ORPHANS ASSOCIATIONS ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Financial Statements
For the period from 29 August 2023 (date of commencement of operations) to 31 December 2024
together with the
Independent Auditor's Report

ORPHANS ASSOCIATIONS ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
For the period from 29 August 2023 to 31 December 2024
(Amounts in SAR)

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ORPHANS ASSOCIATIONS ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Statement of Financial Position
As at 31 December 2024
(Amounts in SAR)

	Notes	**31 December 2024**
ASSETS		
Cash and cash equivalents	*5*	**768,983**
Investments at fair value through profit or loss (“FVTPL”)	*6*	**35,544,270**
Advance against allotment of securities	*7*	**431,529**
Accrued special commission income		**132,463**
Total Assets		**36,877,245**
LIABILITIES		
Management fee payable	*8, 11*	**164,140**
Accrued expenses	*9*	**106,213**
Total Liabilities		**270,353**
Net assets (equity) attributable to the Unitholders		**36,606,892**
Units in issue *(numbers)*		**35,976,365**
Net assets (equity) attributable to each unit *(SAR)*		**1.02**

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

ORPHANS ASSOCIATIONS ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Statement of Comprehensive Income
For the period from 29 August 2023 to 31 December 2024
(Amounts in SAR)

	Notes	**For the period from 29 August 2023 to 31 December 2024**
INCOME		
Net realized gain on investments at FVTPL		**139,269**
Net unrealized gain on investments at FVTPL	*6*	**260,418**
Dividend income		**1,033,360**
Special commission income		**1,044,051**
Total income		**2,477,098**
EXPENSES		
Management fee	*8, 11*	**(164,140)**
Other expenses	*10*	**(151,481)**
Total expenses		**(315,621)**
Net income for the period		**2,161,477**
Other comprehensive income for the period		**--**
Total comprehensive income for the period		**2,161,477**

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

ORPHANS ASSOCIATIONS ENDOWMENT 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 period from 29 August 2023 to 31 December 2024
(Amounts in SAR)

	Notes	**For the period from 29 August 2023 to 31 December 2024**
Net assets (equity) attributable to the Unitholders at beginning of the period		**--**
Net income for the period		**2,161,477**
Other comprehensive income for the period		**--**
Total comprehensive income for the period		**2,161,477**
Proceeds from issuance of units during the period		**36,120,666**
Distributions to the beneficiaries	*18*	**(1,675,251)**
Net assets (equity) attributable to the Unitholders at end of the period		**36,606,892**

	For the period from 29 August 2023 to 31 December 2024
Units in issuance at beginning of the period	**--**
Issuance of units during the period	**35,976,365**
Units in issuance at end of the period	**35,976,365**

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

ORPHANS ASSOCIATIONS ENDOWMENT FUND
An open-ended mutual fund
(Managed by Al Rajhi Capital Company)
Statement of Cash flows
For the period from 29 August 2023 to 31 December 2024
(Amounts in SAR)

	Notes	**For the period from 29 August 2023 to 31 December 2024**
Cash flows from operating activities		
Net income for the period		**2,161,477**
Adjustments for:		
Net realized gain on investments at FVTPL		**(139,269)**
Net unrealized gain on investments at FVTPL	*6*	**(260,418)**
Dividend income		**(1,033,360)**
Net changes in operating assets and liabilities		
Purchase of investments at FVTPL		**(85,787,599)**
Proceeds from sale of investments at FVTPL		**50,643,016**
Increase in advance against allotment of securities		**(431,529)**
Increase in accrued special commission income		**(132,463)**
Increase in management fee payable		**164,140**
Increase in accrued expenses		**106,213**
Cash used in operations		**(34,709,792)**
Dividend received		**1,033,360**
Net cash used in operating activities		**(33,676,432)**
Cash flows from financing activities		
Proceeds from issuance of units		**36,120,666**
Distributions to the beneficiaries	*18*	**(1,675,251)**
Net cash flows generated from financing activities		**34,445,415**
Net increase in cash and cash equivalents		**768,983**
Cash and cash equivalents at the beginning of the period		**--**
Cash and cash equivalents at the end of the period	*5*	**768,983**

