

Osool and Bakheet Fund for Trading in IPO in Compliance with Shariah Regulations
Open Investment fund
(Managed by Osool & Bakheet Investment Company)

**Financial statements and independent auditor' report to unitholders
for the year ended at December 31, 2021**

Osool and Bakheet Fund for Trading in IPO in Compliance with Shariah Regulations
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Financial statements and Independent Auditor' Report
For the year ended at December 31, 2021

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Independent Auditor' report to unitholders

To the unitholders of Osool and Bakheet Fund for Trading in IPO in Compliance with Shariah Regulations

Opinion

We have audited the financial statements of Osool and Bakheet for Trading in IPO in Compliance with Shariah Regulations fund ("the Fund"), managed by Osool and Bakheet financial securities company ("Fund Manager"), which comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and the notes to the financial statements and summary of the significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fund as of 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards supplement the international standards endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing that endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Fund in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate

Other matter

The comparative financial statements for the year ended at December 31, 2020, which were prepared in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards supplement the international standards endorsed by the Saudi Organization for Chartered and Professional Accountants, were audited by another auditor who expressed an unmodified opinion on those statements on Sha'ban 23, 1442 H (corresponding to April 5, 2021).

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards supplement the international standards endorsed by the Saudi Organization for Chartered and Professional Accountants, and in accordance with investment funds regulations issued by Capital Market Authority and the fund's terms and conditions, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance, fund's board of directors are responsible for overseeing the fund's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Independent Auditor' report to unitholders (continued)

To the unitholders of Osool and Bakheet Saudi equity trading fund

Auditors' responsibilities for the audit of the financial statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or an error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Fund's management use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Allied Accountants for professional services company

Mohammed bin Fahhan bin Nader
License 435

Riyadh Kingdom of Saudi Arabia
Sha'ban 21, 1443 (Corresponding to March 24, 2022)



Osool and Bakheet Fund for Trading in IPO in Compliance with Shariah Regulations

Open Investment fund

(Managed by Osool & Bakheet Investment Company)

Statement of financial position**As at December 31, 2021**

(By Saudi Riyal)

	Note	2021	2020
Assets			
Investments at fair value through profit or loss	6	1,750,192	667,942
Advance payments for investment	7	21,250	-
Accrued dividend		-	800
Cash at banks		158,907	285,226
Total assets		1,930,349	953,968
Liabilities			
Due to related parties	8	15,881	6,164
Total liabilities		15,881	6,164
Equity attributable to unitholders			
Net assets value attributable to unitholders		1,914,468	947,804
Units in issue (numbers)		1,565,992	897,924
Per unit value		1.22	1.06

The accompanying notes (1) to (13) form an integral part of these financial statements

Osool and Bakheet Fund for Trading in IPO in Compliance with Shariah Regulations
Open Investment fund
(Managed by Osool & Bakheet Investment Company)

Statement of profit or loss and other comprehensive income
For the year ended at December 31, 2021
(By Saudi Riyal)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<u>Profit or losses</u>			
Income			
Realized gains from sale of investments at fair value through profit or loss	6	152,775	46,456
Unrealized (loss) gains on investments at fair value through profit or loss	6	(7,857)	69,458
Dividend income		29,041	18,833
Other income		195	-
Total income for the year		<u>174,154</u>	<u>134,747</u>
Expenses			
Management fees	8	(32,225)	(19,342)
Custodian fees	8	(8,040)	(4,836)
Other expenses		(620)	(2,933)
Total expenses for the year		<u>(40,885)</u>	<u>(27,111)</u>
Net income for the year		<u>133,269</u>	<u>107,636</u>
<u>Other comprehensive income</u>		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>133,269</u>	<u>107,636</u>

The accompanying notes (1) to (13) form an integral part of these financial statements

Osool and Bakheet Fund for Trading in IPO in Compliance with Shariah Regulations
Open Investment fund
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Statement of net changes in net assets value attributable to unitholders
For the year ended at December 31, 2021
(By Saudi Riyal)

	<u>2021</u>	<u>2020</u>
Net assets value attributable to unit holders, at the beginning of the year	947,804	1,062,870
Net income for the year	133,269	107,636
Subscription and redemption to unit holders		
Proceeds from units subscribed	1,599,731	768,786
Payments for units redeemed	(766,336)	(991,488)
Net change of unit transactions	833,395	(222,702)
Net assets value attributable to unit holders, at the end of the year	1,914,468	947,804

