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## A) Investment Fund Information

## أ) معلومات صندوق الاستثمار

### 1) Name of the Investment Fund

### 1) اسم صندوق الاستثمار

SNB Capital Corporates Sukuk Fund

صندوق الأهلي لصكوك الشركات

### 2) Investment Objectives and Policies

### 2) أهداف وسياسات الاستثمار وممارساته

#### • Fund's Objectives:

The Fund is aim to provide long term capital appreciation by investing mainly in Corporates Sukuk denominated in SAR or USD or any other currencies in accordance with the Fund's Shariah standards.

يهدف الصندوق إلى تنمية رأس المال المستثمر على المدى الطويل من خلال الاستثمار بشكل رئيسي في صكوك الشركات والمقومة بالريال السعودي أو الدولار الأمريكي أو أي عملة أخرى وفقاً للمعايير الشرعية للصندوق.

#### • Investment Policies and Practices:

The Fund mainly invest in the following Sharia-compliant securities ("Target Securities"):

- Sukuk of Saudi and GCC companies issued in the local market and GCC markets, or any Saudi or GCC Sukuk issued in global markets denominated in Saudi riyals, US dollars or any other currency, in accordance with the Sharia rules of the fund.
- Sovereign sukuk issued by the Saudi government or any sukuk issued directly or indirectly by Saudi government agencies or any sukuk issued by the governments of the GCC countries or any Saudi and GCC sukuk issued in the global markets and denominated in Saudi riyals, US dollars or Any other currency in accordance with the Sharia guidelines of the Fund.
- Short-term money market instruments with counterparties regulated by the Central Bank of Saudi Arabia or a similar regulatory body outside the Kingdom denominated in Saudi riyals, US dollars or any other currency in accordance with the Sharia rules of the fund.
- Money market and fixed income funds that are Sharia compliant and offered for public offering and licensed by the Authority.
- Derivative contracts related to the Sharia-compliant structured instruments and products of the fund, the fund's sharia-compliant structured instruments and products denominated in Saudi riyals and US dollars, and the fund's sharia-compliant structured instruments and products denominated in Saudi riyals or US dollars, for the purpose of hedging risks (such as interest rate risks).
- The fund manager has the right to keep a larger part or all of the fund's assets in cash or in the short term investments if he believes that the market conditions or economic conditions are relatively inappropriate.

#### • أهداف الصندوق:

يستهدف الصندوق الاستثمار في الأوراق المالية التالية المتوافقة مع الضوابط الشرعية ("الأوراق المالية المستهدفة"):

- صكوك الشركات السعودية والخليجية المصدرة في السوق المحلي وأسواق دول مجلس التعاون الخليجي أو أي إصدارات صكوك سعودية وخليجية مصدرة في الأسواق العالمية والمقومة بالريال السعودي أو الدولار الأمريكي أو أي عملة أخرى، وفقاً للضوابط الشرعية للصندوق.
- الصكوك السيادية المصدرة من قبل الحكومة السعودية أو أي صكوك مصدرة بشكل مباشر أو غير مباشر من قبل جهات حكومية سعودية أو أي صكوك مصدرة من قبل حكومات دول مجلس التعاون الخليجي أو أي إصدارات صكوك سعودية وخليجية مصدرة في الأسواق العالمية والمقومة بالريال السعودي أو الدولار الأمريكي أو أي عملة أخرى وفقاً للضوابط الشرعية للصندوق.
- أدوات أسواق النقد قصيرة الأجل مع أطراف نظيرة خاضعة لتنظيم البنك المركزي السعودي أو لهيئة رقابية مماثلة خارج المملكة المقومة بالريال السعودي أو الدولار الأمريكي أو أي عملة أخرى وفقاً للضوابط الشرعية للصندوق.
- صناديق أسواق النقد والدخل الثابت المتوافقة مع الضوابط الشرعية والمطورة طرحة عاماً وتم ترخيصها من قبل الهيئة.
- عقود المشتقات المرتبطة بالأدوات والمنتجات المركبة المتوافقة مع الضوابط الشرعية للصندوق والأدوات والمنتجات المركبة المتوافقة مع الضوابط الشرعية للصندوق المقومة بالريال السعودي والدولار الأمريكي والأدوات والمنتجات المركبة المتوافقة مع الضوابط الشرعية للصندوق المقومة بالريال السعودي أو الدولار الأمريكي، لغرض التحوط من المخاطر (كمخاطر أسعار الفائدة).
- ويحق لمدير الصندوق الإبقاء على جزء أكبر أو كل أصول الصندوق على صورة نقد أو على شكل استثمارات قصيرة أو الأجل في حال اعتقد أن ظروف السوق أو الظروف الاقتصادية غير ملائمة نسبياً.

### 3) Distribution of Income & Gain Policy

### 3) سياسة توزيع الدخل والأرباح

All profit will be reinvested in the Fund. But the fund manager has the right to distribute profit to the fund's unit holders under

يتم إعادة استثمار الأرباح النقدية الموزعة في الصندوق مما سينعكس بارتفاع صافي قيمة الأصول وسعر وحدة الصندوق إلا أن مدير الصندوق قد يقوم بتوزيع

his own his own discretion based on the fund's performance and market conditions as stipulated in a notice addressed to unitholders, for the unitholders' available accounts with the fund manager.

الأرباح لمالكي الوحدات وفقاً لتقديره المطلق المبني على أداء الصندوق وظروف السوق كما يتم النص عليه في إشعار موجه لمالكي الوحدات، وذلك لحسابات مالكي الوحدات المتوفرة لدى مدير الصندوق.

**4) The fund's reports are available upon request free of charge.**

**4) تتاح تقارير الصندوق عند الطلب وبدون مقابل.**

**5) The fund's benchmark and the service provider's website (if any)**

**5) المؤشر الاسترشادي للصندوق، والموقع الإلكتروني لمزود الخدمة (إن وجد)**

60% - S&P GCC Sukuk Index and 40% - 30-day rolling average of the 1-month term SOFR rate.

مركب من 60% مؤشر ستاندرد أند بورز لسكوك الجي سي سي ( S&P GCC Sukuk)، بالإضافة إلى 40% من المعدل المتحرك لآخر (30) يوم لمؤشر سوفر لأجل محدد لمدة شهر واحد.

## B) Fund Performance

## ب) أداء الصندوق

**1) A comparative table covering the last three financial years/or since inception, highlighting:**

**1) جدول مقارنة يغطي السنوات المالية الثلاث الأخيرة/ أو منذ التأسيس، يوضح:**

Year	2023	2022	2021	السنة
NAV*	8,625,390	10,290,963	59,821,571	صافي قيمة أصول الصندوق*
NAV per Unit*	10.31	9.90	10.31	صافي قيمة أصول الصندوق لكل وحدة*
ECL NAV*	10.30	9.93	10.31	سعر الوحدة مع الخسائر الائتمانية المتوقعة*
Highest Price per Unit – Class A*	10.35	10.31	10.33	أعلى سعر وحدة – الفئة أ*
Highest Price per Unit – Class B*	10.26	10.29	10.31	أعلى سعر وحدة – الفئة ب*
Lowest Price per Unit – Class A *	9.93	9.81	10.13	أقل سعر وحدة – الفئة أ*
Lowest Price per Unit – Class B *	9.87	9.76	10.12	أقل سعر وحدة – الفئة ب*
Number of Units	836,178	1,039,724	5,806,208	عدد الوحدات
Income Distribution Per Unit	N/A	0.00%	2.00%	قيمة الأرباح الموزعة لكل وحدة
Fees & Expense Ratio	1.68%	1.86%	1.47%	نسبة الرسوم والمصروفات
Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any)	N/A	N/A	N/A	نسبة الأصول المقترضة من إجمالي قيمة الأصول، ومدة انكشافها وتاريخ استحقاقها (إن وجدت)
*In USD				*بالدولار الأمريكي

2) A performance record that covers the following:

a. The total return for the fund compared to the benchmark for 1 year, 3 years, 5 years and since inception:

سجل أداء يغطي ما يلي:  
أ. العائد الإجمالي للصندوق مقارنة بالمؤشر لسنة واحدة، ثلاث سنوات، خمس سنوات ومنذ التأسيس:

Period	Since Inception منذ التأسيس	5 Years 5 سنوات	3 Years 3 سنوات	1 Year سنة	الفترة
Return% – Class A	1.12	N/A	0.63	4.30	عائد الصندوق% – الفئة أ
Return% – Class B	0.83	N/A	0.34	4.00	عائد الصندوق% – الفئة ب
Benchmark % - Class A	0.97	N/A	0.69	5.18	عائد المؤشر% – الفئة أ
Benchmark % - Class B	0.93	N/A	0.69	5.18	عائد المؤشر% – الفئة ب

b. The annual total return for the fund compared to the benchmark for the last 10 years/ or since inception:

ب. العائد الإجمالي السنوي للصندوق مقارنة بالمؤشر للعشر سنوات الماضية/ أو منذ التأسيس:

Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	السنة
Return% –Class A	4.30	-3.74	1.49	1.79	N/A	N/A	N/A	N/A	N/A	N/A	عائد الصندوق% – الفئة أ
Return% –Class B	4.00	-4.02	1.20	1.74	N/A	N/A	N/A	N/A	N/A	N/A	عائد الصندوق% – الفئة ب
Benchmark %	5.18	-3.54	0.61	1.05	N/A	N/A	N/A	N/A	N/A	N/A	عائد المؤشر%

c. Actual fees and fund expenses paid by the investment fund during the year as a percentage of average Net Asset Value:

ج. مقابل الخدمات والعمولات والأتعاب التي دفعها الصندوق على مدار العام كنسبة مئوية من متوسط صافي قيمة أصول الصندوق:

