receive traditional credit ratings, similar to Sukuk or bonds, the counterparty risks will be assessed by the Broker and the Fund Manager. The Fund Manager will be responsible for making the final investment decision. Trade Finance Contracts Transactions will be entered into with a counterparty regulated by the Saudi Central Bank or by a regulatory agency abroad comparable to the Saudi Central Bank.
3.	**Leasing Transactions:** Investment in unlisted Leasing Transactions shall be made through a diversified portfolio consisting of medium term leasing contracts that are Shari’a-compliant, used to supply different types of equipment in multiple sectors, spread across international markets outside the Kingdom of Saudi Arabia, and subject to the laws and regulations issued by the financial and supervisory bodies regulating these markets in the countries in which they operate. These sectors include, but are not limited to, transportation, public utilities, maritime transport, cleaning and maintenance, chemicals production, food packaging, and healthcare. The Fund Manager will engage a Broker, for international investments only, to execute the Leasing Transactions subject to investment guidelines as agreed upon between the Fund Manager and the Broker in line with the Fund’s objectives in terms of risks and returns. The Fund Manager shall be responsible for appointing the Broker in accordance with the laws and regulations issued by the Capital Market Authority. The Broker shall be regulated

Investment Type:	
	by a regulatory authority outside the Kingdom comparable to the Saudi Central Bank or the Capital Market Authority. Whereas Leasing Transactions do not receive traditional credit ratings, similar to Sukuk or bonds, the counterparty risks will be assessed by the Broker and the Fund Manager. The Fund Manager will be responsible for making the final investment decision. The Fund Manager may invest in Leasing Transactions with a counterparty who may be unrated or who does not have a credit rating.
4.	**Structured Income Instruments:** Investment in credit securities issued by governments and/or companies, or private finance transactions executed in global markets outside the Kingdom of Saudi Arabia, by way of a Shari'a compliant structure. In the event of investment in credit securities issued by governments and/or companies, the Fund Manager may invest in any issue which is sub-investment grade or unrated up to a maximum of 30% of the total portfolio of both types combined. The average credit rating of the portfolio upon execution shall be investment grade (Baa3 / BBB-) or higher according to the major credit rating agencies Standard & Poor's / Fitch or Moody's rating. In case the ratings of these agencies differ, the Fund Manager may accept the higher rating approved by the major credit rating agencies. In the event of investing in private finance transactions, such transactions do not have traditional credit ratings similar to Sukuk or bonds. The counterparty risks will be assessed by the Broker and the Fund Manager. The Fund Manager shall be responsible for the final investment decision. The Fund Manager may invest in private finance transactions through Structured Income Instruments with counterparties who may or not be credit rated. Such investments allow the Fund to benefit from the returns of fixed income instruments which may be provided by brokers, in respect of international investments only outside the Kingdom of Saudi Arabia. The Fund Manager shall enter into contracts with them subject to investment guidelines to be agreed upon between the Fund Manager and the Broker and which are in line with the objectives of the Fund in terms of risks and returns. The Fund Manager shall be responsible for appointing the Broker in accordance with laws and regulations issued by the Capital Market Authority. The Broker shall be subject to a regulatory authority outside the Kingdom of Saudi Arabia comparable to the Saudi Central Bank or the Capital Market Authority.
5.	**Asset Backed Debts:** Investment in asset backed debts shall be by way of structured financing tranches. These are securities comprised of asset backed debts of different investment grades and different preferences in the accrual of returns. They include corporate loans to diverse companies in terms of activities and sectors. They are granted by brokers outside the Kingdom of Saudi Arabia, with whom the Fund Manager enters in contracts subject to investment guidelines to be agreed upon between the Fund Manager and the Broker in line with the objectives of the Fund. The Fund Manager shall be responsible for the

Investment Type:	
	appointment of the Broker in line with the laws and regulations issued by the Capital Market Authority. Investment is made in publicly or privately offered structured financing transactions, whether listed or unlisted. The Fund Manager may invest in sub-investment grade structured financing tranches, up to a maximum limit of 30% of the total portfolio, provided the average credit rating of the portfolio at the time of execution is investment grade (BBB- / Baa3) or higher according to the three major credit rating agencies Standard & Poor's / Fitch or Moody's. In case of differences between the credit ratings of these agencies, the Fund Manager may use the higher classification of the three major credit rating agencies.
6.	**Income Funds:** Investment shall be made in Income Funds that are managed by fund managers, including the Fund Manager, licensed by the Capital Market Authority or a similar regulatory body in the event of investing in funds outside the Kingdom of Saudi Arabia, provided the investment is Shari'a compliant. These Funds invest in various income-generating asset types, including, without limitation, trade finance, credit financing, leasing Transactions, Sukuk and Murabaha funds. When investing in any of these Funds, the Fund Manager will ensure that the investment strategy of the target fund is consistent with the Fund's investment strategy. The Income Funds that may be invested in include public funds as well as funds offered through private placement.
7.	**Murabaha Transactions:** The Fund Manager may invest in Murabaha directly with local, regional or international banks with investment grade credit and regulated by the Saudi Central Bank or a comparable regulatory authority in case of investment outside the Kingdom of Saudi Arabia.

Dealings, methods and tools that the Fund Manager may use in making the Fund's investment decisions

- The Fund will rely on the Fund Manager's vision and discretion based on the domestic and global economic conditions, findings of financial studies and available information on market investment opportunities. The Fund Manager will also rely on the Fundamental Analysis and valuation of each investment opportunity based on the strength of the financial position and projected returns, in addition to the analysis of the technical indices and the level of risks associated with each opportunity. Investments considered as suitable opportunities will subsequently be selected.

- The Fund Manager will rely on the analysis of the best available offerings of Trade Finance Contracts Transactions, Leasing Transactions, Structured Income Instruments, Asset Back Financing and Debts, Income Fund and Murabaha Transactions, in terms of returns and the level of risks, with a view to maximizing returns and minimizing risks.

- The Fund Manager seeks to invest in any investment-grade Sukuk issuance. However, the Fund Manager shall not invest more than 5% of the Fund's assets in sub-investment grade or unrated Sukuk, provided the average credit rating of the

Sukuk portfolio is of an investment grade (Baa3/BBB- or higher according to Standard & Poor's / Fitch or Moody's rating). In case of split ratings, the lower rating shall apply.

- In respect of credit rated target assets, and in the event the credit rating of any of the assets of the portfolios is downgraded after execution resulting in a downgrade of the average credit rating of the portfolio to sub-investment grade (BBB-, Baa3), the Fund Manager reserves the right not to dispose of any of the components of the portfolio which was re-rated by the credit rating agency to sub-investment grade, affecting the average credit rating of the portfolio and downgrading it to sub-investment grade, in order to avoid necessary sale under unfavourable market circumstances which may adversely affect the Unitholders. The Fund Manager will seek to restore the average investment grade credit rating of the portfolio within 189 days after then downgrade of the credit rating of the relevant component.

- When investing in unrated entities, such entities shall be assessed based on the internal assessment process used by the Fund Manager based on a number of factors, including, without limitation, the credit rating of the country where the entity belongs, the creditworthiness, and the efficiency of assets, profits and risks involved in order to make the appropriate investment decision.