Unit transactions

Transactions in units during the year are summarized as follows:

	<u>2021</u>	<u>2020</u>
	<u>Units</u>	<u>Units</u>
Units number, beginning of the year	897,924	1,144,196
Subscribed units	1,263,474	796,155
Redeemed units	(595,406)	(1,042,427)
Units number, at the end of the year	1,565,992	897,924

The accompanying notes (1) to (13) form an integral part of these financial statements

Osool and Bakheet Fund for Trading in IPO in Compliance with Shariah Regulations
Open Investment fund
(Managed by Osool & Bakheet Investment Company)

Statement of cash flows

For the year ended at December 31, 2021

(By Saudi Riyal)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net income for the year	133,269	107,636
Adjustments to reconcile net income for the year to net cash (used in) generated from operating activities		
Realized gains from sale of investments at fair value through profit or loss	(152,775)	(46,456)
Unrealized loss (gains) on investments at fair value through profit or loss	7,857	(69,458)
Dividend income	(29,041)	(18,833)
	<u>(40,690)</u>	<u>(27,111)</u>
Changes in operating assets and liabilities		
Addition to Investments at fair value through profit or loss	(2,017,070)	(1,172,176)
Proceeds from sale of Investments at fair value through profit or loss	1,079,738	1,605,724
Advance payments for investment	(21,250)	
Accrued Dividends	29,841	18,033
Due to related parties	9,717	(268)
Net cash (used in) generated from operating activities	<u>(959,714)</u>	<u>424,202</u>
Cash flows from financing activities		
Proceeds from units subscribed	1,599,731	768,786
Payments for units redeemed	(766,336)	(991,488)
Net cash generated from (used in) financing activities	<u>833,395</u>	<u>(222,702)</u>
Net change in cash at banks	(126,319)	201,500
Cash at banks, beginning of the year	<u>285,226</u>	<u>83,726</u>
Cash at banks, at the end of the year	<u><u>158,907</u></u>	<u><u>285,226</u></u>

The accompanying notes (1) to (13) form an integral part of these financial statements

Osool and Bakheet Fund for Trading in IPO in Compliance with Shariah Regulations

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Notes to the financial statements (continued)

For the year ended at December 31, 2021

1 - The Fund and its Activities

Osool and Bakheet Shariah-compliant Initial Issue Shares Trading Fund (the "Fund") is an open-ended investment fund that aims to develop capital by achieving positive added value compared to the indicative index while bearing the lowest possible level of risk by investing in companies' initial public offering. The Saudi Joint Stock Company as well as the shares of recently listed companies within the first five years of their listing or the last 20 companies listed in the market. The fund manager may also invest no more than 50% of the fund's net asset value in the shares of Saudi small and medium companies, and no more than 30 % of its net asset value in real estate units (including units of funds managed by the fund manager) and no more than 30% of its net asset value in shares of companies listed in the parallel market - Nomu.

The Capital Market Authority in the Kingdom of Saudi Arabia approved the establishment of this fund and its units were offered publicly on Dhul-Hijjah 22, 1436 (corresponding to October 5, 2015) the start of its operations on Rabi' al-Awwal 5, 1437 (corresponding to December 16, 2015).

The terms and conditions of the fund were issued on Dhul Hijjah 22, 1436 H (corresponding to October 5, 2015), on Ramadan 17, 1442 (corresponding to April 29, 2021). The fund manager made some amendments to the terms and conditions of the fund. The main change in the terms and conditions is related to the change of the Fund's external auditor.

The fund manager's address is as follows:

Bakheet Assets Investment Company

P.B. 63762

Riyadh 11526

Kingdom of Saudi Arabia

2 - Regulating Authority

The Fund is governed by Investment Funds Regulations (the "Regulations"), issued by Capital Market Authority (CMA) on Dhul Hijjah 3, 1427 (corresponding to December 24, 2006), and as of Safar 6, 1438 (corresponding to November 6, 2016) to the new Investment Funds Regulations ("the amended Regulations") issued by CMA on Rajab 17, 1442 (corresponding to March 1, 2021), detailing requirements for all types of funds in the Kingdom of Saudi Arabia. The amended Regulations Effective starting from Ramadan 19, 1442 (corresponding to May 1, 2021).