Fees and Expenses	ألف دولار USD '000	النسبة المئوية %	الرسوم والمصروفات
Management Fees - Class A	26	0.50%	أتعاب الإدارة - الفئة أ
Management Fees - Class B	28	0.22%	أتعاب الإدارة - الفئة ب
VAT on Management Fees	9	0.10%	ضريبة القيمة المضافة على أتعاب الإدارة
Custodian Fees	10	0.12%	رسوم الحفظ
Auditor Fees	12	0.14%	أتعاب مراجع الحسابات
Fund Admin Expenses	9	0.10%	مصاريف العمليات الإدارية
CMA Fees	2	0.02%	رسوم هيئة السوق المالية
Tadawul Fees	2	0.02%	رسوم نشر معلومات الصندوق على موقع تداول
Other Fees	39	0.43%	مصاريف أخرى
Shariah Committee Fees	5	0.06%	أتعاب خدمات اللجنة الشرعية
Independent Fund Board Remunerations	5	0.06%	مكافآت أعضاء مجلس إدارة الصندوق المستقلين
<b>Total Fees and Expenses</b>	<b>147</b>	<b>1.68%</b>	<b>مجموع الرسوم والمصاريف</b>

## Material Changes

- The U.S Federal Open Market Committee (FOMC) maintained a contractionary monetary policy stance going into 2023, raising the short-term fed fund policy rate (FFR) by a total of 100 Bps during the year, however, in a more disperse and steady series of rate hikes in comparison to 2022, reaching a target range of 5.25-5.50% by year-end. Their actions came at the back of higher than target inflation levels – although subduing - and supportive labor market conditions.
- Tightening Monetary policy by central banks continued worldwide 2023, the Saudi Central Bank (SAMA) hiked its policy rates by a total of 100 Bps, taking the Repo and Reverse Repo to 6.00% and 5.50% respectively.
- The U.S treasury yield-curve steepened slightly YoY with short-term yields decreasing while long-term bond yields held steady ;2-year treasury yield decreased by 18 bps to 4.25%, 5-Year treasury yield decreased by 16 bps to 3.85%, while the 10-Year treasury yield remained flat at 3.88%.
- The SAR Sovereign Sukuk broadly shifted upward YoY; 2-year Sukuk yield increased by approximately 66 bps to 5.2%, 5-Year Sukuk yield increased by 38 bps to 4.5%, while the 10-Year Sukuk yield increased by 18 bps to 4.7%.
- The USD LIBOR cessation and market transition to the alternative Secured Overnight Financing Rate (SOFR) completed in June 2023. The transition came as a response to concerns regarding the sustainability and strength of the benchmark triggering the development of an alternative. The primary differences between the LIBOR and SOFR is while the LIBOR represented the bank lending, forward-looking, uncollateralized, and survey-based rates, the SOFR represents the risk free, backward looking, collateralized, and transaction-based rate.
- Saudi Riyal Interbank Average Offered Rate (SAIBOR) increased across all tenors; 1-Month, 3-Month, and 12-Month SAIBOR increased by 118 Bps, 89 Bps, and 12 Bps reaching levels of 5.9%, 6.2%, and 6.0% respectively.
- The 1-Month, 3-Month, and 12-Month Term SOFR rates - which are the forward-looking measurement of the SOFR, based on market expectations implied by the derivatives markets- stood at levels of 4.6%, 4.6%, and 4.9% respectively by year-end.
- Saudi Sovereign new debt issuances amounted to SAR 189 Bln, taking the total outstanding government indebtedness to SAR 1,050 Bln by year-end (25% of GDP).
- Excess Saudi Riyal liquidity in the banking sector - measured by the net daily average reverse repo volumes – averaged SAR 27 Bln for the year, a decrease of 37% compared to 2022. Broader money supply (M3) steadily increased during the year reaching SAR 2.7 Tln (+7.8% YoY).
- Brent crude oil prices decreased from an average of \$99 per barrel in 2022 to \$82 per barrel in 2023 (-10% YoY) as crude

## 3) تغيرات جوهرية حدثت خلال الفترة

- واصلت اللجنة الفيدرالية الأمريكية للسوق المفتوحة (FOMC) بتطبيق سياسة نقدية متشددة خلال العام 2023م، بحيث قامت برفع سعر الفائدة الفيدرالي بإجمالي 100 نقطة أساس ليصل نطاق سعر الفائدة بين 5.25% و 5.50%، إلا أنها أتت بوتيرة أكثر ثباتاً وتشتتاً مقارنة بالعام السابق. وعلى خلفية ارتفاع مستويات التضخم عن المستوى المستهدف -على الرغم من انخفاضها خلال العام- ومدعومة بالمستويات القوية لسوق العمل.
- استمرت البنوك المركزية عالمياً بتشديد السياسة النقدية خلال العام، حيث قام البنك المركزي السعودي (ساما) أيضاً برفع معدلات اتفاقيات إعادة الشراء ("الريبو") ومعدلات اتفاقيات إعادة الشراء المعاكس ("الريبو العكسي") بإجمالي 100 نقطة أساس، حيث استقر معدل الريبو عند 6.00%، ومعدل الريبو العكسي عند 5.50%.
- كما انخفض منحني عوائد سندات الخزينة الأمريكية بشكل طفيف مقارنة بإغلاق العام السابق مع انخفاض عوائد السندات قصيرة الأجل وثبات عوائد السندات طويلة الأجل؛ انخفض عائد سندات الخزينة لسنتين بمقدار 18 نقطة أساس إلى 4.25%، وانخفض عائد سندات الخزينة لـ 5 سنوات بمقدار 16 نقطة أساس إلى 3.85%، بينما ظلت عوائد سندات الخزينة لأجل 10 سنوات ثابتة عند مستوى 3.88%.
- شهد منحني عائد الصكوك السيادية السعودية بالريال السعودي تحولاً تصاعدياً عند نهاية العام مقارنة بالعام السابق؛ حيث ارتفع عائد الصكوك لأجل سنتين بما يقارب 66 نقطة أساس ليصل إلى 5.2%، وارتفع عائد الصكوك لأجل 5 سنوات بما يقارب 38 نقطة أساس 4.5%، بينما ارتفع عائد الصكوك لأجل 10 سنوات بمقدار 18 نقطة أساس لتصل إلى 4.7%.
- اكتمل إيقاف نشر واستخدام مؤشر معدل الإقراض بين البنوك بالدولار الأمريكي ("الايبور")، وانتقال السوق لاستخدام معدل التمويل المضمون لليوم الواحد ("السوفر" البديل في يونيو 2023م. أتى التغيير استجابة للمخاوف المتعلقة باستدامة ودقة المؤشر مما أدى إلى تحفيز إيجاد بديل له، وتشكل الفروقات الأساسية بين المؤشر وبديله السوفر؛ حيث يعكس الايبور معدل الإقراض المصرفي الغير المضمون لفترات مستقبلية تطلعية وقائم على آراء الخبراء، بينما يعكس السوفر المعدل الخالي من المخاطر، والقائم على المعاملات المضمونة المنعقدة في السوق.
- شهدت معدلات الإقراض بين البنوك السعودية ("سايبور") ارتفاعاً خلال عام 2023م، حيث ارتفع معدل سايبور لمدة شهر واحد بمقدار 118 نقطة أساس ليصل إلى مستوى 5.9%، وارتفع معدل سايبور لمدة ثلاثة أشهر بمقدار 89 نقطة أساس ليصل إلى مستوى 6.2%، كما ارتفع سايبور لمدة اثنا عشر شهر بمقدار 12 نقطة أساس ليحقق مستوى 6.0%.
- بلغت معدلات السوفر لشهر واحد، وثلاثة أشهر، واثنا عشر شهراً (ممثلة المعدل التطلعي لمعدل السوفر المبنية على التوقعات المنعكسة في أسواق المشتقات)، مستوى 4.6% و 4.6% و 4.9% على التوالي بنهاية العام.
- بلغت إصدارات الدين السيادية السعودية الجديدة 189 مليار ريال سعودي، ليصل إجمالي الديون الحكومية القائمة إلى 1,050 مليار ريال سعودي بنهاية العام (25% من الناتج المحلي الإجمالي).
- بلغت مستويات سيولة الريال السعودي الفائضة في القطاع المصرفي المتمثلة بصافي المتوسط اليومي لعمليات إعادة الشراء والشراء المعاكس متوسط 27 مليار ريال سعودي خلال العام، بانخفاض قدره 37% مقارنة بمتوسط العام السابق. كما شهد معدل عرض النقود (M3) ارتفاعاً ثابتاً خلال العام ليصل إلى 2.7 ترليون ريال سعودي أو ما يعادل ارتفاعاً بنسبة 8% خلال العام.
- انخفض متوسط سعر خام برنت من 99 دولاراً للبرميل في عام 2022م إلى 82 دولاراً للبرميل في عام 2023م (ما يعادل -10%)؛ على خلفية انخفاض



oil demand fell short of expectation, despite voluntary production cuts and geopolitical tensions in the second half of the year.

الطلب دون التوقعات بالرغم من تخفيضات الإنتاج الطوعية والتوترات الجيوسياسية خلال النصف الثاني من العام.

#### 4) Exercising of Voting Rights

No voting rights were exercised during the year.

#### 4) ممارسات التصويت السنوية

لم تتم أي ممارسات تصويت خلال العام.