- The Fund Manager shall ensure that the total value of the credit rated securities, the sub-investment grade rate securities or unrated securities will not exceed, upon investing, 30% of the Fund’s Net Asset Value.

- When investing in Income Funds, the Fund Manager will evaluate each fund based on the risk-return profile of each fund and the past performance of the manager of such funds, in addition to other criteria, including, without limitation, the target fund’s creditworthiness and its investment policies and procedures.

- Investment decisions made by the Fund Manager shall be in line with the sound and prudent investment practices which achieve the Fund’s investment objectives as stated in the Fund’s Terms and Conditions. This includes that the Fund Manager acts to the best of its ability to ensure as follows:

  1. That the Fund’s investments are based on a careful and prudent distribution of risks, without undermining the Fund’s investment objectives, policies and Terms and Conditions.

  2. That sufficient liquidity is available for the Fund to meet any expected payment request, such as accrued expenses and fees which are payable by the Fund.

- In extraordinary conditions, the Fund Manager may, at its discretion, hold more than 5% and up to 100% of the Fund’s NAV in the form of cash liquidity, investments in money markets, Murabaha Transactions and/or funds investing in Murabaha Transactions.

- The Fund Manager shall set aside an annual provision when the Fund’s returns exceed Benchmark returns, in order to manage risks related to the stable financial performance of the Fund. By allocating the provision, the Fund Manager can assess and better deal with the adverse effects of unfavourable events on the performance of the Fund. Such provisions (if any) shall be subsequently distributed to Unitholders as part of the Fund's periodic distributions or included in the Fund's Net Asset Value at the time of termination of the Fund.

- The Fund Manager adopts a risk management policy aimed at defining and assessing the potential risks as quickly as possible, and addressing these risks to minimize their effect. The Fund Manager studies and assesses the risks involved in any assets before investment. Risks are re-assessed annually. For additional details on the internal process for risk assessment and management, please refer to the Terms and Conditions of the Fund.

3. Income and Dividend Distribution Policy

The Fund will distribute dividends (if any) within forty (40) Business Days after the date of issue of the semi annual and annual financial statements in each Gregorian year. The distributions (if any) will be announced within ten (10) business days after the date of issue of the semi annual and annual financial statements. The announcement of the details of the cash distributions shall be made on Saudi Tadawul's website, with the exception of capital gains resulting from the sale of underlying assets which may be reinvested in other assets or distributed in full or in part at the Fund Manager's discretion.

4. The Fund Manager avails Fund reports upon request, free of charge

5. Description of the Fund's Benchmark

The Benchmark is developed internally following comparison to other local and global fixed income funds. It is a Shari'a compliant benchmark.

The Benchmark is calculated using the the Dow Jones Sukuk Index (70%) and the SOFR 3M (30%). The Dow Jones Index is used to cover Fund Term and compensates investors for additional credit risks exceeding the risk adjusted return to the investors in the Sukuk market.

Investors may view the performance of the Benchmark on Saudi Tadawul's website and on the Fund Manager's website, as well as in the Fund's quarterly and annual reports.

(B) Fund Performance

1. Financial Indicators as at the end of each year *

	2024
FUND NAV AT THE END OF EACH FISCAL YEAR	SAR 313,726,754
FUND NAV PER UNIT AT THE END OF EACH FISCAL YEAR	SAR 10.2708
FUND NET ASSET VALUE PER UNIT HIGH AND LOW DURING EACH FISCAL YEAR	• Unit Value High = SAR 10.2708 • Unit Value Low = SAR 10.0000
NUMBER OF OUTSTANDING UNITS AT THE END OF EACH FISCAL YEAR	30,545,635 Units
DIVIDENDS DISTRIBUTED PER UNIT	SAR 0.00
RATIO OF EXPENDITURES	0.80%
RATIO OF BORROWED ASSETS TO TOTAL ASSET VALUE, EXPOSURE PERIOD AND MATURITY DATE (IF ANY)	N/A

* The Fund started its operations on 17 July 2024.

2. Performance Record*

a) Total Return for 1, 3 and 5 Years, (or Since Inception)

Period	For One Year	For Three Years	For Five Years	Since Inception
Total Return **	2.71%	N/A	N/A	2.71%

b) Total Annual Return for Each of the Last Ten Fiscal Years, (or Since Inception)

Year	2024 *	Since Inception
Total Return **	2.71%	2.71%
Benchmark Performance	2.16%	2.16%
Performance Difference	0.55%	0.55%

* The Fund started its operations on 17 July 2024.
** Total Return = NAV + Total Dividends Distributed.

c) Table showing service charges, commissions and fees incurred by the Fund over the year.

Item	Amount (SAR)
Fund Operator Fees	167,033
Management Fees	1,670,328
Shari'a Supervisory Committee Fees	6,844
Custodian Fees	52,616
Auditor Fees	46,000
Directors' Remuneration (Independent Directors)	20,590
Registration Expenses	448,570
Regulatory Fees	12,500

Interest on Facilities	-
Investment Expenses	2,804
Other Expenses	84,162
Total Fees and Expenses of the Fund	2,511,448
Net Value of Managed Assets	313,726,754
Ratio of Total Fund Fees and Expenses to Net Value of Managed Assets	0.80%
Circumstances under which the Fund Manager decided to waive or reduce fees	N/A

* Including Value Added Tax (VAT), where applicable.

d) Performance data calculation rules and any assumption shall be consistently applied.

3. Any material changes during the period affecting the performance of the Fund, which must be disclosed

N/A

4. Disclosure of Annual Voting Practices

N/A.

5. Report of the Fund Board

(a) Names of the Fund Board Members and Type of Membership

#	Director's Name	Type of Membership
1	Mr. Ahmed Saud Hamza Ghouth	Chairman of the Board – Non-Independent
2	Mr. Hisham Omar Ali Baroom	Director – Non-Independent
3	Mr. Ibrahim Shukri Saad	Director – Non-Independent
4	Mr. Farouq Fouad Ahmed Ghulam	Director - Independent
5	Mr. Ahmed Abdulelah Maghrabi	Director - Independent

(b) Brief Description of the Qualifications of the Fund Board Members

Director's Name	**Mr. Ahmed Saud Hamza Ghouth**
Type of Membership	Director – Non-Independent
Current Position	Mr. Ahmed is the CEO and Board Member of Alkhabeer Capital.
Educational Qualifications	• He holds a bachelor's degree in accounting from King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia.
Professional Experience	• He has over 22 years of experience in corporate banking services, Islamic finance, asset management and private equity. Currently, he is a board member of several real-estate funds, private equity funds and capital market listed funds. • During his previous engagement with the Saudi National Bank (SNB), he gained extensive expertise in loan portfolio management and Islamic loan structuring. His responsibility to oversee the Asset Management Department at Alkhabeer

	Capital has exposed him further to various expertise in real estate development and income generating funds as well as equity funds.

Director's Name	**Mr. Hisham Omar Ali Baroom**
Type of Membership	Director – Non-Independent
Current Position	Mr. Hisham is the Deputy Chief Executive Officer of Alkhabeer Capital.
Educational Qualifications	• He holds a bachelor's degree in accounting from King Abdulaziz University in Saudi Arabia, and has a diploma in investment portfolio management and financial markets from the Arab Academy for Banking and Financial Sciences.
Professional Experience	• He has more than 21 years of experience in the management of financial institutions, management of investments and business development. • Prior to joining Alkhabeer Capital, he served as Executive Vice President at Elaf Group, where he was responsible for planning and strategy implementation. He began his career at the Asset Management Group of the Saudi National Bank (SNB), where he served for nine years in various roles.

