AL RAJHI MATERIAL SECTOR FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Financial statements
For the year ended 31 December 2024
together with the
Independent Auditor's Report

AL RAJHI MATERIAL SECTOR FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
For the year ended 31 December 2024
(Amounts in SAR)

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Independent Auditor's Report

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AL RAJHI MATERIAL SECTOR FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Statement of Financial Position
For the year ended 31 December 2024
(Amounts in SAR)

	Notes	**31 December 2024**	31 December 2023
ASSETS			
Cash and cash equivalents	*5*	**7,439,145**	433,065
Investments at fair value through profit or loss ("FVTPL")	*6*	**46,749,524**	40,023,579
Advance against allotment of securities	*7*	**663,895**	--
Dividend receivable		**--**	59,080
Total Assets		**54,852,564**	40,515,724
LIABILITIES			
Management fee payable	*8, 11*	**93,240**	380,782
Accrued expenses	*9*	**119,363**	80,792
Payable to the Unitholders on account of redemption		**64,819**	--
Total Liabilities		**277,422**	461,574
Net assets (equity) attributable to the Unitholders		**54,575,142**	40,054,150
Units in issue *(numbers)*		**2,708,692**	2,034,724
Net assets value attributable to each unit *(SAR)*		**20.15**	19.69

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

AL RAJHI MATERIAL SECTOR FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Statement of Comprehensive Income
For the year ended 31 December 2024
(Amounts in SAR)

	Notes	**2024**	2023
INCOME			
Net unrealized (loss) / gain from investments measured at FVTPL	*6.1*	**(299,973)**	3,369,337
Net realized gain from investments measured at FVTPL		**1,724,650**	4,833,217
Dividend income		**1,094,503**	936,706
		2,519,180	9,139,260
EXPENSES			
Management fee	*8, 11*	**(1,022,402)**	(739,910)
Purification charges	*9.1*	**(26,829)**	(4,600)
Other expenses	*10*	**(141,657)**	(99,256)
		(1,190,888)	(843,766)
Net income for the year		**1,328,292**	8,295,494
Other comprehensive income for the year		**--**	--
Total comprehensive income for the year		**1,328,292**	8,295,494

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

AL RAJHI MATERIAL SECTOR FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Statement of changes in net assets (equity) attributable to the Unitholders
For the year ended 31 December 2024
(Amounts in SAR)

	2024	2023
Net assets (equity) attributable to the Unitholders at beginning of the year	**40,054,150**	34,356,237
Net income for the year	**1,328,292**	8,295,494
Other comprehensive income for the year	**--**	--
Total comprehensive income for the year	**1,328,292**	8,295,494
Proceeds from issuance of units during the year	**36,690,687**	3,529,106
Payments on redemption of units during the year	**(23,497,987)**	(6,126,687)
Net contribution / (redemption) by the Unitholders	**13,192,700**	(2,597,581)
Net assets (equity) attributable to the Unitholders at end of the year	**54,575,142**	40,054,150

Unit transactions *(numbers)*

Transactions in units for the year are summarised as follows:

	2024 (In units)	2023 (In units)
Units in issuance at beginning of the year	**2,034,724**	2,186,720
Issuance of units during the year	**1,829,936**	197,436
Redemption of units during the year	**(1,155,968)**	(349,432)
Net increase / (decrease) in units	**673,968**	(151,996)
Units in issuance at end of the year	**2,708,692**	2,034,724

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

AL RAJHI MATERIAL SECTOR FUND
(An open-ended mutual fund)
Managed by
AL RAJHI CAPITAL COMPANY
Statement of Cash flows
For the year ended 31 December 2024
(Amounts in SAR)

	Notes	**2024**	2023
Cash flows from operating activities			
Net income for the year		**1,328,292**	8,295,494
Adjustments for:			
Net unrealised loss / (gain) from investments measured at FVTPL	*6.1*	**299,973**	(3,369,337)
Net realised gain from investments measured at FVTPL		**(1,724,650)**	(4,833,217)
Dividend income		**(1,094,503)**	(936,706)
Net changes in operating assets and liabilities			
Purchase of investments		**(33,332,685)**	(24,063,731)
Proceeds from sale of investments		**28,031,417**	25,084,159
Increase in advance against allotment of securities		**(663,895)**	--
Increase in payable to unitholder on account of redemption		**64,819**	--
(Decrease) / increase in management fee payable		**(287,542)**	322,421
Increase in accrued expenses		**38,571**	4,977
Cash (used in) / generated from operations		**(7,340,203)**	504,060
Dividend received		**1,153,583**	877,626
Net cash (used in) / generated from operating activities		**(6,186,620)**	1,381,686
Cash flows from financing activities			
Proceeds from issuance of units		**36,690,687**	3,529,106
Payments on redemption of units		**(23,497,987)**	(6,126,687)
Net cash generated from / (used in) financing activities		**13,192,700**	(2,597,581)
Net increase / (decrease) in cash and cash equivalents		**7,006,080**	(1,215,895)
Cash and cash equivalents at beginning of the year	*5*	**433,065**	1,648,960
Cash and cash equivalents at end of the year	*5*	**7,439,145**	433,065