#### 5) Fund Board Annual Report

#### 5) تقرير مجلس إدارة الصندوق السنوي

##### a. Names of Fund Board Members

- Ali Abdulaziz Al Hawas - Chairman - Dependent Member
- Feras Abdulrazaq Houhou - Dependent Member
- Ammar Hasan Yasin Bakheet - Independent member
- Amr Shahwan - Independent member

##### أ. أسماء أعضاء مجلس إدارة الصندوق

- علي عبدالعزيز الحواس - رئيس مجلس إدارة الصندوق - عضو غير مستقل
- فراس عبدالرزاق حوحو - عضو غير مستقل
- عمار حسن ياسين بخيت - عضو مستقل
- عمرو رأفت شهبان - عضو مستقل

##### b. A brief about the fund board members' qualifications

**Ali Al Hawas:** Executive Vice President, and Head of Global Markets at Saudi National Bank. He joined Samba in 2008 and has over 24 years of Treasury business experience. He is member of Bank's Asset Liability Management Committee and responsible of managing the business under Samba Global Markets Ltd platform. He holds a diploma certificate from ACI University.

**Feras Houhou:** General Legal Counsel at Savvy Electronic Gaming Group ("Savvy"), a leading company aiming to drive long-term growth in the global gaming and eSports sector. In his position as general legal counsel, he oversees many tasks and responsibilities related to five main departments: legal affairs, risk management, compliance, governance, and board affairs. Mr. Feras also held the position of head at SNB Capital's Legal and Governance Division and the Secretary of the Board. In March 2015, Feras joined the Legal Division besides his role as a Board Secretary. His expertise covers a wide range of tasks such as working on various Equity Capital Market and Debt Capital Market transactions and handling all litigations in which the Company is involved. He also has worked extensively in Merger & Acquisition and all sorts of investment funds locally and internationally. His role in these transactions included negotiations, drafting and execution of its relevant agreements, documents and structure. Prior to joining SNB Capital, Feras worked at the Legal Division in the Capital Market Authority where he participated in drafting many of the Capital Market Regulations and advised in many policy matters. Mr. Feras holds an LLM specialized in Securities and Financial Regulations from Georgetown Law School and a law degree from King Abdulaziz University. He was appointed in July 2021 as member of the Middle East & North Africa (MENA) advisory Board at Georgetown Law Centre.

**Ammar Bakheet:** He has more than 27 years of experience in the financial sector. Specialized in business establishment in the financial sector, strategy development, securing regulatory and legislative approvals, building of the operational infrastructure, and building the administrative teams to run such businesses.

##### ب. نبذة عن مؤهلات أعضاء مجلس إدارة الصندوق

**علي الحواس:** نائب الرئيس التنفيذي، رئيس الأسواق العالمية في البنك الأهلي السعودي. انضم إلى مجموعة سامبا المالية في عام 2008 ولديه أكثر من 24 عاما من الخبرة في مجال الخزينة. مسؤول عن الناحية التشغيلية من إدارة أعمال في منصة شركة الأسواق العالمية المحدودة لدى سامبا. عضو في لجنة إدارة الموجودات والمطلوبات في البنك. بالإضافة إلى ذلك، حاصل على شهادة دبلوم من جامعة ACI.

**فراس حوحو:** المستشار القانوني العام في مجموعة سافي للألعاب الإلكترونية ("سافي"), الشركة الرائدة التي تهدف إلى تعزيز النمو طويل المدى في قطاع الألعاب والرياضات الإلكترونية عالمياً. ويشرف في وظيفته كمستشار قانوني عام على العديد من المهام والمسؤوليات المعنية بخمسة أقسام رئيسية هي الشؤون القانونية وإدارة المخاطر والامتثال والحوكمة وشؤون مجلس الإدارة. أيضاً كان يشغل الأستاذ/ فراس منصب رئيس قسم الشؤون القانونية والحوكمة بشركة الأهلي المالية وأمين مجلس إدارة الشركة، حيث التحق بقسم الشؤون القانونية بشركة الأهلي المالية في مارس 2015 م إلى جانب دوره كأمين لمجلس الإدارة. تغطي خبرة الأستاذ فراس مجموعة واسعة من المهام مثل الصفقات المتعلقة بالأسهم (ECM) ( وصفقات الإقراض (DCM) ) في السوق المالية، ومتابعة الدعاوى القضائية التي تخص الشركة. كما تمتد خبرته إلى العمل في صفقات الاندماج والاستحواذ والصناديق الاستثمارية محلياً ودولياً حيث عمل على المفاوضات وإعداد ومراجعة الاتفاقيات والوثائق ذات العلاقة بعدد من الصفقات في السوق المالية السعودية وعدد من الدول الأجنبية. قبل انضمامه إلى شركة الأهلي المالية، عمل الأستاذ فراس في الإدارة القانونية بهيئة السوق المالية حيث شارك في صياغة العديد من لوائح السوق المالية وقدم المشورة بخصوص العديد من المسائل المتعلقة بسياسات السوق. يحمل الأستاذ فراس شهادة ماجستير في القانون من جامعة جورجيتاون في تخصص الأوراق المالية والتشريعات المالية وشهادة في القانون من جامعة الملك عبد العزيز. كما عُيِّن في يوليو 2021 م في المجلس الاستشاري لشؤون الشرق.

**عمار بخيت:** يمتلك أكثر من 27 عاماً من الخبرة في القطاع المالي. متخصص في تأسيس الأعمال في القطاع المالي، ووضع الاستراتيجيات، وتأمين الموافقات التنظيمية والتشريعية، وبناء البنية التحتية التشغيلية، وبناء الفرق الإدارية لإدارة تلك الأعمال. أسس شركة منصة رقمية وهي شركة تقنية مالية متخصصة بتشغيل منصة تعمل على تمويل الشركات الصغيرة والمتوسطة المملكة العربية السعودية (2017 - حتى الآن). عمل في عوده كابيتال كرئيس إدارة الأصول

The founding partner and CEO of Mnasah Digital Platform a technical financial company specialized in operating and running of a digital platform specialized in financing of small and Medium-sized enterprises (SMEs) Kingdom of Saudi Arabia (2017-Present). Head of asset management & product development - Audi capital 2007–2017. Establishment of the Investment Division at RAKBank (Dubai) (2003 -2006). Working at Samba Capital as Saudi Equity Funds manager (1998-2002). Co-founding Bakheet Investment Company (1993- 1998).

**Amr Shahwan:** He's a Managing Director at Majd Arabia Management Consultant Co., Riyadh, Kingdom of Saudi Arabia. Amr holds a Bachelor's degree in Business Administration from The Amman Ahliya University. Has more than 25 years of experience in family office consulting, investment consulting, strategy, and business planning. He is Founder of Kartal Advisory Limited, UAE. During the span of his excellent carrier, Mr. Shahwan has served the top ranked organizations (MASIC, SAMBA Financial Group, Al Majdouie Group, Arbah Investment Group, Baker Tilly KSA) in Saudi Arabia and Jordan on high level Key positions (CEO, Director, General Manager etc.).

#### c. Roles and responsibilities of the Fund Board

The responsibilities of the members of the fund board shall include the following:

1. Approving material contracts, decisions and reports involving the fund.
2. Approve a written policy in regards to the voting rights related to the fund assets.
3. Overseeing and, where appropriate, approving or ratifying any conflicts of interest the fund manager has identified.
4. Meeting at least twice annually with the fund manager's compliance committee or its compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations.
5. Approving all changes stipulated in Articles (62) and (63) of the Investment Funds Regulations "IFRs" before the fund manager obtains the approval or notification of the unitholders and the Authority (as applicable).
6. Confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with the IFRs, of the Terms and Conditions and of any other document, contractual or otherwise.
7. Ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with the IFRs and the Fund's Terms and Conditions.
8. Reviewing the report that includes assessment of the performance and quality of services provided by the parties involved in providing significant services to the fund referred to in Paragraph (I) of Article (9) of IFRs, in order to ensure that the fund manager fulfils his responsibilities in the interest of unitholders in accordance with the Fund's Terms and Conditions and the provisions stipulated in IFRs.

وتطوير المنتجات (2007-2017). أسس إدارة الاستثمار في بنك رأس الخيمة (دبي) (2003-2006). عمل في سامبا المالية كمدير صناديق الأسهم السعودية (1998-2002). شارك في تأسيس شركة بخيت للاستشارات المالية (1993-1998).

**عمرو رأفت شهبان:** عمرو شهبان هو مدير تنفيذي في مجد العربية للاستشارات الإدارية، المملكة العربية السعودية. يحمل عمرو شهادة بكالوريوس في إدارة الأعمال من جامعة عمان الأهلية في الأردن. يمتلك أكثر من 25 عاماً من الخبرة في استشارات المكاتب العائلية، استشارات الاستثمار، الاستراتيجية، وتخطيط الأعمال. السيد/شهبان هو مؤسس كارتال أدفايزوري ليمتد، الإمارات. خلال حياته المهنية المميزة، قدم السيد/شهبان خدماته للعديد من المؤسسات (ماسك، مجموعة سامبا المالية، مجموعة المجدوعي، مجموعة أرباح للاستثمار، بيكر تيلي السعودية) في السعودية والأردن في مناصب عليا (الرئيس التنفيذي، مدير تنفيذي، مدير عام).