Director's Name	**Mr. Ibrahim Shukri Saad**
Type of Membership	Director – Non-Independent
Current Position	Mr. Ibrahim is the Head of Risk at Alkhabeer Capital
Educational Qualifications	• He holds a Bachelor Degree in Accounting and Financial Management from the Canadian University in Lebanon.
Professional Experience	• He has more than 15 years of experience in risk management advisory, and has gained broad experience during his employment in the GCC, and particularly in the Saudi market. • Before jointing Alkhabeer Capital, Mr. Ibrahim worked for several years at the Risk Management Services Department of Deloitte & Touche. He also served on the financial services sector team providing services to financial institutions in the Kingdom of Saudi Arabia, Bahrain and Dubai as part of risk management advisory projects. He also worked with the Capital Market Authority and the Saudi Central Bank.

Director's Name	**Mr. Farouq Fouad Ahmed Gholam**
Type of Membership	Director – Independent
Current Position	Mr. Farouq is the Executive Director of Alpha Capital Group.
Educational Qualifications	• He holds an LLM degree, specializing in international business and trade transactions from Washington College of Law, USA, and a law degree from King Abdul Aziz University, Jeddah, KSA.
Professional Experience	• He has more than 21 years of comprehensive experience in legal affairs, Islamic finance, investment and financial structuring.

	• He served as Executive Partner and the Head of Asset Management at Alkhabeer Capital, from August 2006 to August 2009. Prior to that, he was the Head of Product Development and Operational Risks at the Saudi National Bank (SNB), where he was responsible for launching and structuring investment funds.

Director's Name	Mr. Ahmed Abdulelah Maghrabi
Type of Membership	Director – Independent
Current Position	Mr. Ahmed is a co-founder and the Vice President of Abdulelah Mohamed Ali Maghrabi Commercial Est. He is engaged in the management of the Group's Equipment and Transportation divisions. In addition, he is actively involved in developing the policies, strategies and operational plans of the Group.
Educational Qualifications	• He holds a bachelor's degree in management information systems from Whittier College – California, USA, and a diploma in hotel management from the United States of America.
Professional Experience	• He has more than 20 years of experience in the fields of heavy equipment, transportation and real estate development. • Previously, he was the Procurement Manager at Mohammed Ali Maghrabi & Sons Company, where he was responsible for overseeing the construction of Le Meridian Jeddah. • Mr. Ahmed is a member of the Project Management Institute (PMI) and is a certified Project Management Professional (PMP).

(c) Description of the Roles and Responsibilities of the Fund Board

The Fund Board members have the following responsibilities:

- Approving all material contracts, decisions and reports to which the Fund is a party, including - without limitation – approving the contracts for providing management services to the Fund and the contracts for providing custody services. This, however, excludes contracts which are executed in accordance with the investment decisions related to any investments which the Fund had made or will make in the future.

- Approving a written policy on the voting rights related to the Fund's assets.

- Overseeing and, where appropriate, approving or ratifying any conflict of interest the Fund Manager has disclosed.

- Meeting at least twice annually with the Fund Manager's Compliance Officer to review the Fund's compliance with all applicable laws and regulations, including – without limitation – the requirements as stipulated in CMA's Investment Funds Regulations, as amended.

- Approving all fundamental and non fundamental changes as provided in Articles (62) and (63) of the CMA's Investment Funds Regulations prior to the Fund Manager obtaining the approval of the Unitholders and the CMA or notifying them.

- Ensuring the completeness and accuracy of the Fund's Terms and Conditions and any other document (whether contractual or otherwise), that includes disclosures related to the Fund and/or the Fund Manager and its management of the Fund, in addition to ensuring compliance of the foregoing with the provisions of CMA's Investment Funds Regulations.

- Ensuring that the Fund Manager carries out its responsibilities in the best interest of the Unitholders, in accordance with the CMA's Investment Funds Regulations, the Terms and Conditions and the Shari'a Committee's Resolutions.

- Reviewing the report on the performance evaluation and quality of services provided by parties concerned with the provision of material services to the Fund as described in Paragraph (L) of Article (9) of CMA's Investment Funds Regulations, in order to ensure that the Fund Manager carries out its responsibilities to the best interest of the Unitholders, subject to the Fund's Terms and Conditions and the provisions of CMA's Investment Funds Regulations.

- Evaluating the Fund Manager's process for dealing with risks associated with Fund assets in accordance with the Fund Manager's policies and procedures for assessment of Fund associated risks and how to deal with them.

- Acting with integrity, good intent, due care and diligence and in the best interest of the Unitholders.

- Recording minutes of meetings including all actions taken during the meetings and the decisions made by the Fund Board.

- Reviewing the report containing all complaints and action taken in relation to them as provided in Paragraph (m) of Article (9) of the Investment Funds Regulations issued by the CMA Board, the Fund's Terms and Conditions and the provisions of the Investment Funds Regulations.

- Approving the appointment of the Fund's Auditor who is nominated by the Fund Manager.

The Fund Manager shall provide all necessary information on the affairs of the Fund to all Fund Board members to enable them to carry out their duties. None of the Fund Board members may be held liable to the Unitholders for any damages, losses, costs, expenses or other obligations incurred by the Unitholder or the Fund's assets, unless caused by a deliberate act, bad intent or gross negligence on the part of the Fund Board members.

(d) Details of the Remuneration of the Fund Board Members

The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two independent directors were appointed. Therefore, the total remuneration to be paid to both directors will be a lump sum of SAR 10,000 per annum, plus an attendance fee of SAR 4,000 per meeting to each member. It is expected that a minimum of two meetings (and a maximum of four meetings) will be held each year. Thus, the total attendance fee expected to be paid to both directors will be a minimum of SAR 16,000 (and a maximum of SAR 32,000) per annum. As such, the total remuneration expected to be paid during the year to the two independent directors during the year is a minimum of SAR 26,000 (and a maximum of SAR 42,000). In addition, the Fund shall pay all actual travel and accommodation costs incurred by each independent director to attend meetings (if applicable), up to a maximum of SAR 15,000 per annum to the two independent directors. These annual costs and fees shall be calculated and paid semi-annually. Non-independent directors will not receive any fees.

(e) Any actual or potential conflict between the interests of a Fund Board member and the Fund Board

In its ordinary course of business, the Fund transacts with related parties. The Fund Manager and the Fund Board find that transactions with third parties are carried out under the same conditions of transacting business with other parties. Transactions with related parties are subject to the limits defined in the regulations and instructions issued by the regulatory authorities concerned in the Kingdom of Saudi Arabia. In addition, good governance best practices are also applied and adopted by the Fund Manager in the performance of its activities. The annual financial statements contain a note on financial transactions with related parties.

During the Fiscal Year ended 31.12.2024, the Fund Board did not find any transactions with related parties involving any event of conflict of interest. The Fund Board acknowledges that all financial transactions and contracts entered into with the Fund are subject to the policies and procedures applicable to conflict of interest.