3 - Basis of preparation

Statement of compliance

The financial statements of the fund have been prepared in accordance with International Financial Reporting Standards as endorsed in Saudi Arabia and other standards supplement the international standards endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis of measurement

These financial statements are prepared accordance with historical cost principle, accrual basis of accounting and going concern concept, another basis is used if the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards supplement the international standards endorsed by the Saudi Organization for Chartered and Professional Accountants, as indicated in the significant accounting policies (note 5).

Presentation and functional currency

These financial statements are presented in Saudi Riyals which is the functional currency and are rounded to the nearest Saudi Riyal.

Accounting records

The Fund maintains regular accounting records by the computer and not in Arabic.

Use of judgments, estimates and assumptions

Preparing financial statements in accordance with international financial reporting standards endorsed in the Kingdom of Saudi Arabia and other standards supplement the international standards endorsed by the Saudi Organization for Chartered and Professional Accountants requires the use of some significant judgment, estimates and assumptions that affect the amounts of assets and liabilities presented and the disclosure of potential assets and liabilities at the date of preparing the financial reports and the recorded amounts of revenues and expenses during the period of financial reports. Judgments, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The fund makes judgments, estimates and assumptions regarding the future. The resulting accounting estimates rarely equal the actual results.

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Notes to the financial statements (continued)

For the year ended at December 31, 2021

3 -Basis of preparation (continued)

Use of judgments, estimates and assumptions (continued)

Major area where estimates or judgements made are significant to the fund's financial statements or where judgements was exercised in the application of accounting policies are as follows:

Measuring the fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured on the basis of traded prices in active markets, the fair value is determined using valuation methods including the discounted cash flow method. Inputs to these methods are made through observable markets where possible, and when this is not feasible, a degree of judgment is required to determine fair value. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Assumptions relating to these factors on the fair value of financial instruments.

Going Concern

The Fund's management made an assessment for its ability to continue as a going concern and concluded that it has the resources to continue its activity in the foreseeable future. In addition, the management is not aware of any material uncertainty that may cast doubt on the ability of the Fund to continue according to the going concern basis. Accordingly, the financial statements have been prepared on the going concern basis.

4 -New standards and amendments to standards, interpretations and issued standards that have not yet been applied

New standards, amendments to standards and interpretations

The application of the following amendments to the current standards does not have any material financial impact on the financial statements of the Fund in the current period or previous periods and is expected to have no significant impact in future periods:

- Amendments to IFRS 16 (Lease Contracts) regarding the effects of COVID-19.
- Amendments to IFRS No. 16 and IFRS No. 7 regarding the correction of interest rate measurement - Phase Two.

Issued standards that have not yet been applied

A number of new standards are effective for annual periods beginning on or after January 1, 2022, with early application permitted. However, the fund did not implement early application of the new or amended standards in preparing these financial statements.

<u>Standards / Interpretations</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IFRS 3	Business combination	January 1, 2022
Amendments to IAS 16	Property, machines and equipment	January 1, 2022
Amendments to IAS 37	Provisions, contingent liabilities and assets	January 1, 2022
Amendments to IAS 1 and IFRS 2 Practice Statement	Disclosure of accounting policies and the exercise of judgments regarding materiality	January 1, 2023
Amendments to IAS 8	Definition of accounting estimates	January 1, 2023
Amendments to IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction	January 1, 2023

The fund is evaluating the effects of the above standards, amendments, and interpretations on the fund's financial statements.

Notes to the financial statements (continued)
For the year ended at December 31, 2021

5 -Significant accounting policies

Below are significant accounting policies adopted:

Current or non-current classification

The fund presents its assets and liabilities in the statement of financial position based on a current / non-current basis. The assets are considered as a current when its:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents, unless restricted from paying exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

All liabilities are considered as a current, when its:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current

Cash at banks

Cash at banks comprise bank balances, term deposits with original maturity of three-months or less from the acquisition date.

Investment at fair value through profit or loss

Investment assets at fair value through profit or loss are recognized at market value in the financial statements. Unrealized gains and losses from revaluation of investments, and realized gains and losses arising from disposal of investments are recognized in the statement of profit or loss.

Investment transactions

Investment transactions are recorded on the trading date.

Net assets value

Net assets value per unit, disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the numbers of units in issue at the reporting date.