#### ج. أدوار مجلس إدارة الصندوق ومسؤولياته

تشمل مسؤوليات أعضاء مجلس إدارة الصندوق، على سبيل المثال لا الحصر، الآتي:

1. الموافقة على جميع العقود والقرارات والتقارير الجوهرية التي يكون الصندوق طرفاً فيها.
2. اعتماد سياسة مكتوبة فيما يتعلق بحقوق التصويت المتعلقة بأصول الصندوق.
3. الإشراف، ومتى كان ذلك مناسباً، الموافقة أو المصادقة على أي تعارض مصالح يفصح عنه مدير الصندوق وفقاً لللائحة صناديق الاستثمار.
4. الاجتماع مرتين سنوياً على الأقل مع لجنة المطابقة والالتزام لدى مدير الصندوق أو مسؤول المطابقة والالتزام لديه، للتأكد من التزام مدير الصندوق بجميع اللوائح والأنظمة المتبعة.
5. الموافقة على جميع التغييرات المنصوص عليها في المادتين (62) و (63) من لائحة صناديق الاستثمار وذلك قبل حصول مدير الصندوق على موافقة مالكي الوحدات والهيئة أو إشعارهم (حيثما ينطبق).
6. التأكد من اكتمال ودقة شروط وأحكام الصندوق وأي مستند آخر (سواء أكان عقداً أم غيره) يتضمن إفصاحات تتعلق بالصندوق ومدير الصندوق وإدارته للصندوق، إضافةً إلى التأكد من توافق ما سبق مع أحكام لائحة صناديق الاستثمار.
7. التأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالكي الوحدات وفقاً لشروط وأحكام الصندوق، وأحكام لائحة صناديق الاستثمار.
8. الاطلاع على التقرير المتضمن تقييم أداء وجودة الخدمات المقدمة من الأطراف المعنية بتقديم الخدمات الجوهرية للصندوق المشار إليه في الفقرة (ل) من المادة (9) من لائحة صناديق الاستثمار؛ وذلك للتأكد من



9. Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.
10. Have a fiduciary duty to unitholders, including a duty to act in good faith, a duty to act in the best interests of the unitholders and a duty to exercise all reasonable care and skill.
11. Approving the appointment of the external Auditor nominated by the Fund Manager.
12. Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the fund's board of director.
13. Review the report containing all complaints and the measures taken regarding them referred to in Paragraph (m) of Article (9) of IFRs, in order to ensure that the fund manager carries out his responsibilities in a way that serves the interest of unitholders in accordance with the Fund's Terms and Conditions and what contained in this Regulation.

#### d. Remuneration of fund board members

Independent Board members shall be remunerated by the Fund Manager for attending at least two Board meetings per annum, which is the minimum number of the Fund's Board meetings, which shall be paid from the Fund's assets. It should be noted that this remuneration represents a sum of USD 5,333 per year for the independent members of the Board collectively. Independent Board Members shall also be entitled to travel allowances of a maximum of USD 2,000 paid from the Fund's assets. They shall not be included in the remuneration paid to independent directors. Non-independent Board Members shall not be entitled to any remuneration from the Fund Manager in consideration for their roles as Board members of the Fund.

#### e. A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund

The Fund Board is composed of certain employees of the Fund Manager. However, the Fund Board members have fiduciary duties to Unitholders and will use their best efforts to resolve all conflicts by exercising their good faith judgement. Furthermore, Board members may hold Unit in the Fund, have a banking relationship with companies in which their shares are acquired, sold or maintained by the Fund or on its behalf, or with which the Fund has Murabaha deals. However, if any conflict of interests arises, such conflict shall be communicated to the Fund Board for approval in which case the conflicted Board member shall not be entitled to vote on any resolution taken by the Fund Board in respect of which the conflicted Board member has any direct or indirect interest.

- قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالك الوحدات وفقاً لشروط وأحكام الصندوق وما ورد في لائحة صناديق الاستثمار.
9. تقييم آلية تعامل مدير الصندوق مع المخاطر المتعلقة بأصول الصندوق وفقاً لسياسات وإجراءات مدير الصندوق حيال رصد المخاطر المتعلقة بالصندوق وكيفية التعامل معها.
10. العمل بأمانة وحسن نية واهتمام ومهارة وعناية وحرص وبما يحقق مصلحة مالي الوحدات.
11. الموافقة على تعيين مراجع الحسابات بعد ترشيحه من قبل مدير الصندوق.
12. تدوين محاضر الاجتماعات التي تشتمل على جميع وقائع الاجتماعات والقرارات التي اتخذها مجلس إدارة الصندوق.
13. الاطلاع على التقرير المتضمن جميع الشكاوى والإجراءات المتخذة حيالها المشار إليه في الفقرة (م) من المادة (9) من لائحة صناديق الاستثمار؛ وذلك للتأكد من قيام مدير الصندوق بمسؤولياته بما يحقق مصلحة مالي الوحدات وفقاً لشروط وأحكام الصندوق وما ورد في لائحة صناديق الاستثمار.

#### د. مكافآت أعضاء مجلس إدارة الصندوق

يتقاضى أعضاء المجلس المستقلين مكافأة من مدير الصندوق في حال حضور اجتماعين بالسنة وهو الحد الأدنى لعدد اجتماعات مجلس إدارة الصندوق حيث يتقاضى كل عضو مستقل مكافأة تدفع من أصول الصندوق. وتجدر الإشارة إلى أن هذه المكافأة تمثل مبلغ إجمالي 5,333 دولار أمريكي سنوياً لأعضاء المجلس المستقلين مجتمعين. كما تدفع لأعضاء المجلس المستقلين مخصصات سفر بحد أقصى 2,000 دولار أمريكي سنوياً للعضو المستقل الواحد تدفع من أصول الصندوق وليست مضمنة مع المكافأة المدفوعة للأعضاء المستقلين. ولا يتقاضى أعضاء مجلس الإدارة غير المستقلين أي مكافأة من مدير الصندوق مقابل دورهم كأعضاء في مجلس إدارة الصندوق.

#### هـ. تعارض المصالح بين مصالح عضو مجلس إدارة الصندوق

##### ومصالح الصندوق

يتألف مجلس إدارة الصندوق من بعض موظفي مدير الصندوق. ومع ذلك، فإن أعضاء المجلس لديهم واجبات أمانة لمالك الوحدات، وسوف يبذلون قصارى جهدهم لحل جميع حالات تعارض المصالح من خلال ممارسة الاجتهاد بنية حسنة. كما يمكن لأعضاء المجلس تملك وحدات في الصندوق أو أن يكون لديهم علاقات مصرفية مع الشركات التي يتم شراء أسهمها أو بيعها أو حفظها من قبل الصندوق أو نيابة عنه، أو التي يكون لدى الصندوق صفقات مربحة معها. ومع ذلك، في حالة نشوء أي تعارض في المصالح، يتم إبلاغ مجلس الصندوق بهذا التعارض للموافقة عليه وفي هذه الحالة لا يجوز للعضو الذي لديه تعارض في المصالح التصويت على أي قرار يتخذه مجلس إدارة الصندوق ويكون للعضو أي مصلحة مباشرة أو غير مباشرة فيه.

**f. A statement showing all the funds boards that the relevant board member is participating in**

و. جدول يوضح جميع مجالس إدارة الصناديق التي يشارك فيها

Fund's/ Member's Name	عضو مجلس الصندوق اسم الصندوق / العضو			
	عمرو شهبان Amr Shahwan	عمار بخيت Ammar Bakheet	فراس حوحو Feras Houhou	علي الحواس Ali AlHawas
SNB Capital Al Sunbullah USD	✓	✓	✓	✓
SNB Capital Al Sunbullah SAR	✓	✓	✓	✓
SNB Capital Al-Raed GCC Fund	✓	✓	✓	✓
SNB Capital Al Ataa Saudi Equity Fund	✓	✓	✓	✓
SNB Capital Al Ataa GCC Equity Fund	✓	✓	✓	✓
SNB Capital Al Jood GCC Equity Fund	✓	✓	✓	✓
SNB Capital Al Raed Saudi Equity Fund	✓	✓	✓	✓
SNB Capital Al Razeen USD Liquidity Fund	✓	✓	✓	✓
SNB Capital Al Razeen SAR Liquidity Fund	✓	✓	✓	✓
SNB Capital Al Musahem GCC Fund	✓	✓	✓	✓
SNB Capital China Equity Fund	✓	✓	✓	✓
SNB Capital Global Equity Fund	✓	✓	✓	✓
SNB Capital Al Musahem Saudi Equity Fund	✓	✓	✓	✓
SNB Capital Arab Markets Equity Fund	✓	✓	✓	✓
SNB Capital GCC Financial Sector Fund	✓	✓	✓	✓
SNB Capital Sovereign Sukuk Fund	✓	✓		✓
SNB Capital Corporates Sukuk Fund	✓	✓	✓	✓
SNB Capital Real Estate Fund		✓		
AlAhli REIT 1			✓	

**g. Topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objectives**

ز. الموضوعات التي تمت مناقشتها والقرارات الصادرة بشأنها بما

في ذلك أداء الصندوق وتحقيق الصندوق لأهدافه

The Fund's Board of Directors held three meetings during 2023. The following is a summary of the key decisions approved and the matters discussed by the Fund's Board of Directors:

عقد مجلس إدارة الصندوق ثلاثة اجتماعات خلال العام 2023م، وفيما يلي ملخصاً لأهم القرارات التي تم إقرارها والمواضيع التي تمت مناقشتها من قبل مجلس إدارة الصندوق:

- Fund's objectives achievement and performance review.
- Risks related to the funds; including: liquidity, market, and operational risks.
- Ensuring fund's compliance to all applicable rules and regulations.

- مناقشة تحقيق الصندوق لأهدافه وأدائه خلال العام.
- المخاطر المتعلقة بالصندوق بما في ذلك مخاطر السيولة، السوق، والتشغيل.
- التزام الصناديق بلوائح هيئة السوق المالية مع مسؤول المطابقة والالتزام.

**C) Fund Manager**

ج) مدير الصندوق

**1) Name and address of the Fund Manager**

1) اسم مدير الصندوق، وعنوانه

**SNB Capital Company**

شركة الأهلي المالية

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Website: [www.alahlicapital.com](http://www.alahlicapital.com)

الموقع الإلكتروني: [www.alahlicapital.com](http://www.alahlicapital.com)

## 2) Names and addresses of Sub-Manager / Investment Adviser

None.

## 2) اسم وعنوان مدير الصندوق من الباطن و/أو مستشارين الاستثمار (إن وجد)

لا يوجد.

## 3) Investment Activities during the period

With the high yield levels caused by central banks tightening their policy rates to control the inflationary environment, the fund extended its duration and increased its Sukuk allocation to take advantage of expected downward shift of yield curves which will drive up Sukuk prices and continued to allocate the majority of its investments to high credit quality Sukuk.