(f) Other Funds Managed by the Fund Board Members

The following Fund Board members are also members of the boards of other funds managed by the Fund Manager:

Fund's Name	Fund Type	Directors				
		Ahmed Ghouth	Hisham Baroom	Ibrahim Saad	Farouq Ghulam	Ahmed Maghrabi
Alkhabeer Real Estate Residential Development Fund II	Private Placement	Director				
Alkhabeer Growth & Income Traded Fund	Public Placement	Director	Director		Director	Director
Alkhabeer Real Estate Opportunity Fund I	Private Placement	Director			Director	
Alkhabeer Real Estate Opportunity Fund II	Private Placement	Chairman	Director			
Alkhabeer Diversified Income Traded Fund	Public Placement	Director	Director		Director	Director
Alkhabeer Education Private Equity Fund I	Private Placement	Director				
Alkhabeer Education Private Equity Fund II	Private Placement	Chairman	Director			Director
Alkhabeer Education Private Equity Fund III	Private Placement	Chairman	Director			Director
Alkhabeer Education Private Equity Fund IV	Private Placement	Chairman	Director			Director
Alkhabeer Education Private Equity Fund V	Private Placement	Chairman	Director			Director
Alkhabeer Education Private Equity Fund VI	Private Placement	Chairman	Director			Director
Alkhabeer Education Private Equity Fund VII	Private Placement	Chairman	Director			Director
Alkhabeer Saudi Private Equity Fund I	Private Placement	Chairman	Director			Director
Alkhabeer Industrial Private Equity Company IV	Private Placement	Chairman	Director			Director
Alkhabeer Multi Asset Income Private Equity Fund I	Private Placement	Chairman	Director			
Alkhabeer Hospitality Fund I	Private Placement	Chairman	Director			Director
Alkhabeer REIT	Public Placement	Director	Director		Director	
Alkhabeer Car Rental Private Equity Fund	Private Placement	Chairman	Director			
Alkhabeer Saudi Riyal Murabaha Fund	Private Placement	Chairman	Director	Director		Director
Alkhabeer Waqf Fund I	Public Placement	Director			Director	
Alkhabeer GCC Opportunities Limited	Private Placement	Director	Director			
Alkhabeer Diversified Income Traded Fund 2030	Public Placement	Chairman	Director	Director	Director	Director

(g) Items discussed and resolutions issued in relation thereto, including the Fund's performance and achievement of the Fund's objectives

<table>
<tr><th>Meeting</th><th>Main Subjects and Fund Board Resolutions</th></tr>
<tr><td>Meeting (No. 1-2024) on 11 November 2024</td><td>Review of the latest developments of the Compliance and MLR Department.</td></tr>
<tr><td>Meeting (No. 2-2024) on 22 December 2024</td><td>
1. Take into consideration that the Fund investment period does not exceed Fiscal Year 2029, in order to ensure exiting the Fund by 2030.
2. Study the feasibility of the Fund's purchase of its Units.
3. Address the possibility of appointing a market maker.
4. Add capital allocation and/or interest capital in specific assets or projects, in line with a strategic plan aimed at generating sustainable returns, subject to the Fund's Terms and Conditions.
5. Approve the minutes of meeting of the Board of Directors of Alkhabeer Diversified Income Traded Fund 2030, held by circulation on 11.11.2024, provided the signing of the original minutes of meeting is completed by the Board members in order to finalize the regulatory custody procedures with the Fund Manager.
6. Approve the investment policy subject to amending the stipulations contained in the trade finance transactions investment guidelines and the leasing transactions investment guidelines, to make the brokers who are appointed to manage the underlying asset types responsible for making investment decisions in accordance with the investment policy approved by the Fund Manager.
7. Approve the red classification of the Fund.
8. Approve the confirmation of resolutions made by circulation during the period from the date of the last Fund Board meeting. These resolutions are as follows:
<table>
<tr><th>#</th><th>Date</th><th>Resolution</th></tr>
<tr><td>1</td><td>15.05.2023</td><td>Approving the Terms and Conditions Memorandum of Alkhabeer Diversified Income Traded Fund 2029, in addition to a number of resolutions related to the inception and start of operations of the Fund.</td></tr>
<tr><td>2</td><td>30.05.2023</td><td>Approving the details of the Fund's offering and listing.</td></tr>
</table>
</td></tr>
</table>

Meeting	Main Subjects and Fund Board Resolutions		
	3	30.05.2023	Approving the appointment of representatives at Tadawul Group (Saudi Tadawul).
	4	14.06.2023	Approving the change of the auditing service provider to Dr. Mohamed Al Amri & Co. – Public Accountants.
	5	28.04.2024	Approving the appointment of representatives of the Issuer “Alkhabeer Diversified Income Traded Fund 2030” with Saudi Tadawul.
	6	30.06.2024	Reviewing the notification issued to the Capital Market Authority concerning the completion of the private placement period of Alkhabeer Diversified Income Traded Fund 2030, and the completion of the subscription process.
	7	15.07.2024	Reviewing the notification received from the Capital Market Authority concerning the commencement of listing and trading of the Fund’s investment Units on the Main Stock Exchange – Tadawul, starting the opening of trading on Wednesday 17.07.2024, corresponding to 11.01.1446, under the Symbol (4702).
	8	10.10.2024	Approving the Investor Report of Alkhabeer Diversified Income Traded Fund 2030 for the third quarter of Fiscal Year 2024 (quarterly report).
	9	10.11.2024	Verifying the independence of the Board Members of Alkhabeer Diversified Income Traded Fund 2030.
Additional Resolutions by Circulation	N/A		

(C) Fund Manager

1. Name and Address of the Fund Manager

Alkhabeer Capital
CMA license 07074-37
P.O. Box 128289
Jeddah 21362
Kingdom of Saudi Arabia
Tel: +966 12 658 8888
Fax: +966 12 658 6663
CR 4030177445
www.alkhabeer.com

2. Name and Address of the Sub-Manager and/or Investment Advisor (if any)

N/A.

3. Review of Investment Activities During the Period

Ijara: The Fund Manager invested 12.4% of the Fund’s assets in Ijara transactions, including several types of equipment and companies as at the end of 2024, the majority of which are in the United States of America. The Ijara portfolio is expected to generate an average total return of 9.0% per annum.

Trade Financing: The Fund Manager invested 9.28% of the Fund’s assets in trade financing transactions with several counterparties in several sectors, the majority of which are in the European Continent. All of the executed transactions are short term in nature, and are expected to generate an average total return of 10.0% per annum.

Structured Income Instruments: The Fund Manager invested 39.5% of the Fund’s assets in debt securities and private financing transactions, which are expected to generate an average total return of 10.0%.

Asset-backed Debts: The Fund Manager invested 18.8% of the Fund’s assets in structured financing tranches, which are expected to generate an average total return of 8.0%.

4. Report on the Fund’s Performance During the Period

The NAV per Unit during the period from 17 July 2024 to 31 December 2024 was 2.71%, with a net total return per Unit of 2.71%.

Cash dividends were distributed to Fund Unitholders for the period from 1 July 2024 to 31 December 2024 totaling SAR 8,247,321.45, or SAR 0.27 per Unit. Thus, the ratio of distributions to par value equals 2.63%.

5. Details of any Changes to the Fund's Terms and Conditions During the Period

N/A.

6. Any other information which can enable the Unitholder to make a well founded decision based on sufficient information on the Fund's activities during the period

N/A.