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

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Rajhi Material Sector Equity Fund (the "Fund") is an open-ended investment fund created by an agreement between Al Rajhi Capital Company (the "Fund Manager"), a wholly owned subsidiary of Al Rajhi Banking and Investment Corporation (the "Bank") and investors (the "Unitholders") in the Fund. The address of the Fund Manager is as follows:

Al Rajhi Capital, Head Office
8467 King Fahad Road, Al Muruj District
P.O. Box 2743
Riyadh 11263
Kingdom of Saudi Arabia

The objective of the Fund is to achieve long term capital appreciation by investing mostly in the Material Sector Equities listed on the Saudi Arabian Stock exchange. All income is reinvested in the Fund and is reflected in the unit price. The Fund commenced its operation on 20 October 2007.

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

The Fund has appointed Al Bilad Investment Company (the "Custodian") to act as its custodian.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") published by Capital Market Authority ("CMA") on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the "Amended Regulations") on 16 Sha'ban 1437 H (corresponding to 23 May 2016). The Regulation was further amended (the "Amended Regulations") on 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442 H (corresponding to 1 May 2021).

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA") and the Fund's Terms and Conditions.

3.2 Basis of measurement

The financial statements have been prepared on a historical cost basis (except for investments measured at FVTPL which are stated at their fair value) using the accrual basis of accounting.

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

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 their liquidity.

3. BASIS OF PREPARATION (CONTINUED)

3.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyal ("SAR"), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest SAR.

3.4 Use of estimates and judgments

The preparation of these financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

3.5 New standards and regulations

Amendments to existing standards

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2024 and accordingly adopted by the Fund, as applicable:

Standard, interpretation, amendments	Description	Effective Date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities as current or non-current	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Annual periods beginning on or after January 1, 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains	Annual periods beginning on or after January 1, 2024
Amendments to IAS 7 & IFRS 7 Supplier Finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements & their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concern that some companies' supplier finance arrangement is not sufficiently visible, hindering investors analysis. No material impact is expected for the Company.	Annual periods beginning on or after January 1, 2024 (with transitional reliefs in the first year)

The adoption of the new and amended standards and interpretations applicable to the Fund did not have any significant impact on these financial statements.

3. BASIS OF PREPARATION (CONTINUED)

3.5 New standards and regulations (continued)

New standards not yet effective

Standard, interpretation, amendments	Description	Effective Date
Amendments to IFRS 10 and IAS 28	Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	The effective date of the amendments has yet to be set by the IASB.
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after January 1, 2025
IFRS 18 - Presentation and disclosure in financial statements	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	Annual reporting period beginning on or after 1 January 2027

The Fund Manager anticipates that the application of these new standards and amendments in the future will not have any significant impact on the amounts reported.

4. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Fund in preparing its financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks, cash held with broker in trading account and with custodian in investment account.

B. Financial assets and liabilities

Recognition and initial measurement

Financial assets and liabilities at Fair value through Profit and loss (“FVTPL”) are initially recognised at trade date, which is the date on which the Fund becomes party to the contractual provisions of the instruments. Other financial assets and liabilities are recognised on the date on which they are originated.

Financial assets at FVTPL are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets not at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

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 interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at 31 December 2024, the Fund's financial assets are cash and cash equivalent, investments measured at FVTPL and advance against allotment of securities.

Business model assessment

The Fund makes an assessment of 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 the information is provided to the Fund Manager.

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' 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 (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, 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.

Reclassification

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

Classification of financial liabilities

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

C. Financial assets and liabilities (continued)

Derecognition

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the financial 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 it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Transactions in which the Fund transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or portion of them, the transferred assets are not derecognized. Transfer of assets with retention of all or substantially all of the risk and rewards include sale and repurchase transactions.

Transactions in which the Fund neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Fund derecognises a financial liability when its contractual obligations are either discharged or cancelled, or expired.

Offsetting

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 realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a mid price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

Fair value measurement (continued)

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 12.

C. Subscription and redemption on units

Units subscribed and redeemed are recorded at net asset (equity) value per unit on the Valuation Day for which the subscription request and redemption applications are received.