## 3) أنشطة الاستثمار خلال الفترة

مع ارتفاع منحى العوائد وذلك بسبب سياسة التشديد للبنوك المركزية ورفع أسعار الفائدة للحد من البيئة التضخمية، قام الصندوق برفع معدل استحقاق الصندوق وزيادة نسبة الصكوك في الصندوق للاستفادة من الانخفاض المتوقع لمنحى العائد والذي سيؤثر إيجابياً على أسعار الصكوك. كما قام الصندوق بالتركيز على تخصيص أغلب استثماراته في صكوك ذات جودة ائتمانية عالية.

## 4) Performance

## 4) تقرير الأداء خلال الفترة

	Class A:	Class B:
Fund Performance	4.30%	4.00%
Benchmark Performance	5.18%	5.18%

**Class A:** The fund underperformed the benchmark by 88 bps.

**Class B:** The fund underperformed the benchmark by 118 bps.

فئة أ:	فئة ب:
أداء الصندوق	4.00%
أداء المؤشر	5.18%

**فئة أ:** انخفض أداء الصندوق عن أداء المؤشر بفارق 88 نقطة أساس.  
**فئة ب:** انخفض أداء الصندوق عن أداء المؤشر بفارق 118 نقطة أساس.

## 5) Terms & Conditions Material Changes

## 5) تغيرات حدثت في شروط وأحكام الصندوق

- Non-fundamental Changes: as shown below:  
First: Amending subparagraphs (a) "Names of Fund Board members" in paragraph (24) "Fund Board".  
Second: Amending subparagraphs (b) "Brief about the Fund Board members' qualifications" paragraph (24) "Fund Board".  
Third: Update the sub-paragraph (f) "Table showing all the funds boards that the relevant Board member is participating in" in paragraph (24) "Fund Board".
- Non-fundamental Changes: as shown below:  
First: Amending subparagraph (n) of paragraph (3) "Investment Policies and Practices".  
Second: Amending subparagraph (a) of paragraph (9) "Fees, Charges and Expenses".  
Third: Amending subparagraph (a) of paragraph (25) "Shariah Committee".  
Fourth: Updating subparagraph (a) of paragraph (28) "Auditor" (Where applicable)."
- Non-fundamental Changes: as shown below:  
First: Amending the Fund's summary.  
Second: Appointing Tax adviser and Adding his information (where applicable).  
Third: Amending subparagraphs (a, b, c, f) in paragraph (9) "Fees, Charges and Expenses".  
Forth: Amending subparagraph (a) in paragraph (21) "Fund Manager".  
Fifth: Amending subparagraph (c) in paragraph (25) "Shariah Committee".  
Sixth: Amending subparagraph (b) in paragraph (24) "Fund Board".

- تغييرات غير أساسية: كما هو موضح أدناه:  
أولاً: تعديل الفقرة الفرعية (أ) "أعضاء مجلس إدارة الصندوق"، من الفقرة (24) "مجلس إدارة الصندوق".  
ثانياً: تعديل الفقرة الفرعية (ب) "مؤهلات أعضاء مجلس إدارة الصندوق"، من الفقرة (24) "مجلس إدارة الصندوق".  
ثالثاً: تعديل الفقرة الفرعية (و) "مجالس إدارة الصناديق التي يشارك فيها عضو مجلس الصندوق ذي العلاقة"، من الفقرة (24) "مجلس إدارة الصندوق".
- تغييرات غير أساسية: كما هو موضح أدناه:  
أولاً: تعديل الفقرة الفرعية (ن) "المؤشر الاسترشادي" من الفقرة الرئيسية (3) "سياسات الاستثمار وممارساته" (وحيثما ينطبق).  
ثانياً: تعديل الفقرة الفرعية (أ) "من الفقرة الرئيسية (9) "مقابل الخدمات والعمولات والأتعاب".  
ثالثاً: تحديث الفقرة الفرعية (أ) من الفقرة الرئيسية (25) "اللجنة الشرعية".  
رابعاً: تحديث الفقرة الفرعية (أ) "اسم مراجع الحسابات" من الفقرة الرئيسية (28) "مراجع الحسابات" (وحيثما ينطبق).
- تغييرات غير أساسية: كما هو موضح أدناه:  
أولاً: تحديث ملخص الصندوق.  
ثانياً: تعيين مستشار ضريبي وإضافة المعلومات اللازمة له حيثما ينطبق.  
ثالثاً: تحديث الفقرات الفرعية (أ، ب، ج، و) من الفقرة الرئيسية (9) "مقابل الخدمات والعمولات والأتعاب".  
رابعاً: تحديث الفقرة الفرعية (أ) من الفقرة الرئيسية (21) "اسم مدير الصندوق وواجباته ومسؤولياته".  
خامساً: تحديث الفقرة الفرعية (ج) من الفقرة الرئيسية (25) "اللجنة الشرعية".  
سادساً: تحديث الفقرة الفرعية (ب) من الفقرة الرئيسية (24) "مجلس إدارة الصندوق".

6) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period	6) أي معلومة أخرى من شأنها أن تُمكن مالكي الوحدات من اتخاذ قرار مدروس ومبني على معلومات كافية بشأن أنشطة الصندوق خلال الفترة
None.	لا يوجد.
7) Investments in other Investment Funds	7) الاستثمار في صناديق استثمارية أخرى
The fund management fee is 0.50% for class (A) and 0.75% for class (B) of NAV. Management fees charged by investments in the following fund have been rebated: - SNB Capital Diversified US Dollar Fund. - SNB Capital International Trade Fund.	رسوم الإدارة المحتسبة على الصندوق هي 0.50% سنوياً للفئة (أ) و0.75% سنوياً للفئة (ب) من صافي قيمة أصول الصندوق. وقد تم التنازل عن رسوم الإدارة للصناديق الاستثمارية التي يستثمر بها الصندوق الموضحة أدناه: - صندوق الأهلي المتنوع بالدولار الأمريكي. - صندوق الأهلي للمتاجرة العالمية.
8) Special commission received by the fund manager during the period	8) العمولات الخاصة التي حصل عليها مدير الصندوق خلال الفترة
No special commissions were received during the period.	لم يحصل مدير الصندوق على أي عمولات خاصة خلال الفترة.
9) Any other data and other information required by Investment Fund Regulations to be included in this report	9) أي بيانات ومعلومات أخرى أوجبت لائحة صناديق الاستثمار تضمينها بهذا التقرير
a. Conflict of Interests	أ. تعارض في المصالح
There is no conflict of interests.	لا يوجد تعارض مصالح.
b. Fund Distribution During The Year	ب. توزيعات الصندوق خلال العام
None.	لا يوجد.
c. Incorrect Valuation or Pricing	ج. خطأ في التقويم والتسعير
None.	لا يوجد.
d. Investment Limitation Breaches	د. مخالفة قيود الاستثمار
None.	لا يوجد.
10) Period for the management of the person registered as fund manager	10) مدة إدارة الشخص المسجل كمدير للصندوق
Since August – 2021.	منذ أغسطس – 2021م.
11) A disclosure of the expense ratio of each underlying fund at end of year and the weighted average expense ratio of all underlying funds that invested in (where applicable)	11) الإفصاح عن نسبة مصروفات كل صندوق بنهاية العام والمتوسط المرجح لنسبة مصروفات كل الصناديق الرئيسة المستثمر فيها (حيثما ينطبق)
As shown in the sub-paragraph (7) of paragraph (C) in this Annual Report.	كما هو موضح في الفقرة الفرعية (7) من الفقرة (ج) من هذا التقرير السنوي.

## D) Custodian أمين الحفظ

1) Name and address of custodian	1) اسم أمين الحفظ، وعنوانه
HSBC Saudi Arabia Olaya, P.O. Box 2255, Riyadh 12283, Saudi Arabia Tel: +966920005920 Website: <a href="http://www.hsbcSaudi.com">www.hsbcSaudi.com</a>	شركة اتش اس بي سي العربية السعودية (HSBC) العليا، ص.ب. 2255، الرياض 12283، المملكة العربية السعودية هاتف: +966920005920 الموقع الإلكتروني: <a href="http://www.hsbcSaudi.com">www.hsbcSaudi.com</a>

## 2) Custodian's duties and responsibilities

- Notwithstanding the delegation by a custodian to one or more third parties under the provisions of Investment Funds Regulations or the Capital Market Institutions Regulations, the custodian shall remain fully responsible for compliance with its responsibilities in accordance to the provisions of Investment Funds Regulations.
- The custodian shall be held responsible to the fund manager and unitholders for any losses caused to the investment fund due to the custodian fraud, negligence, misconduct or willful default.
- The custodian shall be responsible for taking custody and protecting the fund's assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the fund's assets.

## 2) واجبات ومسؤوليات أمين الحفظ

- يعد أمين الحفظ مسؤولاً عن التزاماته وفقاً لأحكام لائحة صناديق الاستثمار، سواء قام بتأدية مسؤولياته بشكل مباشر أم كلف بها طرفاً ثالثاً بموجب أحكام لائحة صناديق الاستثمار أو لائحة مؤسسات السوق المالية.
- يعد أمين الحفظ مسؤولاً تجاه مدير الصندوق ومالكي الوحدات عن خسائر الصندوق الناجمة بسبب احتياله أو إهماله أو سوء تصرفه المتعمد أو تقصيره المتعمد.
- يعد أمين الحفظ مسؤولاً عن حفظ أصول الصندوق وحمايتها لصالح مالكي الوحدات، وهو مسؤول كذلك عن اتخاذ جميع الإجراءات الإدارية اللازمة فيما يتعلق بحفظ أصول الصندوق.