7. Disclosure of the percentage management fees incurred by the Fund itself and its underlying funds

As of 31 December 2024, the ratio of the management fees of underlying funds was 0.00%.

8. Special commissions obtained by the Fund Manager during the period, clearly showing their types and uses (if any)

N/A.

9. Any statements and other information required by the Investment Funds Regulations to be included in this Report

N/A.

10. Management Term of the Person who is Registered as Fund Manager

Since the commencement of the Fund operations on 17 July 2024.

11. Disclosure of the ratio of expenses of each fund as at the end of the year, and the weighted average of the ratio of expenses of all main underlying funds (where applicable)

The average ratio of expenses of the underlying funds was 0.00% as of the end of 2024.

(D) Custodian

1. Name of and Address of the Custodian

Alrajhi Capital
CMA license 07068-37
8476 King Fahad Road – Al Murooj District
Unit No. 654
Riyadh 12263-2743
Kingdom of Saudi Arabia
Email: agencyservices@alrajhi-capital.com
https://www.alrajhi-capital.com

2. Brief Description of the Custodian's Obligations and Responsibilities

- Notwithstanding any delegation by the Custodian to one or more third parties under the provisions of CMA's Investment Funds Regulations or the Capital Market Institutions Regulations, the Custodian shall remain fully responsible for fulfillment of all of its obligations in accordance with the Investment Funds Regulations.

- The Custodian shall be liable to the Fund Manager and the Unitholders for the losses incurred by the Fund caused to the investment fund due to any fraud, negligence, misconduct or willful default on the part of the Custodian.

- The Custodian shall be responsible for taking custody of, and protecting the Fund's assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the Fund's assets.

- The Custodian shall take all necessary action to segregate the Fund's assets to be kept independently from any other assets, including the Custodian's assets and the assets of its other clients.

(E) Fund Operator

1. Name and Address of the Fund Operator

Alkhabeer Capital
CMA license 07074-37
P.O. Box 128289
Jeddah 21362
Kingdom of Saudi Arabia
Tel: +966 12 658 8888
Fax: +966 12 658 6663
CR 4030177445
www.alkhabeer.com

2. Brief Description of the Obligations and Responsibilities of the Fund Operator

The Fund Operator shall, in relation to the Fund, perform all the administrative duties and obligations required in accordance with the Investment Funds Regulations, as well as other undertakings which may be necessary to implement and achieve the purposes, policies and objectives of the Fund. For example, without limitation:

- Keeping the books and records related to the operation of the Fund.
- Valuating the assets of the Fund.

The Fund Operator may appoint specialized sub-operators to the Fund, subject to the Fund Board's approval. They may be replaced at the Fund Manager's discretion, subject to the Fund Board's prior approval. The Fund Operator shall pay the fees and expenses of any sub-operator out of its own resources.

(F) Auditor

Name and Address of the Auditor

Dr. Mohamed Al Amri & Co.
P.O. Box 784
Jeddah 21421
Kingdom of Saudi Arabia
info@alamri.com

(G) Financial Statements

Please see Appendix (1) below.

ALKHABEER DIVERSIFIED INCOME TRADED FUND 2030

(A CLOSED-ENDED TRADED FUND)

(MANAGED BY ALKHABEER CAPITAL)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE PERIOD FROM 17 JULY 2024 (DATE OF INCEPTION) TO 31 DECEMBER 2024

ALKHABEER DIVERSIFIED INCOME TRADED FUND 2030
A Closed-ended Traded Fund
(Managed by Alkhabeer Capital)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD FROM 17 JULY 2024 (DATE OF INCEPTION) TO 31 DECEMBER 2024

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of
Alkhabeer Diversified Income Traded Fund 2030
(A Closed-ended Traded Fund)

Opinion

We have audited the financial statements of Alkhabeer Diversified Income Traded Fund 2030 (A Closed-ended Fund) (the "Fund") which comprise the statement of financial position as at 31 December 2024, and the statement of profit and loss and other comprehensive income, statement of changes in equity attributable to the Unitholders and statement of cash flows for the period from 17 July 2024 (Date of inception) to 31 December 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, and its financial performance and its cash flows for the period from 17 July 2024 (Date of inception) to 31 December 2024 in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

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

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Independent Auditor's Report to the Unitholders of Alkhabeer Diversified Income Traded Fund 2030 (A Closed-ended Traded Fund) (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our order of financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How are audit address the key audit matter
Investment valuation	
Financial assets classified as Fair Value Through Profit or Loss (FVTPL) include a portfolio valued at SAR 314.40 million. These investments are held through a segregated portfolio comprising participating shares of different classes and are measured at fair value, with changes recognized in the statement of profit or loss and other comprehensive income. The segregated portfolio consists of investing in (a) Investment funds managed by third party fund managers, (b) Securities, certificates and investment programs and (c) managed account arrangements with third party asset managers. A fund administrator oversees the portfolio, and fair value is determined based on the Net Asset Value (NAV). The valuation of financial assets classified under Level 3 was identified as a key audit matter due to the complexity involved in their valuation and the significant judgments and estimates required. Refer to note 2.4 to the financial statements for details of significant judgements applied in valuation of financial assets held at fair value and note 7 and 14.3 for the details of financial assets at fair value and valuation methodology.	Our audit procedures performed included, among others, the following; • Obtained SOC 1 Type 2 report of the Fund administrator and evaluated the design, implementation, and operating effectiveness of key controls at fund administrators over NAV calculations. • Obtained confirmation of NAV balances from the fund administrator to validate the accuracy of reported valuations. • On a test basis, compared the confirmed NAV amounts with reports received from the third-party fund managers and portfolio managers to ensure consistency and reasonableness, and evaluated the basis used to calculate the fair value. • Compared the reported NAV with the amounts recorded in the Fund's financial statements to identify any discrepancies. • Assessed the adequacy of the relevant disclosures included in the Fund's financial statements.

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Independent Auditor's Report to the Unitholders of Alkhabeer Diversified Income Traded Fund 2030 (A Closed-ended Traded Fund) (Continued)

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

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

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

Those charged with governance i.e., the Fund's Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in 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 ISA that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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Independent Auditor's Report to the Unitholders of Alkhabeer Diversified Income Traded Fund 2030 (A Closed-ended Traded Fund) (Continued)

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For BDO Dr. Mohammed Al-Amri & Co.

د. محمد العمري وشركاه - محاسبون قانونيون
شركة مهنية رقم ٣٢٣/١١/١٣٢٣
س.ت ١٠٣٠٢٧٥٣٣٠٢
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
License No. 514

26 Ramadan 1446(H)
26 March 025(G)

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2024 SAR
ASSETS		
Cash and cash equivalents	6	398,787
Investments held at fair value through profit or loss (FVTPL)	7	315,328,784
Total assets		**315,727,571**
LIABILITIES		
Due to related parties	8	1,910,567
Accruals and other liabilities		90,250
Total liabilities		**2,000,817**
Net assets attributable to the Unitholders		**313,726,754**
Number of units issued	9	**30,545,635**
Net asset value - per unit		**10.2708**

The accompanying notes 1 to 19 from an integral part of these financial statements.