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

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Orphans Associations Endowment 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 Fund is an open-ended public investment fund which aims to encourage voluntary community participation in non-profit development investment and effective contribution under the concept of social solidarity to participate in supporting the orphan associations around the Kingdom of Saudi Arabia to develop and invest their assets in the Fund for the purpose of enhancing its value and developing the endowed capital to benefit the orphan members of society through care, training and rehabilitation services and to empower them morally, socially and functionally to enhance the quality of their lives and the lives of their families. The Fund Manager’s participation in investing assets in all categories of assets with diversified risks shall be in a way that achieves the development goal of the endowed capital, with the endowment harvest distributed among the “Orphans associations contributing to the Fund” at least 70% of net distributable profits annually.

The Fund was established on 07 Dhul Qadah 1444H (corresponding to 28 May 2023) as per notification to the Capital Market Authority (CMA) and commenced its operations on 13 Safar 1445H (corresponding to 29 August 2023). Therefore, these financial statements are prepared from 29 August 2023 (date of commencement of operations) to 31 December 2024 and accordingly no comparatives have been presented.

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 (IASB) (“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. BASIS OF PREPARATION (CONTINUED)

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 are 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.

3.3 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

<u>New standards not yet effective</u>

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

3. BASIS OF PREPARATION (CONTINUED)

3.5 New standards and regulations (continued)

New standards not yet effective ***(continued)***

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)
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.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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 financial asset 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, advance against allotment of securities and accrued special commission income.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

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.

Derecognition

The Fund derecognises 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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

Fair value measurement (continued)

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.

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 in units

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

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 period end.

E. Revenue recognition

Net gain or loss on financial assets at FVTPL

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

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period’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)

Special commission income

Special commission income including special commission income from non-derivative financial assets measured at amortised cost, are recognized in the statement of comprehensive income, using effective profit method. The effective profit rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective profit rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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

These 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 period, the Fund Manager has completed the registration of the Fund with ZATCA and 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
Cash with custodian	**726,946**
Cash with bank – current account	**42,037**
Total	**768,983**

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

Investments at FVTPL comprise of the following investments as at the reporting date:

	31 December 2024			
	Cost (SAR)	**Fair value (SAR)**	**% of Fair value**	**Unrealised gain / (loss) (SAR)**
Investments:				
Sukuk *(note 6.1)*	**13,300,000**	**13,300,000**	**37.42**	**--**
Equity securities *(note 6.2)*	**12,730,929**	**13,115,595**	**36.90**	**384,666**
Units of mutual funds *(note 6.3)*	**9,252,923**	**9,128,675**	**25.68**	**(124,248)**
Total	**35,283,852**	**35,544,270**	**100.00**	**260,418**

6.1 The composition of investment in Sukuk, is as follows:

Description	**Maturity date**	**Fair value as at 31 December 2024**
Riyad Bank Tier 1 Sukuk	**5-Oct-27**	**5,750,000**
Saudi National Bank Tier 1 Sukuk 2022	**Perpetual**	**2,000,000**
Rawabi Holding Sukuk 2022 - Series 2	**28-Jul-25**	**2,000,000**
Rawabi Holding Series 3 Sukuk	**15-Mar-25**	**1,750,000**
Saudi Awwal Bank Tier 1 Capital Sukuk	**Perpetual**	**1,000,000**
Rawabi Holding Series 14	**28-Jan-28**	**800,000**
Total		**13,300,000**

These carry profit rates ranging from 5.00% to 8.70% per annum.

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

6.2 The composition of the Fund's equity securities investment portfolio by industry sector is as follows:

	31 December 2024			
	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain / (loss) (SAR)
Investments (by sectors)				
Financial	**3,464,700**	**3,433,374**	**26.18**	**(31,326)**
Energy	**2,458,661**	**2,476,890**	**18.89**	**18,229**
Information Technology	**1,414,782**	**1,782,885**	**13.59**	**368,103**
Material	**1,373,778**	**1,314,963**	**10.03**	**(58,815)**
Telecommunication Service	**1,105,199**	**1,112,816**	**8.48**	**7,617**
Industrial	**826,775**	**885,640**	**6.75**	**58,865**
Utilities	**733,092**	**731,826**	**5.58**	**(1,266)**
Healthcare	**604,163**	**690,572**	**5.27**	**86,409**
Real Estate	**579,359**	**544,018**	**4.15**	**(35,341)**
Consumer Staples	**128,435**	**98,611**	**0.75**	**(29,824)**
Consumer Discretionary	**41,985**	**44,000**	**0.33**	**2,015**
Total	**12,730,929**	**13,115,595**	**100.00**	**384,666**