## E) Fund Operator

## د) مشغل الصندوق

### 1) Name and address of fund operator

**SNB Capital Company**  
King Saud Road, P.O. Box 22216, Riyadh 11495,  
Saudi Arabia  
Tel: +966 920000232  
Website: [www.alahlicapital.com](http://www.alahlicapital.com)

### 1) اسم مشغل الصندوق، وعنوانه

**شركة الأهلي المالية**  
طريق الملك سعود، ص.ب. 22216، الرياض 11495،  
المملكة العربية السعودية  
هاتف: +966 920000232  
الموقع الإلكتروني: [www.alahlicapital.com](http://www.alahlicapital.com)

### 2) Operator's duties and responsibilities

- In relation to investment funds, the fund operator shall be responsible for operating the investment fund.
- The fund operator must maintain the books and records related to the operation of the fund it operates.
- The fund operator must establish a register of unitholders and must maintain it in the Kingdom in accordance to the Investment Funds Regulations.
- The fund operator shall be responsible for the process of dividends distribution (if available) to unitholders.
- The fund operator must process requests for subscriptions, redemption or transfer according to the fund's Terms & Conditions.
- The fund operator shall be responsible for calculating the price of the units and valuing the assets of the fund. In so doing, the fund operator shall conduct a full and fair valuation according to the fund's Terms & Conditions.

### 2) واجبات ومسؤوليات مشغل الصندوق

- يكون مشغل الصندوق مسؤولاً عن تشغيل الصندوق.
- يقوم مشغل الصندوق بالاحتفاظ بالدفاتر والسجلات ذات الصلة بتشغيل الصندوق.
- يقوم مشغل الصندوق بإعداد وتحديث سجل مالكي الوحدات وحفظه في المملكة وفقاً لمتطلبات لائحة صناديق الاستثمار.
- يُعدّ مشغل الصندوق مسؤولاً عن عملية توزيع الأرباح (إن وجدت) حسب سياسة التوزيع المنصوص عليها في شروط وأحكام الصندوق.
- يقوم مشغل الصندوق بإجراءات الاشتراك والاسترداد والتحويل حسب المنصوص عليها في شروط وأحكام الصندوق.
- يُعدّ مشغل الصندوق مسؤولاً عن تقييم أصول الصندوق تقييماً كاملاً وعادلاً وحساب سعر وحدات الصندوق حسب ما ورد في شروط وأحكام الصندوق.



## F) Auditor

## و) مراجع الحسابات

### Name and Address of Auditor

#### KPMG Professional Services

Riyadh Front – Airport Road P.O Box. 92876, Riyadh 11663,  
Saudi Arabia  
Tel: +966118748500  
Website: [www.kpmg.com/sa](http://www.kpmg.com/sa)

### اسم مراجع الحسابات، عنوانه

#### كي بي ام جي للخدمات المهنية

وأجفة الرياض – طريق المطار ص.ب 92876، الرياض 11663 المملكة العربية  
السعودية  
هاتف: +966118748500  
الموقع الإلكتروني: [www.kpmg.com/sa](http://www.kpmg.com/sa)

## G) Financial Statements

## ز) القوائم المالية

As shown below in the financial statements section.

كما هو موضح أدناه في قسم القوائم المالية.

## H) Zakat Calculations

## ح) حساب الزكاة

### New regulations effective during the year

"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 Funds permitted by the CMA.

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit an 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. Unitholders are obliged to pay due ZAKAT based on their unit owned.

During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and submitted information declaration on time and the due ZAKAT amount for the year ended 31 December 2023 for the fund units was amounted to 0.9637 Saudi Riyal per unit".

### الوائح الجديدة سارية المفعول خلال العام

"وافق وزير المالية بموجب القرار الوزاري رقم (29791) وتاريخ 9 جمادى الأولى 1444 هـ (الموافق 3 ديسمبر 2022م) على قواعد الزكاة لصناديق الاستثمار المسموح بها من قبل هيئة السوق المالية.

تسري القواعد اعتباراً من 1 يناير 2023 وتتطلب من صناديق الاستثمار التسجيل لدى هيئة الزكاة والضرائب والجمارك (الهيئة). كما تلزم القواعد أيضاً من صناديق الاستثمار تقديم إقرار معلومات إلى (الهيئة) خلال 120 يوماً من نهاية سنتها المالية، بما في ذلك القوائم المالية المدققة وسجلات المعاملات الأطراف ذات العلاقة وأي بيانات أخرى تطلبها الهيئة بموجب القواعد، لا تخضع صناديق الاستثمار للزكاة بشرط ألا تمارس أنشطة اقتصادية أو استثمارية غير مشروطة وفقاً للشروط والأحكام المعتمدة من هيئة أسواق المال. سيتحمل كل مالك في حدود ملكيته سداد الزكاة عن تلك الوحدات.

خلال العام الحالي، أكمل مدير الصندوق عملية تسجيل الصندوق لدى الهيئة وتم تقديم إعلان المعلومات في الوقت المناسب وكان مبلغ الزكاة الواجب أدائه للعام المالي المنتهي في 31 ديسمبر 2023 عن وحدات الصندوق 0.9637 ريال سعودي عن كل وحدة".

**SNB CAPITAL CORPORATE SUKUK FUND**  
(Managed by the SNB Capital Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2023  
with  
**Independent Auditor's Report to the Unitholders**



## KPMG Professional Services

Roshn Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No. 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Unitholders of the SNB Capital Corporate Sukuk Fund

## Opinion

We have audited the financial statements of the **SNB Capital Corporate Sukuk Fund** (the "Fund") managed by the SNB Capital Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in net assets attributable to the Unitholders and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended 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 the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Basis for Opinion

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

## Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

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

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

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



**SNB CAPITAL CORPORATE SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

Expressed in US Dollars '000 (unless otherwise stated)

	<i><u>Notes</u></i>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	9	11	17
Investments – net	10	8,780	10,457
Other receivables		53	2
<b>Total assets</b>		<b>8,844</b>	<b>10,476</b>
<b>LIABILITIES</b>			
Other payables		219	185
<b>Net assets attributable to the Unitholders (Class A)</b>		<b>5,486</b>	<b>5,263</b>
<b>Net assets attributable to the Unitholders (Class B)</b>		<b>3,139</b>	<b>5,028</b>
<b>Units in issue in thousands (number) (Class A)</b>		<b>530</b>	<b>530</b>
<b>Units in issue in thousands (number) (Class B)</b>		<b>306</b>	<b>510</b>
<b>Net assets value per unit (USD) (Class A)</b>		<b>10.3509</b>	<b>9.9302</b>
<b>Net assets value per unit (USD) (Class B)</b>		<b>10.2582</b>	<b>9.8588</b>

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



**SNB CAPITAL CORPORATE SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2023

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Notes</i>	<i>For the year ended 31 December</i>	
		<u>2023</u>	<u>2022</u>
Special commission income on Sukuk		476	925
Unrealised gain / (loss) on investments measured at fair value through profit or loss (FVTPL investments) – net		288	(501)
Realised loss on FVTPL investments – net		(264)	(2,107)
Rebate income		8	33
<b>Total income / (loss)</b>		<b>508</b>	<b>(1,650)</b>
Management fees	11	(54)	(158)
Auditors' remuneration	12	(12)	(10)
Value added tax expense	11	(9)	(24)
Charge for expected credit loss allowance		(2)	--
Other expenses		(70)	(125)
<b>Total operating expenses</b>		<b>(147)</b>	<b>(317)</b>
<b>Profit / (loss) for the year</b>		<b>361</b>	<b>(1,967)</b>
<b>Other comprehensive income for the year</b>		<b>--</b>	<b>--</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>361</b>	<b>(1,967)</b>

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

**SNB CAPITAL CORPORATE SUKUK FUND**  
(Managed by the SNB Capital Company)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS**

For the year ended 31 December 2023

Expressed in US Dollars '000 (unless otherwise stated)

	<i><b>For the year ended 31 December</b></i>	
	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>Net assets attributable to the Unitholders at the beginning of the year</b>	<b>10,291</b>	56,761
Total comprehensive income / (loss) for the year	<b>361</b>	(1,967)
<b>Net decrease in net assets from unit transactions during the year</b>		
Proceeds from units issued	<b>48</b>	127
Value of units redeemed	<b>(2,075)</b>	(44,630)
	<b>(2,027)</b>	(44,503)
<b>Net assets attributable to the Unitholders at the end of the year</b>	<b>8,625</b>	10,291
<i>Of which:</i>		
<i>Class A</i>	<b>5,486</b>	5,263
<i>Class B</i>	<b>3,139</b>	5,028

**UNIT TRANSACTIONS**

Transactions in units during the year are summarized as follows:

	<i><b>For the year ended 31 December</b></i>	
	<u><b>2023</b></u>	<u><b>2022</b></u>
	<i>-----Units in '000s-----</i>	
<b>Units at the beginning of the year</b>	<b>1,040</b>	5,506
Units issued	<b>5</b>	12
Units redeemed	<b>(209)</b>	(4,478)
<b>Net decrease in units during the year</b>	<b>(204)</b>	(4,466)
<b>Units at the end of the year</b>	<b>836</b>	1,040
<i>Of which:</i>		
<i>Class A</i>	<b>530</b>	530
<i>Class B</i>	<b>306</b>	510

As at 31 December 2023, the top 5 unitholders of Class A represented 100% (2022: 100%) and of Class B represented 89.63% (2022: 73.29%) of the Fund's units.