	Note	For the period from 17 July 2024 (Date of inception) to 31 December 2024 SAR
Income		
Murabaha revenue		591,541
Unrealised gain from investments held at FVTPL	7.1	9,823,963
Realised gain from investments held at FVTPL		125,661
Exchange gain – net		240,370
Other		316
		10,781,851
Expenses		
Fund management fee	12	(1,670,328)
Administration and custody fee	10	(280,149)
Other expenses	11	(560,970)
Total expenses		**(2,511,447)**
Net income for the period		**8,270,404**
Other comprehensive income for the period		-
Total comprehensive income for the period		**8,270,404**

The accompanying notes 1 to 19 from an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS

	For the period from 17 July 2024 (Date of inception) to 31 December 2024
	SAR
Equity attributable to unitholders	
Issuance of units	305,456,350
Total comprehensive income for the period	8,270,404
Equity attributable to the Unitholders at end of the period	**313,726,754**
Number of units at the end of the period (unit)	**30,545,635**

The accompanying notes 1 to 19 from an integral part of these financial statements.

STATEMENT OF CASH FLOW

	Note	For the period from 17 July 2024 (Date of inception) to 31 December 2024 SAR
Cash flows from operating activities:		
Net income for the period		8,270,404
Adjustments for:		
Unrealised gain on investments held at FVTPL		(9,823,963)
Exchange gain - net		(240,370)
		(1,793,929)
Net changes in operating assets and liabilities:		
Investments held at fair value through profit or loss	7.1	(305,264,451)
Due to related parties		1,910,567
Accruals and other liabilities		90,250
Net cash used in operating activities		(303,263,634)
Cash flows from financing activity:		
Proceeds from issuance of units		305,456,350
Net cash generated from financing activity		305,456,350
Net change in cash and cash equivalents		398,787
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	6	398,787

The accompanying notes 1 to 19 from an integral part of these financial statements.

1. FUND AND ITS ACTIVITIES

The Alkhabeer Diversified Income Traded Fund 2030 (the “Fund”) is a Shari’a-compliant, closed-ended traded investment fund managed through an agreement between Alkhabeer Capital (the “Fund Manager”) and the Fund Investors (the “Unitholders”). The Fund’s investment objective is to generate periodic income for investors by investing in income-generating assets by way of an investment structure which is compliant with the guidelines of the Shari’a Supervisory Committee.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

Al Rajhi Capital is the “Custodian” of the Fund.

The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s Agreement, the Fund Manager may delegate or assign its duties to one or more financial institutions in the Kingdom of Saudi Arabia or overseas.

The Fund established on 04 March 2024 (Corresponding to 23 Shaban 1445H), when the Terms and Conditions of the Fund were issued and commenced its activities on 17 July 2024 (Corresponding to 11 Muharram 1446H). On the same date, the Capital Market Authority (CMA) approved the offering and registration of the Fund Units for trading on Saudi Tadawul.

According to the Terms and Conditions of the Fund, its first annual financial period of the Fund is 31 December 2024. The Fund’s term is 6 years following the date of listing units on Saudi Tadawul. The term of the Fund may be extended at the Fund Manager's discretion subject to CMA approval.

REGULATING AUTHORITY

The Fund was approved by the Capital Market Authority (CMA) for the offering and registration of its Units on Saudi Tadawul on 04 March 2024 (Corresponding to 23 Shaban 1445H). The Fund is governed by the Investment Funds Regulations (“IFR”) published by the Capital Market Authority (“CMA”) on 24 December 2006 (Corresponding to 3 Dhul Hijja 1427H) as amended by the resolution of the CMA Board on 24 February 2021 (Corresponding to 12 Rajab 1442H).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”), (collectively referred as IFRS as endorsed in KSA).

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

2. BASIS OF PREPARATION (Continued)

2.2 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 at fair value. The Fund presents its statement of financial position in the order of liquidity.

2.3 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 Arabian Riyal (SAR), which is the Fund functional and operational currency and all financial information presented is rounded to the nearest SAR.

2.4 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. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

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

2.4.1 Going concern

The Fund Board of Directors, in conjunction with the Fund Manager made an assessment of the Fund’s ability to continue as a going concern and are satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, they are not aware of any material uncertainties that may cast significant doubt upon the Fund’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.4.2 Fair value measurement

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (closing price), without any deduction for transaction costs. For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis). The fair value of investment in funds are based on the net assets value using funds’ latest financial information.

3 STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

The following new accounting standards, interpretations and amendments to existing standards have been published by IASB and are mandatory for the accounting period beginning on 01 January 2024 or later.

3.1 New standards, interpretations and amendments effective from 01 January 2024

A number of other new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Fund's financial statements.

Standard / Interpretation	Description	Effective for annual years beginning on or after
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Fund has decided not to adopt early.

Standard / Interpretation	Description	Effective for annual years beginning on or after
IAS 21	Amendment - Lack of exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments - Classification and measurement of financial instruments	1 January 2026
Annual improvement to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Fund is currently assessing the impact of these new accounting standards and amendments. The Fund does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Fund.

4. MATERIAL ACCOUNTING POLICIES

Material accounting policies applied in the preparation of financial statements are set out below.

4.1 Cash and cash equivalent

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

4.2 Financial instruments

4.2.1 Initial recognition and measurement

The Fund recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Fund becomes party to the contractual provisions of the instrument. Financial assets measured at FVTPL 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. Financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition issue.

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

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

- 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 FVTPL.

- 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.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2 Financial instruments (Continued)

4.2.1 Initial recognition and measurement (Continued)

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 ("FVTPL")
All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

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 realised.

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 realised 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 FVTPL 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)

4.2 Financial instruments (Continued)

4.2.1 Initial recognition and measurement (Continued)

Business model assessment (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.

4.2.2 Classification of financial liabilities

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL.

4.2.3 Subsequent measurement

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2 Financial instruments (Continued)

4.2.3 Subsequent measurement (Continued)

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

Any gain or loss on de-recognition is also recognised in the statement profit or loss.

The ‘amortised 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.

4.2.4 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 profit and loss and other 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 canceled or expired.

4.2.5 Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets held at amortised 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

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2 Financial instruments (Continued)

4.2.5 Impairment of financial assets (Continued)

- 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 are 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.

4.3 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.

4.4 Other accrued expenses

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

4.5 Provision

A provision is recognised 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 recognised for future operating loss.

4.6 Issuance of units

The net assets attributable to the Unitholders comprise units issued, and accumulated profit generated by the Fund. The redeemable units are classified as equity as explained below.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.6 Issuance of units (Continued)

The Fund classifies its 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 recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's units meet the definition of puttable instruments classified as equity instruments under IAS 32. 16(A-B) and accordingly, are classified as equity instruments.

4.7 Zakat / Taxation

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

4.8 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.

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

Realised gain on disposal of investments held at FVTPL 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

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.8 Revenue recognition (Continued)

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. In case of no derecognition, 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.

4.9 Management fees

Management fee is calculated at rate mentioned in terms and conditions of the Fund and is payable semi-annually.

4.10 Other expenses

Other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the Fund.

4.11 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. MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

The Fund Manager charges a management fee of 1.0% per annum of the Fund's NAV, calculated and paid semi-annually on a pro-rata basis from the Date of Operation.

The custodian is entitled to a fee of SAR 100,000 paid annually. The custodian is also entitled to receive a one time non-recurring fee of SAR 45,000 at inception of the fund.