Redeemable units

Redeemable units are as equity instruments as they meet certain criteria. Those criteria include:

- the redeemable units must entitle the holder to a pro-rata share of net assets;
- the redeemable units must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the redeemable units over its life must be based substantially on the profit or loss of the issuer.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund’s own equity instruments.

D. Net assets value per unit

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

E. Revenue recognition

Net gain or loss on financial assets and liabilities at FVTPL

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

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year’s unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument’s initial carrying amount and disposal amount.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

E. Revenue recognition (continued)

Dividend income

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

F. Fee and other expenses

Fee and other expenses are measured and recognized as expenses on an accrual basis in the period in which they are incurred.

G. Provisions

Provisions are recognized whenever there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

H. Zakat

The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Fund permitted by the CMA.

The Rules require the Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA) and submit a zakat information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Zakat collection will be applied on the Fund's Unitholders.

During the current year, the Fund Manager will be submitting zakat information declaration in due course.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of bank balances with Al Rajhi Banking and Investment Corporation (the "Bank"), the parent entity of the Fund Manager. In addition, these balances also comprise of cash placed with Al Bilad Investment Company (the "Custodian") for buying and selling of investment securities.

	31 December 2024	31 December 2023
Cash with bank – current account	**6,999,569**	36,604
Cash with custodian	**439,576**	396,461
	7,439,145	433,065

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

The composition of the Fund's sector-wise investment in equity securities is as follows:

	31 December 2024			
Investments (by sectors)	**Cost (SAR)**	**Fair value (SAR)**	**% of Fair value**	**Unrealised gain / (loss) (SAR)**
Material	**36,609,289**	**32,953,009**	**70.49**	**(3,656,280)**
Financial	**3,230,758**	**3,762,885**	**8.05**	**532,127**
Real Estate	**2,187,587**	**3,604,074**	**7.71**	**1,416,487**
Information Technology	**438,296**	**2,312,080**	**4.95**	**1,873,784**
Energy	**1,300,533**	**1,756,103**	**3.76**	**455,570**
Utilities	**674,092**	**1,356,577**	**2.90**	**682,485**
Industrial	**513,773**	**862,008**	**1.84**	**348,235**
Consumer Discretionary	**91,932**	**142,788**	**0.30**	**50,856**
Total	**45,046,260**	**46,749,524**	**100.00**	**1,703,264**

	31 December 2023			
Investments (by sectors)	Cost SAR	Fair value SAR	% of Fair value	Unrealised gain / (loss) SAR
Material	29,990,664	28,475,591	71.15	(1,515,073)
Energy	2,553,353	3,675,736	9.18	1,122,383
Industrial	2,287,268	3,272,180	8.18	984,912
Real Estate	2,282,488	2,367,792	5.92	85,304
Information Technology	203,264	1,294,220	3.23	1,090,956
Utilities	703,305	938,060	2.34	234,755
Total	38,020,342	40,023,579	100.00	2,003,237

The above equity investments are listed on the Saudi Stock Exchange ("Tadawul"). The Fund Manager seeks to limit risk of the Fund by monitoring exposures in each investment sector and individual securities.

6.1 Movement of unrealized gain / (loss) on re-measurement of investment at FVTPL:

	2024	2023
Fair value as at 31 December	**46,749,524**	40,023,579
Cost as at 31 December	**(45,046,260)**	(38,020,342)
Unrealized gain as at 31 December	**1,703,264**	2,003,237
Unrealized (gain) / loss as at 1 January	**(2,003,237)**	1,366,100
Unrealized (loss) / gain for the year	**(299,973)**	3,369,337

7. ADVANCE AGAINST ALLOTMENT OF SECURITIES

This represents investment in IPO subscription of companies engaged in health care equipment and consumer discretionary distribution sector within the Kingdom of Saudi Arabia. The shares were subsequently allotted to subscribers on 07 January 2025 and 08 January 2025 respectively.

8. MANAGEMENT FEE

The Fund pays management fee calculated at an annual rate of 1.75% per annum of the Fund's total assets value at each valuation date along with VAT charges at 15% of the transaction. The fee is intended to compensate the Fund Manager for administration of the Fund.