Related parties

The related party is a person or entity related to the fund, and the person is related if he owns control or significant influence over the fund or is a member of the main management, and the entity is related if the entity is a member in same the group as a parent institute or a subsidiary or an associate institute or associated with a joint venture, or both entities are a joint venture of a third party.

Transaction with related parties transfer of resources, services, or obligations between the fund and the related party, regardless of whether the price is charged. Key management personnel are the authorized and responsible persons for planning and management, and they have direct or indirect control over the operations of the fund, including the manager.

Financial instruments

Financial assets and financial liabilities are recognized when a Fund becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in statement profit or loss.

Notes to the financial statements (continued)
For the year ended at December 31, 2021

5 - Significant accounting policies (continued)

Financial instruments (continued)

First: Financial assets

Financial assets 'at fair value financial assets are classified into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost. Classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Sales and purchases of financial assets are recognized in normal way on the basis of the transaction date. Regular purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market

a) Financial assets measured at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading or are chosen to be classified as such.

Financial assets are classified for trading if:

- Acquired mainly for sale in the near future.
- It is part of a portfolio of financial instruments managed by the fund that including an actual pattern of financial instrument generating profit on short-term.
- A derivative is not classified or effective as a hedging instrument.

Financial assets measured at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in profit or loss. Net profit or loss includes any dividends or interest due from the financial asset and is included in the statement of profit or loss.

b) Financial assets measured at Fair value through other comprehensive income

Debt instruments that meet the following two conditions are measured subsequently at fair value through profit or loss:

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

Debt instruments measured at fair value through other comprehensive income are subsequently measured at fair value, together with gains and losses resulting from changes in the fair value recognized in other comprehensive income. Commission income and foreign exchange gains or losses are recognized in the statement of profit or loss.

c) Financial assets at amortized cost

Financial assets that meet the following two conditions and were not designated at fair value are measured at amortized cost through profit or loss:

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

Second: Financial liabilities

Financial liabilities (including loans and accounts payable) are measured subsequently at amortized cost using the effective interest method.

The Fund derecognizes financial liabilities when, and only when, the fund's obligations are met, cancelled or expired. The difference between the carrying amount of disposed financial liabilities and amount paid is charged to the statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Notes to the financial statements (continued)
For the year ended at December 31, 2021

5 - Significant accounting policies (continued)

Revenue recognition

- Dividends

Dividends are recognized when the Fund's right to receive payment is declared.

- Gains (losses) from investment at fair value through profit or loss

Unrealized gains and losses resulting from changes in the fair value and realized gains and losses arising from the sold of investment at fair value and dividends are included in the statement of profit or loss. Gains and losses resulting from sale of financial assets at fair value through profit or loss are determined using the weighted average cost method.

Zakat and Income tax

Zakat and income tax are the obligation of the unitholders and are not provided for in these financial statements.

Management fees and other expenses

Management fees and other expenses are based on rates determined as specified in the Fund's terms and conditions on an accrual basis.

Foreign currencies

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated at the exchange rates prevailing at year end. Gains and losses from settlement and translation of foreign currency transactions are included in the other comprehensive income.

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Notes to the financial statements (continued)
For the year ended at December 31, 2021
(By Saudi Riyal)

6 - Financial investments at fair value through profit or loss

A. Below is a summary of investment portfolio components at fair value through profit or loss at the date of the statement of financial position:

	% Of total market value	Market value 2021	Market value 2020
Equity investments (by sector)			
Energy	%25.4	444,723	150,302
Health care equipment and services	%12.7	221,423	69,497
Real Estate Management and Development	%10.5	182,956	83,496
Commercial and professional services	%8.9	155,496	-
Consumer Services	%7.8	136,456	15,404
Materials	%7.7	135,000	200,412
Banks	%5	86,929	23,154
Insurance	%4.6	80,719	31,339
Utilities	%4.5	79,716	-
Software & Services	%3.9	68,881	-
Retailing	%3.0	53,431	29,988
Food & Staples retailing	%2.9	50,058	44,150
Transportation	%2.1	37,088	-
Capital goods	%1.0	17,316	20,200
Total market value	%100	1,750,192	667,942
Total book value		1,758,049	598,484
Unrealized (losses) gains from investments at fair value through the profit or loss		(7,857)	69,458

B. The movement on investments at fair value through profit or loss as at December 31 is as follows:

	2021	2020
Book value, beginning of the year	667,942	985,576
Purchases during the year	2,017,070	1,172,176
Sales during the year*	(926,963)	(1,559,268)
Book value, at the end of the year	1,758,049	598,484
Unrealized gains from investments at fair value through the profit or loss list	(7,857)	69,458
Market value, at the end of the year	1,750,192	667,942

* The amount represents the book value of investments at fair value through profit or loss, sold for an amount of 1,079,738 Saudi riyals during the year, which resulted in realized profits of 152,775 Saudi riyals.