The Fund also bears other expenses, including operator's fees, subscription fee and similar charges, which are deducted from the NAV as part of the Fund's operational costs.

6. CASH AND CASH EQUIVALENTS

	Note	As at 31 December 2024
		SAR
Cash and cash equivalent	6.1	398,787
Cash and cash equivalents in statement of cash flows		**398,787**

6.1 The Fund Manager maintains bank accounts. These bank accounts are under the name of Fund Manager, on behalf of the Fund without any restriction.

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

	As at 31 December 2024
Share class segregated portfolio	**SAR**
Investment in SPC - Share class(A) - Senior secured loan	59,341,429
Investment in SPC – Share class(B) - Trade finance	91,372,670
Investment in SPC – Share class(C) - Leasing	39,044,715
Investment in SPC - Share class(D) - Structured income note	124,636,914
	314,395,728
Mutual fund	933,056
	315,328,784

7.1 The composition of the financial assets at fair value through profit or loss on the last valuation day of the year end is summarised below:

Investment	**Cost**	**Unrealised gain/(loss)**	**Exchange gain/(loss)**	**Fair value**
	SAR	**SAR**	**SAR**	**SAR**
Share class segregated portfolio				
SPC - Share class(A) - Senior secured loan	57,976,269	1,304,892	60,268	59,341,429
SPC – Share class(B) - Trade finance	87,489,644	3,792,078	90,948	91,372,670
SPC – Share class(C) - Leasing	39,093,600	(13,525)	(35,360)	39,044,715
SPC - Share class(D) - Structured income note	119,779,277	4,733,123	124,514	124,636,914
	304,338,790	**9,816,568**	**240,370**	**314,395,728**
Mutual fund	925,661	7,395	-	933,056
	305,264,451	**9,823,963**	**240,370**	**315,328,784**

7.2 The Fund has subscribed to share classes A, B, C, and D of the segregated portfolio, which is part of a Cayman Islands-registered company. The total subscription amount is SAR 304.34 million, with a fair value of SAR 314.40 million as of 31 December 2024. The portfolio is administered by a company incorporated in the Cayman Islands. These are under the name of Al Hafsa Metnoua (Special Purpose Vehicle – SPV), established by custodian Al Rajhi Capital.

7. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (Continue)

The segregated portfolio has been established for the purpose of investing in (a) Investment funds managed by third party fund managers, (b) Securities, certificates and investment programs and (c) managed account arrangements with third party asset managers, directly or indirectly through a Master Murabaha agreement or through such other arrangement approved by Shari'ah board. Below is the description of assets under these portfolios.

Investments in trade finance, including Murabaha deals, are made through a diversified portfolio of short-term, asset-backed, or insurance-backed trade finance transactions. These are spread across international markets outside the Kingdom of Saudi Arabia.

Investments in leasing transactions are made through a diversified portfolio consisting of medium- to long-term lease contracts that are used to supply different types of equipment in multiple sectors and are distributed in global markets outside the Kingdom of Saudi Arabia.

Investments in structured income notes represent investments in credit securities issued by governments, companies, or private finance transactions executed in global markets outside the Kingdom of Saudi Arabia by way of a Sharia-compliant structure.

Senior secured loans are investments in asset-backed debt instruments, where returns are linked to corporate loans generating periodic income yields. These investments are made in publicly or privately offered structured finance transactions and are executed outside the Kingdom of Saudi Arabia.

Investments are made in income funds that are managed by fund managers. These funds invest in different income-generating asset classes, including, but not limited to, trade finance, Murabaha, structured income notes, credit finance, and leasing. The Fund Manager ensures that when investing in any of these funds, the investment strategy of the target fund is compatible with the investment strategy of the Fund.

8. DUE TO RELATED PARTIES

	Note	As at 31 December 2024 SAR
Management fee	12	1,670,328
Administration fee	12	167,033
Custody fee	12	52,616
Board of directors' remuneration	12	20,590
		1,910,567

9. UNIT TRANSACTIONS

Transactions in units for the period are summarised as follows:

	As at 31 December 2024
Units issued during the period	30,545,635
Units at the end of the period	**30,545,635**

10. ADMINISTRATION AND CUSTODY FEE

	For the period ended 31 December 2024 SAR
Administration Fee	167,033
Custody fee	113,116
	280,149

11. OTHER EXPENSES

	Note	For the period ended 31 December 2024 SAR
Professional fees	11.1	52,844
Others		508,126
		560,970

11.1 This includes auditor's remuneration for the statutory audit of the Fund's financial statements and Sharia Review Bureau Annual Fees for the period ended 31 December 2024, amounting to SAR 46,000 and SAR 6,844, respectively.

12. TRANSACTIONS AND BALANCE WITH RELATED PARTY

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. Related parties of the Fund comprise Alkhabeer Capital (being the Fund Manager, the Fund Board and administrator of the Fund), mutual funds managed by the Fund Manager.

In the ordinary course of its activities, the Fund transacts business with the related parties. The related parties' transactions are in accordance with terms and conditions of the Fund. The Fund pays the Fund Manager a management fee calculated at an annual rate of 1% per annum calculated on the net asset value at each valuation date. The units in issue at 31 December 2024 include 5,000,000 units held by the Fund Manager.

The significant related party transactions entered into by the Fund during the period and the balances resulting from such transactions are as follows:

Related Party	**Relationship**	**Nature of transactions**	**Amount of transactions during the period**	**Closing balance receivable / (payable)**
			2024	**31 December 2024**
			SAR	**SAR**
Alkhabeer Capital	Fund Manager	Fund management fee (Note 8)	**1,670,328**	**(1,670,328)**
		Administration expense (Note 8)	**167,033**	**(167,033)**
Al Rajhi Capital	Custodian	Custody fee (Note 8)	**113,116**	**(52,616)**
Fund Board of members	Board of members	Board of members remuneration (Note 8)	**20,590**	**(20,590)**

13. FINANCIAL INSTRUMENTS

31 December 2024	Amortised cost	Fair Value
	SAR	SAR
Financial assets		
Cash and cash equivalent	398,787	-
Investment held at Fair through profit or loss	-	315,328,784
Total	**398,787**	**315,328,784**
Financial liabilities		
Due to related parties	1,910,567	-
Accruals and other liabilities	90,250	-
Total liabilities	**2,000,817**	**-**

14. FINANCIAL RISK MANAGEMENT

14.1 Financial risk factors

The objective of the Fund is to safeguard its ability to continue as a going concern so that it can continue to provide optimum returns to its Unitholders and to ensure reasonable safety to the Unitholders.

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

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

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

Financial assets and liabilities are offset and net amounts are reported in the financial statements, when the Fund has a legally enforceable right to disburse the recognised amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

14. FINANCIAL RISK MANAGEMENT (Continued)

14.1 Financial risk factors (Continued)

(a) **Market risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) *Foreign exchange risk*

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency. Most of the Fund's investment are outside kingdom of Saudi Arabia in different currencies including US Dollar, Euro, etc. Management monitors the fluctuation in foreign exchange rates and acts accordingly.

(ii) *Special Commission rate risk*

Commission rate risk is the risk that the value of future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates. The Fund commission rate risk arises on the underlying investment held against each share classes (Refer note 7). The Fund's commission rate risk is monitored by the portfolio management team.