9. ACCRUED EXPENSES

	31 December 2024	31 December 2023
Benchmark fee	**32,775**	32,775
Fund Board fee	**30,000**	1,389
Professional fee	**20,700**	20,700
Zakat advisory fee	**16,100**	--
Purification fee *(note 8.1)*	**424**	3,528
Others	**19,364**	22,400
	119,363	80,792

9.1 These represent charges incurred in respect of purification of the income generated from the investee companies in order to achieve a Sharia compliant return. These charges are calculated based on the Fund's Sharia Board approved formula and paid to charities recommended by the Fund's Sharia Board through the Fund Manager. The movement in purification fee are as following:

	For the year ended 31 December	
	2024	2023
At the beginning of the year	**3,528**	2,939
Charge for the year	**26,829**	4,600
Payments made during the year	**(29,933)**	(4,011)
At the end of the year	**424**	3,528

10. OTHER EXPENSES

	For the year ended 31 December	
	2024	2023
Professional fee	**34,500**	34,500
Benchmark fee	**32,774**	32,774
Fund Board fee	**30,000**	1,389
Zakat advisory fee	**16,100**	--
Others	**28,283**	30,593
	141,657	99,256

11. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Fund include the Bank, the Fund Manager, the Fund Board, other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the related parties.

In addition to transactions disclosed elsewhere in these financial statements, transactions with related parties for the years ended 31 December and related balances as at 31 December are as follows:

11. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

		Transactions for the year ended 31 December		**Balance as at 31 December**	
Related party	**Nature of transaction/ Balance**	**2024**	2023	**2024**	2023
Al Rajhi Capital Company – Fund Manager	Management fee	**1,022,402**	739,910	**93,240**	380,782
The Fund Board	Fund Board fee to the members of the Board	**30,000**	1,389	**30,000**	1,389

Units of the Fund held with other funds managed by the Fund manager:

Funds	**Subscriptions during the year**		**Redemptions during the year**		**Balance as at 31 December**	
	2024	2023	**2024**	2023	**2024**	2023
Al Rajhi Growth Fund	**1,418,998**	--	**568,846**	--	**850,152**	--

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Valuation models

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation models (Continued)

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund values equity securities that are traded on a stock exchange at their last reported prices. To the extent that equity securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy, hence the Fund's investment recorded at fair value have been categorized based on fair value hierarchy Level 1.

Fair value hierarchy – Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position. All below fair value measurements are recurring.

	31 December 2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments measured at FVTPL	**46,749,524**	**46,749,524**	**--**	**--**	**46,749,524**
Total	**46,749,524**	**46,749,524**	**--**	**--**	**46,749,524**

	31 December 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments measured at FVTPL	40,023,579	40,023,579	--	--	40,023,579
Total	40,023,579	40,023,579	--	--	40,023,579

During the year, there were no transfer between the fair value hierarchy.

Other financial instruments such as cash and cash equivalents, advance against allotment of securities, management fee payable, payable to the Unitholders on account of redemption and accrued expenses are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value, because of the short-term nature and high credit quality of counterparties. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3.

13. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments:

31 December 2024	**Amortized cost**	**FVTPL**
Financial Assets		
Cash and cash equivalents	**7,439,145**	**--**
Investments	**--**	**46,749,524**
Advance against allotment of securities	**663,895**	**--**
Total Assets	**8,103,040**	**46,749,524**

13. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial Liabilities		
Management fee payable	**93,240**	**--**
Accrued expenses	**119,363**	**--**
Payable to the Unitholders on account of redemption	**64,819**	**--**
Total Liabilities	**277,422**	**--**

31 December 2023	Amortized cost	FVTPL
Financial Assets		
Cash and cash equivalents	433,065	--
Investments	--	40,023,579
Dividend receivable	59,080	--
Total Assets	492,145	40,023,579
Financial Liabilities		
Management fee payable	380,782	--
Accrued expenses	80,792	--
Total Liabilities	461,574	--

14. MATURITY ANALYSIS OF ASSETS AND LIABILITY

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

	Within 12 months	***After 12 months***	***Total***
As at 31 December 2024			
ASSETS			
Cash and cash equivalents	**7,439,145**	**--**	**7,439,145**
Investments measured at FVTPL	**46,749,524**	**--**	**46,749,524**
Advance against allotment of securities	**663,895**	**--**	**663,895**
TOTAL ASSETS	**54,852,564**	**--**	**54,852,564**
LIABILITIES			
Management fee payable	**93,240**	**--**	**93,240**
Accrued expenses	**119,363**	**--**	**119,363**
Payable to the Unitholders on account of redemption	**64,819**	**--**	**64,819**
TOTAL LIABILITIES	**277,422**	**--**	**277,422**

	Within 12 months	*After 12 months*	*Total*
As at 31 December 2023			
ASSETS			
Cash and cash equivalents	433,065	--	433,065
Investments measured at FVTPL	40,023,579	--	40,023,579
Dividend receivable	59,080	--	59,080
TOTAL ASSETS	40,515,724	--	40,515,724
LIABILITIES			
Management fee payable	380,782	--	380,782
Accrued expenses	80,792	--	80,792
TOTAL LIABILITIES	461,574	--	461,574

15. RISK MANAGEMENT POLICIES

The Fund has exposure to the following risks from financial instruments:
- credit risk;
- liquidity risk;
- market risks; and
- operational risk.