7 -Advance payment for investments

The advance payments for investment represent the value of the subscription in the shares of companies during the period of their offering in the initial prospectus until the end of the offering period and the allocation of shares to the investors.

8 -Due to related parties

There are transactions made during the year with related parties within the Fund's normal business and with management's approval, and management considers that the terms of such transactions are not materially different from any other transactions that the Fund makes with any third party, consisting of:

A. Balances due to related parties as at December 31 are as follows:

	2021	2020
Osool and Bakheet Investment Company	10,942	4,931
Alinma Investment	4,939	1,233
	15,881	6,164

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Notes to the financial statements (continued)**For the year ended at December 31, 2021**

(By Saudi Riyal)

8 - Due to related parties (continued)

B. The material transactions with related parties as at December 31 are as follows:

Related party	Nature relation	Type of transactions	Transaction amount	
			2021	2020
Osool and Bakheet Investment Company	Fund manager	Management fees	32,225	19,342
Alinma Investment	Custodian	Custody fees	8,040	4,836
-The fund manager charges the fund a management fee of 2% annually and a custody fee of 0.5% annually of the net assets of the fund, which is calculated on a daily basis. Remuneration of the Board of Directors at the rate of 5% of the annual management fees for the fund, with a maximum of 30,000 Saudi riyals per member.				
-The fund manager charges each investor an early redemption fee of 1.75% of the value of the redeemed fund units.				

9 - Financial instruments and risk management

The financial instruments in the statement of financial position comprise mainly of bank balances, financial assets at fair value through profit or loss, due to related parties and accrued expenses.

Credit risk

Credit risk is the risk that one party may fail to discharge an obligation and will cause the other party to incur a financial loss. The Fund is not significantly subjected to credit risk. Cash is deposited at local banks with a high credit rating.

Commission rate risk

Commission rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market commission rates in the market. The Fund has no significant assets or liabilities that are subject to commissions as of December 31, 2021.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Fund believes it is not subjected to significant currency risks as the Fund main transactions are in Saudi Riyals.

Liquidity risks

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet obligations associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The fund manager monitors the liquidity required on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

Fair value

Fair value is the amount for which an asset could be sold, or a liability settled, between parties having a desire for it on fair terms dealing at the measurement date. Within the definition of fair value, there is an assumption that the fund is a going concern entity where there is no intention or condition to materially limit the fund's operations or conduct a transaction on negative terms.

Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

The first level: The quoted market prices in active markets for the same financial instruments.

The second level: Valuation techniques that depend on inputs that affect the fair value and can be directly or indirectly observable in the market.

The third level: Valuation techniques that depend on inputs that affect the fair value that cannot be directly or indirectly observed in the market.

	level 1	Level 2	Level 3	Total
2021				
Investments at fair value through profit and loss	1,750,192	-	-	1,750,192
2020				
Investments at fair value through profit and loss	667,942	-	-	667,942

Notes to the financial statements (continued)
For the year ended at December 31, 2021

10 - Last valuation day

The last valuation day of the year was December 30, 2021.

11 - Significant matters

In view of the events the world and the region are going through from the outbreak of the new Corona virus (Covid-19) in various parts of the world, which is considered a global pandemic that may result in disruptions in commercial and economic activities at the global and internal levels of the Kingdom, the Fund's management was unable to determine the future impact on the lists. The financial statements of the Fund and the results of its actions regarding these events due to their connection with the decisions of the state and it is not possible to determine the extent of the end of this crisis. The management and those responsible for governance will continue to monitor the situation and provide stakeholders with developments as required by laws and regulations.

12 - Subsequent events

The management believes there were no significant subsequent events before or after the date of the financial statements that may require modification or disclosure.

13 - Approval of the financial statements

The financial statements have been approved for issue by the Fund's board of directors on Sha'ban 21, 1443 (Corresponding to March 24, 2022)