(iii) *Price risk*

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. The price risk arises primarily from uncertainty about the future prices of the financial instruments that the Fund holds.

The effect on net assets value as a result of the change in the fair value of the investments as at 31 December 2024 due to a reasonably possible change of 5% in equity with all other variables held constant, is as follows:

	31 December 2024	
A financial instrument that is subject to floating market prices	**Reasonably possible change%**	**Effect on equity**
		SAR
SPC - Share class(A)- Senior secured loan	+/-5	2,967,071
SPC – Share class(B)- Trade finance	+/-5	4,568,634
SPC – Share class(C)- Leasing	+/-5	1,952,236
SPC - Share class(D)- Structured income note	+/-5	6,231,846
Mutual fund	+/-5	46,653

14. FINANCIAL RISK MANAGEMENT (Continued)
14.1 Financial risk factors (Continued)

(b) Credit risk

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

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

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. In addition to this, the Fund is also exposed to credit risk on the commission bearing securities underlying each share classes (refer note 7).

	As at 31 December 2024
	SAR
Cash and cash equivalent	**398,787**

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

All financial assets were considered for ECL as on 31 December 2024. However, the impact of ECL on these assets was immaterial as the Fund is not exposed to significant credit risk and there is no history of default on recovery of these balances.

The Fund Manager reviews the credit concentration of the investment portfolio, depending on the counterparties. The cash and cash equivalents balance is deposited with a bank which has an external credit rating from Fitch with a credit quality of A.

Credit quality analysis
The following table shows an analysis of the credit quality of financial assets as at 31 December.

	2024		
	SAR		
	Investment grade	Un-rated	Total
Financial assets			
Cash and cash equivalent	**398,787**	**-**	**398,787**
Investments held at FVTPL	**-**	**315,328,784**	**315,328,784**
	398,787	**315,328,784**	**315,727,571**

14. FINANCIAL RISK MANAGEMENT (Continued)

14.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund's financial liabilities primarily consist of management fee and other accrued and other liabilities which are expected to be settled within one month from the statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through liquidation of the investment portfolio or by taking short-term loans from the Fund Manager.

The table below shows an analysis of financial assets and financial liabilities by when recovery or settlement is expected:

As at 31 December 2024	Less than 7 days	7 days to 1 month	1 month - 12 months	No fixed maturity	Total
	SAR	SAR	SAR	SAR	SAR
Financial assets					
Cash and cash equivalent	398,787	-	-	-	398,787
Investments:					
Senior secured loan	-	-	-	59,341,429	59,341,429
Trade finance	-	-	-	91,372,670	91,372,670
Leasing	-	-	-	39,044,715	39,044,715
Structured income	-	-	-	124,636,914	124,636,914
Mutual Fund	-	-	-	933,056	933,056
	398,787	**-**	**-**	**315,328,784**	**315,727,571**
Financial liabilities					
Due to related parties	1,910,567	-	-	-	1,910,567
Accruals and other liabilities	90,250	-	-	-	90,250
	2,000,817	**-**	**-**	**-**	**2,000,817**
Liquidity gap	**(1,602,030)**	**-**	**-**	**315,328,784**	**313,726,754**

14. FINANCIAL RISK MANAGEMENT (Continued)

14.1 Financial risk factors (Continued)

(d) 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 the Unitholders.

14.2 GEOGRAPHICAL OPERATING SEGMENTS

The Fund's operations are monitored by the Fund's management under one sector. The following is a statement of geographic information for local and foreign investments, as well as investment income during the period:

31 December 2024	Inside kingdom	Outside Kingdom	Total
	SAR	SAR	SAR
Financial assets	1,331,843	314,395,728	315,727,571
Realised gain from financial assets held at FVTPL	125,661	-	125,661
Unrealised gain from financial assets held at FVTPL	7,395	9,816,568	9,823,963

14.3 Fair value estimation

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.

14. FINANCIAL RISK MANAGEMENT (Continued)

14.3 Fair value estimation (Continued)

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 were 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 held at amortised 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's financial assets classified under Level 3 are measured at fair value at the end of each reporting period. Fair value is determined based on the net asset value (NAV) of each share class and mutual fund, using the latest available financial information and confirmation from the portfolio manager. The fair valuation of underlying assets with long-term maturities is based on discounted cash flow analysis, while the fair value of short-term maturity assets closely approximates their carrying value.

14. FINANCIAL RISK MANAGEMENT (Continued)

14.3 Fair value estimation (Continued)

All financial liabilities as at 31 December 2024 were classified as financial liabilities measured at amortised cost. Fund classifies its financial assets and financial liabilities that are measured at amortised cost as fair value at level 3.

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			
2024		**Level 1**	**Level 2**	**Level 3**	**Total**
		SAR	**SAR**	**SAR**	**SAR**
Financial assets not measured at fair value					
Cash and cash equivalent	**398,787**	**398,787**	**-**	**-**	**398,787**
Financial assets measured at fair value					
SPC - Share class(A) - Senior secured loan	**59,341,429**	**-**	**-**	**59,341,429**	**59,341,429**
SPC - Share class(B) - Trade finance	**91,372,670**	**-**	**-**	**91,372,670**	**91,372,670**
SPC - Share class(C) - leasing	**39,044,715**	**-**	**-**	**39,044,715**	**39,044,715**
SPC - Share class(D) - Structured income note	**124,636,914**	**-**	**-**	**124,636,914**	**124,636,914**
Mutual fund	**933,056**	**-**	**-**	**933,056**	**933,056**
	315,727,571	**398,787**	**-**	**315,328,784**	**315,727,571**
Financial liabilities not measured at fair value					
Due to related parties	**1,910,567**	**-**	**-**	**1,910,567**	**1,910,567**
Accruals and other liabilities	**90,250**	**-**	**-**	**90,250**	**90,250**
	2,000,817	**-**	**-**	**2,000,817**	**2,000,817**

15. ZAKAT BASE

According to the rules for zakat levy from investors in investment funds, investment funds are not obligated to pay zakat, only to provide information declaration and calculating the fund's zakat base is submitted. The zakat base is presented as follows:

	2024
Adjustment on net adjusted profit:	
Profit as per book for the period	8,270,404
Adjusted profit for the period	8,270,404
Zakat base:	
Equity attributable to unitholders	313,726,754
Book value of non-current assets	(266,733,349)
Zakat base	46,993,405
Fund's zakat base is the largest between zakat base and adjusted profit	46,993,405
The value of zakat according to the fund's zakat base	1,266,354
Outstanding units	30,545,635
The value for zakat per unit	0.04

16. LAST VALUATION DAY

The last valuation day of the period was 31 December 2024.

17. SUBSEQUENT EVENTS

On 24 February 2025, the Fund's Board of Directors approved dividend distributions for the period from 17 July 2024 to 31 December 2024 in the amount of SAR 0.27 per unit with total amount of SAR 8,247,321.

18. 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 registration certificate no. 102240005634941 from ZATCA on 29 May 2024. The Fund will submit the informative zakat return in due course.

18. INFORMATIVE ZAKAT RETURN SUBMISSION (Continued)

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

19. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Fund’s Board on 24 March 2025 (corresponding to 24 Ramadan 1446H).

الخبير المالية
Alkhabeer Capital

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