The above equity investments are listed on the Saudi stock exchange. The Fund Manager seeks to limit risk of the Fund by monitoring exposures in each investment sector and individual securities.

6.3 The composition of the Fund's investment portfolio in the units of mutual funds is as follows:

	31 December 2024			
	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain / (loss) (SAR)
Name of Funds				
Al Rajhi Indirect Financing Fund*	**1,924,388**	**1,924,388**	**21.08**	**-**
Al Rajhi Awaeed Fund*	**1,822,992**	**1,830,664**	**20.05**	**7,672**
Alra'idah Financing Fund	**1,689,000**	**1,689,000**	**18.50**	**-**
SEDCO Capital REIT Fund	**1,066,457**	**1,086,505**	**11.90**	**20,048**
Jadwa REIT Saudi Fund	**1,089,316**	**877,968**	**9.62**	**(211,348)**
Al Maather REIT Fund	**818,771**	**862,974**	**9.45**	**44,203**
Bonyan REIT Fund	**525,344**	**525,512**	**5.76**	**168**
Al Rajhi Real Estate Monthly Distributions Fund*	**316,655**	**331,664**	**3.64**	**15,009**
Total	**9,252,923**	**9,128,675**	**100.00**	**(124,248)**

* A fund managed by the Fund Manager.

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 the Fund Manager a management fee, subject to VAT charges of 15%, which is calculated as the lower of 0.4% per annum of the net assets value at each valuation day or 10% of the total annual return before fees and expense. The fee is intended to compensate the Fund Manager for the administration of the Fund.

9. ACCRUED EXPENSES

	31 December 2024
Benchmark fee	**30,487**
Fund Board fee	**30,000**
Professional fee	**20,700**
Zakat advisory fee	**16,100**
Others	**8,926**
	106,213

10. OTHER EXPENSES

	For the period from 29 August 2023 to 31 December 2024
Professional fee	**34,500**
Benchmark fee	**31,249**
Fund Board fee	**30,000**
Zakat advisory fee	**16,100**
Others	**39,632**
	151,481

11. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Bank, the Fund Manager, the Fund Board and 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 period ended 31 December and related balances as at 31 December are as follows:

Related party	Nature of transaction / balance	Transactions for the period from 29 August 2023 to 31 December 2024	Balance as at 31 December 2024
Al Rajhi Capital Company – The Fund Manager	Management fee	**164,140**	**164,140**
The Fund Board	Fund Board fee to the members of the Board	**30,000**	**30,000**

12. 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. 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.

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 determined fair value of securities that are traded on stock exchange at their last reported prices. To the extent that securities are actively traded and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy. Therefore, the Fund's investment in listed securities have been categorized in level 1 of the fair value hierarchy.

The Fund determined fair value of investments in open-ended mutual funds measured at FVTPL using unadjusted net assets value. Moreover, the fair value of investments in un-listed Sukuk measured at is determined based on the similar security external price. Therefore, the Fund classified them as level 2 of the fair value hierarchy.

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.

12. FAIR VALUE MEASUREMENT (CONTINUED)

	31 December 2024				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments at FVTPL	35,544,270	16,468,554	19,075,716	--	35,544,270
Total	35,544,270	16,468,554	19,075,716	--	35,544,270

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

Other financial instruments such as cash and cash equivalents, accrued special commission income, advance against allotment of securities, management fee payable 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	768,983	--
Investments at FVTPL	--	35,544,270
Advance against allotment of securities	431,529	--
Accrued special commission income	132,463	--
Total Assets	1,332,975	35,544,270
Financial Liabilities		
Management fee payable	164,140	--
Accrued expenses	106,213	--
Total Liabilities	270,353	--

14. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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	768,983	--	768,983
Investments at FVTPL	35,544,270	--	35,544,270
Advance against allotment of securities	431,529	--	431,529
Accrued special commission income	132,463	--	132,463
Total assets	36,877,245	--	36,877,245
Liabilities			
Management fee payable	164,140	--	164,140
Accrued expenses	106,213	--	106,213
Total liabilities	270,353	--	270,353

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.