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

The Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises of equity shares of listed companies.

Risk management framework

The Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises of equity securities of listed companies.

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Fund's Board.

In instances where the portfolio has diverged from target asset allocations, the Fund's investment manager is obliged to take actions to rebalance the portfolio in line with the established targets, within the prescribed time limits.

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

Credit risk

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

The Fund is exposed to credit risk for its cash and cash equivalents, advance against allotment of securities and dividend receivable. The Fund Manager seeks to limit its credit risk by monitoring credit exposures and by dealing with only reputable counterparties.

The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the certain credit standards.

Credit risk is monitored on a regular basis by the Fund Manager to ensure it is in line with the investment guidelines of the Fund Board.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	2024	2023
Cash and cash equivalents	**7,439,145**	433,065
Advance against allotment of securities	**663,895**	--
Dividend receivable	**--**	59,080
Total exposure to credit risk	**8,103,040**	492,145

15. RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

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

Allowance for impairment

The Fund has investments in only equity securities classified as FVTPL, therefore, no impairment allowance is recorded in these financial statements related to these investments. Moreover, cash and cash equivalents, advance against allotment of securities and dividend receivable are mainly with counterparties having "A" credit rating, thus, impact of ECL is not material to the financial statements. Hence, no impairment allowance is recorded in these financial statements.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities.

The Fund's Terms and Conditions provide for the subscriptions and redemptions of units throughout the week and it is, therefore, exposed to the liquidity risk of meeting unitholders redemptions at any time. As at 31 December 2024 and 31 December 2023, the Fund's cash and cash equivalents, investments measured at FVTPL and advance against allotment of securities are considered to be short-term in nature and realisable. The Fund Manager monitors liquidity requirements on a regular basis and seek to ensure that funds are available to meet commitments as they arise.

The contractual maturity profile of the financial assets and financial liabilities of the Fund is as follows:

	Within 12 months	***After 12 months***	***No fixed maturity***	***Total***
As at 31 December 2024				
Cash and cash equivalents	**--**	**--**	**7,439,145**	**7,439,145**
Investments measured at FVTPL	**--**	**--**	**46,749,524**	**46,749,524**
Advance against allotment of securities	**663,895**	**--**	**--**	**663,895**
Total financial assets	**663,895**	**--**	**54,188,669**	**54,852,564**
Management fee payable	**93,240**	**--**	**--**	**93,240**
Accrued expenses	**119,363**	**--**	**--**	**119,363**
Payable to the Unitholders on account of redemption	**64,819**	**--**	**--**	**64,819**
Total financial liabilities	**277,422**	**--**	**--**	**277,422**

	Within 12 months	*After 12 months*	*No fixed maturity*	*Total*
As at 31 December 2023				
Cash and cash equivalents	--	--	433,065	433,065
Investments measured at FVTPL	--	--	40,023,579	40,023,579
Dividend receivable	59,080	--	--	59,080
Total financial assets	59,080	--	40,456,644	40,515,724
Management fee payable	380,782	--	--	380,782
Accrued expenses	80,792	--	--	80,792
Total financial liabilities	461,574	--	--	461,574

15. RISK MANAGEMENT POLICIES (CONTINUED)

Market risk

Market risk is the risk that changes in market prices – such as equity price risk – will affect the Fund's income or the fair value of its holdings in financial instruments.

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

Equity price risk

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

The Fund is susceptible to equity price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of geographical distribution and industry concentration.

The table below sets out the effect on net assets (equity) attributable to the unitholders of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at reporting date. The analysis assumes that all other variables, in particular commission, remain constant.

	2024		2023	
Effect on net assets (equity) attributable to the Unitholders	**+ 4.28%**	**2,337,476**	+ 5.00%	2,001,179
	- 4.28%	**(2,337,476)**	- 5.00%	(2,001,179)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

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.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management team of the Fund Manager. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - periodic assessment of operational risks faced
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance if this is effective

16. EVENTS OCCURING AFTER REPORTING DATE

There are no events subsequent to the reporting date which require adjustments of or disclosure in the financial statements or notes thereto.

17. LAST VALUATION DAY

The last valuation day of the year was 31 December 2024 (2023: 31 December 2023).

18. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board of Directors on 14 Ramadan 1445H (corresponding to 24 March 2024).