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

**SNB CAPITAL CORPORATE SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2023

Expressed in US Dollars '000 (unless otherwise stated)

	<i>Notes</i>	<i>For the year ended 31 December</i>	
		<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>			
Profit / (loss) for the year		<b>361</b>	(1,967)
<i>Adjustments for:</i>			
Unrealised (gain) / loss on FVTPL investments – net		<b>(288)</b>	501
Realised loss on FVTPL investments – net		<b>264</b>	2,107
Charge for expected credit loss allowance		<b>2</b>	--
		<u><b>339</b></u>	<u>641</u>
<i>Net changes in operating assets and liabilities:</i>			
FVTPL investments		<b>6,049</b>	46,151
Investments measured at amortised cost		<b>(4,350)</b>	--
Other receivables		<b>(51)</b>	614
Other payables		<b>34</b>	(3,098)
		<u><b>2,021</b></u>	<u>44,308</u>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from units issued		<b>48</b>	127
Value of units redeemed		<b>(2,075)</b>	(44,630)
		<u><b>(2,027)</b></u>	<u>22,503</u>
<b>Net cash (used in) / generated from financing activities</b>			
		<u><b>(6)</b></u>	<u>(195)</u>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year	9	<u><b>17</b></u>	<u>212</u>
<b>Cash and cash equivalents at the end of the year</b>	9	<u><b>11</b></u>	<u>17</u>

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

**SNB CAPITAL CORPORATE SUKUK FUND**  
**(Managed by the SNB Capital Company)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Expressed in US Dollars '000 (unless otherwise stated)

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**1. THE FUND AND ITS ACTIVITIES**

SNB Capital Corporate Sukuk Fund (the “Fund”) is an open-ended investment fund, established under article 31 of the Investment Funds Regulations (the “Regulations”) issued by the Capital Market Authority (“CMA”), managed by the SNB Capital Company (the “Fund Manager”), a subsidiary of The Saudi National Bank (the “Bank”), for the benefit of the Fund's Unitholders.

The assets of the Fund are invested in Corporate Sukuks issued by the corporates in the Kingdom of Saudi Arabia and GCC markets. All income is reinvested in the Fund and reflected in the unit price. The Fund started its operations on August 31, 2020.

The Fund has two classes of redeemable units – Class A and Class B. The Fund Manager charges the Fund a management fee of 0.50% and 0.75% of the net assets value of Class A and Class B units respectively at each valuation day. In addition, the Fund Manager has the right to collectively charge the Fund all other expenses related to the management of the Fund, including but not limited to audit fee and legal charges subject to limits as set out in the Fund's terms and conditions.

**2. REGULATING AUTHORITY**

The Fund is governed by the Regulations issued by the CMA's Board Resolution no. (1-219-2006) dated 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended pursuant to the CMA's Board Resolution no. (2-22-2021) dated 12 Rajab 1442 H (corresponding to 24 February 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia.

**3. BASIS OF ACCOUNTING**

These financial statements of the Fund have been prepared in accordance with the 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 the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and comply with the applicable provisions of the Investment Funds Regulations issued by the CMA and the Fund's terms and conditions.

**4. BASIS OF MEASUREMENT AND PRESENTATION**

These financial statements have been prepared on a historical cost convention using the accrual basis of accounting and going concern concept except for investments measured at fair value through profit or loss (“FVTPL”) which are recorded at fair value.

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.

**5. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in US Dollars (“USD”) which is the Fund's functional and presentation currency and have been rounded off to the nearest thousand unless otherwise stated.

**6. CHANGES IN THE FUND'S TERMS AND CONDITIONS**

During the year, there have been no significant changes to the terms and conditions of the Fund.

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**7. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires the Fund Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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

*a) Measurement of expected credit loss (‘ECL’) allowance*

The measurement of ECL allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL allowance, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market; and
- Determining criteria for significant increase in credit risk.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL allowance are further detailed in note 14.2 (a) of these financial statements.

*b) Fair value measurement (note 15)*

**8. MATERIAL ACCOUNTING POLICIES**

The Fund has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated. In addition, the Fund adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. The amendments require the disclosure of material, rather than significant, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

The material accounting policies applied in the preparation of these financial statements are set out below.

**8.1 *Financial assets and liabilities***

***Classification of financial assets***

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



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**8. MATERIAL ACCOUNTING POLICIES**

**8.1 *Financial assets and liabilities (continued)***

***Classification of financial assets (continued)***

**Financial assets measured at amortised cost**

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest / commission on the principal amount outstanding.

**Financial assets measured at FVOCI**

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest / commission on the principal amount outstanding.

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

**Financial assets measured at FVTPL**

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

**Business model assessment**

The Fund Manager assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

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**8. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**8.1 *Financial assets and liabilities (continued)***

***Classification of financial assets (continued)***

***Business model assessment (continued)***

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

**Assessment whether contractual cash flows are solely payments of principal and interest / commission**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest or 'commission' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example: liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest / commission, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of the time value of money – for example, periodical reset of interest / commission rates.

***Classification of financial liabilities***

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

***Recognition and initial measurement***

Financial assets and liabilities measured at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition.

***Subsequent measurement***

Financial assets measured at FVTPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognized in the statement of profit or loss in 'realized and unrealized gain / (loss) on FVTPL investments – net'.

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**8. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**8.1 *Financial assets and liabilities (continued)***

***Derecognition***

The Fund derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of the financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in the statement of profit or loss.

The Fund enters into transactions whereby it 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 a portion of them. If all or substantially all of the risk and rewards are retained, then the transferred assets are not derecognized. The Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

***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 has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously.

Income and expenses are presented on a net basis for gain and losses from financial instruments measured at FVTPL and foreign exchange gains and losses.

**8.2 *Net assets value per unit***

The net assets value per unit is calculated by dividing the net assets attributable to the Unitholders included in the statement of financial position by the number of units outstanding at the year end.

**8.3 *Units in issue***

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank pari passu in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date as well as in the event of the Fund's liquidation.

Redeemable units are classified as equity as these meet all of the following conditions:

- they entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- they are in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that are subordinate to all other classes of instruments have identical features;

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**8. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**8.3 *Units in issue (continued)***

- the instruments do not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instruments over their life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instruments.

Incremental costs directly attributable to the issue or redemption of redeemable units are recognized directly in net assets as a deduction from the proceeds or part of the acquisition cost.

**8.4 *Special commission income***

Special commission income presented in the statement of profit or loss and other comprehensive income comprises of commission on financial assets and financial liabilities measured at amortised cost calculated on an effective interest / commission rate basis.

The 'effective interest / commission rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument:

- to the carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating special commission income, the effective interest / commission rate is applied to the gross carrying amount of the asset (when the assets is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, special commission income is calculated by applying the effective interest / commission rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of special commission income reverts to the gross basis.

**8.5 *Management fees expense***

Management fees expense is recognized in the statement of profit or loss as the related services are performed.

**8.6 *New IFRS standards, interpretations and amendments thereof, adopted by the Fund***

Below amendments to accounting standards, interpretations and amendments became applicable for annual reporting periods commencing on or after 1 January 2023. The Fund manager has assessed that the amendments have no significant impact on the Fund's financial statements.

**Standards, interpretations and amendments**

Amendments to IAS 1 and IFRS practice statement 2 – *Disclosure of accounting policies*

Amendments to IAS 8 – *Definition of accounting estimates*

Amendments to IAS 12 – *Deferred tax related to assets and liabilities arising from a single transaction*

Amendments to IAS 12 - International tax reform – Pillar Two Model Rules

Amendments to IFRS 17 - Insurance Contracts

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**8. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**8.6 New IFRS standards, interpretations and amendments thereof, adopted by the Fund (continued)**

***New regulations effective during the year***

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 Funds permitted by the CMA.

The Rules are effective from 1 January 2023 requiring Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA). The Rules also require the Investment Funds to submit an 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 has completed the registration of the Fund with ZATCA and will be submitting information declaration in due course.

**8.7 Standards, interpretations and amendments issued but not yet effective**

Standards, interpretations and amendments issued but not yet effective are listed below. The Fund intends to adopt these standards when they become effective.

<b><i>Standards, interpretations and amendments</i></b>	<b><i>Description</i></b>	<b><i>Effective from periods beginning on or after the following date</i></b>
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associates or joint venture	Available for optional adoption / effective date deferred indefinitely

The above standards, interpretations and amendments are not expected to have a significant impact on the Fund's financial statements.

**9. CASH AND CASH EQUIVALENTS**

This comprises of balances held with a local bank having sound credit rating.



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**10. INVESTMENTS – NET**

	<i>Notes</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
FVTPL investments	<i>i)</i>	<b>4,432</b>	10,457
Investments measured at amortised cost – net	<i>ii)</i>	<b>4,348</b>	--
		<b>8,780</b>	<b>10,457</b>

*i) FVTPL investments*

Investments measured at fair value through profit or loss include the following:

	<i>31 December 2023</i>		<i>31 December 2022</i>	
	<i>Cost</i>	<i>Fair value</i>	<i>Cost</i>	<i>Fair value</i>
<b><i>Other funds managed by the Fund Manager (related parties)</i></b>				
Units of SNB Capital Diversified US Dollar Fund	<b>43</b>	<b>45</b>	2,185	2,201
Units of SNB Capital International Trade Fund	<b>1,155</b>	<b>1,167</b>	--	--
<b><i>Investment in Sukuk</i></b>				
Corporate Sukuk – note (a)	<b>3,154</b>	<b>3,220</b>	8,412	8,256
	<b>4,352</b>	<b>4,432</b>	<b>10,597</b>	<b>10,457</b>

- a) Investments measured at FVTPL include investment made in Sukuk issued in the Kingdom of Saudi Arabia and GCC markets with yields ranging from 2.25% to 8.00% (2022: 1.81% to 7.31%) per annum and having maturities up till 11 April 2053.

*ii) Investments measured at amortised cost – net*

Debt investments measured at amortised cost include the following:

	<i>Notes</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Investments in Sukuk	<i>a)</i>	<b>4,350</b>	--
Less: expected credit loss allowance		<b>(2)</b>	--
		<b>4,348</b>	--

- a) Investments in Sukuk carry profit rates ranging from 7.51% to 7.71% per annum with varying maturities up till 8 December 2031.