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, mutual funds and sukuks.

The Fund 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 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, accrued special commission income and advance against allotment of securities. 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.

	31 December 2024
Cash and cash equivalents	**768,983**
Investments at fair value through profit or loss ("FVTPL")	**13,300,000**
Advance against allotment of securities	**431,529**
Accrued special commission income	**132,463**
Total exposure to credit risk	**14,632,975**

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 is generally managed on the basis of external credit ratings of the counterparties.

Allowance for impairment

The Fund has investments in equity securities, units of mutual funds and Sukuk 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 accrued special commission income 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 financial liabilities consist of management fee payable and accrued expenses including but not limited to management fee, the Fund Board fee, professional fee and other expenses, which exposes the Fund to liquidity risk. As at 31 December 2024, the Fund's cash and cash equivalents, investments measured at FVTPL, advance against allotment of securities and accrued special commission income 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 sufficient 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	--	--	**768,983**	**768,983**
Investments at FVTPL	**3,750,000**	**6,550,000**	**25,244,270**	**35,544,270**
Advance against allotment of securities	**431,529**	--	--	**431,529**
Accrued special commission income	**132,463**	--	--	**132,463**
Total financial assets	**4,313,992**	**6,550,000**	**26,013,253**	**36,877,245**
Management fee payable	**164,140**	--	--	**164,140**
Accrued expenses	**106,213**	--	--	**106,213**
Total financial liabilities	**270,353**	--	--	**270,353**

Market risk

Market risk is the risk that changes in market prices – such as foreign currency risk, special commission rate risk and 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 Fund Manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a timely basis by the Fund Manager.

15. RISK MANAGEMENT POLICIES (CONTINUED)

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 on investment in securities as mentioned in note 6.2.

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 10% at reporting date. The analysis assumes that all other variables, in particular commission, remain constant.

	31 December 2024	
Effect on net assets (equity) attributable to the Unitholders	**+ 3.58%**	**1,311,560**
	- 3.58%	**(1,311,560)**

Special commission rate risk

Special commission rate risk is the risk that the value of the 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 is subject to special commission rate risk on its investment in Sukuk as mentioned in note 6.1.

The following table demonstrates the sensitivity of the Fund's net assets (equity) attributable to the Unitholders of a reasonably possible change in interest rates by 10%, with all other variables held constant. In practice, the actual trading results may differ from the below sensitivity analysis and the difference could be significant.

	31 December 2024	
	+ 3.63%	**1,330,000**
Effect on net assets (equity) attributable to the Unitholders	**- 3.63%**	**(1,330,000)**

Other price risk

Other price risk is the risk that the value of the Fund's net assets (equity) attributable to the Unitholders 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 financial instruments that the Fund holds. The Fund Manager daily monitors concentration of risk for equity based on securities and industries in line with defined limits while closely tracking the portfolio level volatilities. As of the statement of financial position date, the Fund has investment in other mutual funds as mentioned in note 6.3 which are exposed to other price risk.

The table below sets out the effect on net assets (equity) attributable to the Unitholders of a reasonably possible weakening / strengthening in the individual market prices 10% at reporting date. The analysis assumes that all other variables, in particular commission, remain constant.

	31 December 2024	
	+ 2.49%	**912,868**
Effect on net assets (equity) attributable to the Unitholders	**- 2.49%**	**(912,868)**

15. RISK MANAGEMENT POLICIES (CONTINUED)

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 beneficiaries.

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 period was 31 December 2024.

18. DISTRIBUTION TO THE BENEFICIARIES

During the period ended 31 December 2024, the Fund distributed SAR 1,675,251 to its beneficiaries as per the Terms and Conditions of the Fund.

19. 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).