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**11. RECONCILIATION OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS**

As per the requirements of CMA circular dated 31 December 2017, the Fund calculates provision for impairment in respect of financial investments measured at amortized cost using the incurred loss model, whereas IFRS 9 requires provisions to be measured using the Expected Credit Loss ("ECL") method. This results in a difference between net assets calculated as per the requirements of IFRS 9 ("reported net assets") and as per CMA circular ("trading net assets").

The following table shows the reconciliation between the Fund's reported net assets and trading net assets:

	<b>31 December 2023</b>	31 December 2022
Reported net assets of the Fund	<b>8,625</b>	10,291
Add: Expected credit loss allowance	<b>2</b>	--
	<b>8,627</b>	10,291
Less: Provision for incurred credit losses	<b>--</b>	--
Traded net assets of the Fund	<b>8,627</b>	10,291
Trade net assets of the Fund (Class A)	<b>5,487</b>	5,263
Trade net assets of the Fund (Class B)	<b>3,140</b>	5,028
Number of units in issue (Class A)	<b>530</b>	530
Number of units in issue (Class B)	<b>306</b>	510
Traded net assets value per unit of the Fund (Class A)	<b>10.3528</b>	9.9302
Traded net assets value per unit of the Fund (Class B)	<b>10.2614</b>	9.8588

**12. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Fund include the Fund Manager, the Fund Board, other funds managed by the Fund Manager, and the Saudi National Bank, being parent of the Fund Manager.

Following are the details of transactions and balances with related parties not disclosed elsewhere in these financial statements as at and for the year ended 31 December 2023:

***Management fees and other expenses***

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues daily, a management fee up to 0.50% (2022: 0.50%) per annum for class A and 0.75% (2022: 0.75%) per annum for class B of the Fund's daily net assets value as set out in the Fund's terms and conditions. The Fund Manager may waive management fees to the extent of the Fund's investments in other Funds managed by the Fund Manager. This is included in rebate income in the statement of profit or loss.

The Fund Manager is also entitled to recover expenses incurred on behalf of the Fund relating to audit, custody, advisory, data processing and other similar charges. The maximum amount of such expenses that can be recovered from the Fund by the Fund Manager is restricted to 0.5% (2022: 0.5%) per annum of the Fund's net assets value at the respective valuation days. These expenses are recovered by the Fund Manager on an actual basis.

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**12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

*Management fees and other expenses (continued)*

During the year, the Fund has entered into following transactions, other than those disclosed elsewhere in these financial statements, with related parties in the ordinary course of business. These transactions were carried out on the basis of approved terms and conditions of the Fund:

Name of related party	Nature of transactions	Amounts of transactions for the year ended		Net payable balance as at	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
SNB Capital Company	Management fees (including value added tax)	63	182	217	24
	Expenses paid on behalf of the Fund	82	135		
	Rebate income	8	33		

**13. AUDITORS' REMUNERATION**

	<i>For the year ended 31 December</i>	
	2023	2022
Fee for:		
Statutory audit	7	7
Interim review	3	3
Zakat services	2	--
	<u>12</u>	<u>10</u>

**14. FINANCIAL RISK MANAGEMENT**

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

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

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the Fund Board. The Fund's terms and conditions set out the Fund's overall business strategies, its tolerance of risks and its general risk management philosophy. Compliance with the limits are monitored by the Fund Board on a quarterly basis. In instances where portfolio has diverged from limits prescribed in the terms and conditions of the Fund, the Fund Manager is obliged to take actions to re-balance the portfolio in line with the investment guidelines within prescribed timelines.

**14.1 Market risks**

'Market Risk' is the risk that changes in market prices – such as commission rates, foreign exchange rates, equity prices and credit spreads – will affect the Fund's income or the fair value of its holdings in financial instruments.

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**14.1 *Market risks (continued)***

*a) Currency risk*

Currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currencies.

The Fund does not have any currency risk since all the transactions are carried out in USD.

*b) Commission rate risk*

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.

All the assets and liabilities of the Fund are non-commission bearing. Therefore, the Fund is not exposed to commission rate risk.

*c) Other price risk*

Other price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. Other 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 in 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 FVTPL investments which are exposed to other price risk.

The effect on the net assets as a result of the change in the fair value of investments as at 31 December due to a reasonably possible notional change in market value of investments measured at FVTPL by 10%, with all other variables held constant, is as follows:

	<b>31 December <u>2023</u></b>	31 December <u>2022</u>
Effect on net assets attributable to the Unitholders	<b><u>± 443</u></b>	<u>± 1,046</u>

**14.2 *Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Fund Manager seeks to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

The Fund is exposed to credit risk from its investments measured at amortised cost and bank balances. The bank balance is held with a local bank having Moody's credit rating of A3 which is in line with globally understood definition of investment grade. Accordingly, there is no material impact of expected credit loss allowance on this balance.

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**14 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**14.2 Credit risk (continued)**

**a) *General approach for expected credit loss allowance***

The Fund recognizes loss allowance for ECL on the financial assets that are not measured at FVTPL. The Fund measures loss allowances at an amount equal to lifetime ECL.

The Fund measures loss allowance at an amount equal to lifetime ECL for Stage 2 & Stage 3 exposures while loss allowance for Stage 1 exposures is measured at 12-month ECL.

12-month ECLs are the portion of ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

The key inputs into the measurement of ECL allowance are the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

The Fund categorizes its financial assets into following three stages in accordance with the IFRS 9 methodology:

- Stage 1 – financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months PD.
- Stage 2 – financial assets that has significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on lifetime PD.
- Stage 3 – financial assets that are credit impaired, the Fund recognizes the impairment allowance based on lifetime PD.

In assessing whether credit risk has increased significantly, the Fund examines the change in the risk of default occurring over the expected life of the financial instrument. The staging criteria considers strong indicators of associated credit risk for each respective portfolio. Though the Fund has historically experienced no defaults across the funds, the Stage 2 criteria seeks to identify triggers indicative of a higher propensity to default while the finalized Stage 3 criteria lists objective indicators of default. The Fund also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECL allowance.

**b) *Expected credit loss allowance measurement***

ECL allowance represents probability-weighted estimates of credit losses. These are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**14.2 Credit risk (continued)**

**b) Expected credit loss allowance measurement (continued)**

The table below shows financial instruments subject to impairment:

	As at 31 December				
	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
Investments measured at amortised cost	4,350	--	--	--	4,350
Expected credit loss allowance	(2)	--	--	--	(2)
<b>Carrying amount</b>	<b>4,348</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4,348</b>

- As IFRS 9 requires entities to adopt a futuristic outlook of the macroeconomic scenarios in their estimates of risk parameters, the usage of a scenario framework for the same is imperative. The Fund has adopted scenario weights for three scenarios – baseline, upturn and downturn in line with external economic outlook and industry practice.
- The risk estimates derived are used along with the cashflows to arrive at the probability weighted ECL allowance across different stages.

The Fund Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is managed using the ratings from reputable credit ratings agencies.

As at 31 December, the Fund has investments measured at amortized cost with the following credit quality:

Credit ratings	31 December <u>2023</u>	31 December <u>2022</u>
A-	63.09%	--
BBB+	36.91%	--
	<u>100%</u>	<u>--</u>

The Fund Manager also reviews the credit concentration of the investment portfolio based on counterparties' geographical locations. Since all the investments measured at amortised cost of the Fund are in the Kingdom of Saudi Arabia, therefore the Fund is not exposed to credit risk related to geographical distribution.

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**14.2 *Credit risk (continued)***

**b) *Expected credit loss allowance measurement (continued)***

***Investments measured at amortised cost***

The following table explains the changes in the expected credit loss allowance for investments measured at amortised cost:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>Expected credit loss allowance as at 1 January 2023</b>	--	--	--	<b>0</b>
<b>Charge for expected credit loss allowance</b>	<b>2</b>	--	--	<b>2</b>
<b>Expected credit loss allowance as at 31 December 2023</b>	<u><b>2</b></u>	<u>--</u>	<u>--</u>	<u><b>2</b></u>

**14.3 *Liquidity risk***

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on every Tuesday and it is, therefore, exposed to the liquidity risk of not being able to meet Unitholder's redemption requests on these days. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions or liquidation of the investment portfolio and by investing predominantly in securities that it expects to be able to liquidate within a short period of time.

**14.4 *Operational risk***

Operational risk is the risk of direct or indirect losses arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of maximising returns to the Unitholders.

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**14. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**14.4 *Operational risk (continued)***

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management Team. 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 level agreements 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.

**15. 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.

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 market price, because this price is assessed to be 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 recognizes transfer between levels of fair value at the end of the reporting year during which the change has occurred.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.



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**15. FAIR VALUE MEASUREMENT**

*Carrying amounts and fair value*

The following table shows the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. All fair value measurements below are recurring.

	As at 31 December 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value</u>					
FVTPL investments	4,432	--	4,432	--	4,432

The Fund has classified FVTPL investments as level 2 as per the fair value hierarchy. The Fund determines fair value of investments in un-listed open-ended investment funds measured at FVTPL using unadjusted net assets value and Fair value of investment in Sukuk is determined using observable input parameters derived from comparable markets.

During the year, there has been no transfer in fair value hierarchy for any financial assets or liabilities. For other financial assets and liabilities such as cash and cash equivalents, other receivables and other payables, the carrying values were determined to be a reasonable approximation of fair value due to their nature.

**16. LAST VALUATION DAY**

The last valuation of day for the year was 26 December 2023 (2022: 29 December 2022).

**17. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There was no event subsequent to the statement of financial position date which required adjustment of or disclosure in the financial statements or notes thereto.

**18. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund Board on 15 Sha'ban 1445 H corresponding to 25 February 2024.