

RIYAD JAPANESE EQUITY FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)
Financial Statements
For the year ended 31 December 2021
Together with the
Independent Auditor's Report to the Unitholders

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INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS
RIYAD JAPANESE EQUITY FUND
MANAGED BY RIYAD CAPITAL
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **RIYAD JAPANESE EQUITY FUND** (“the Fund”), being managed by Riyadh Capital (the “Fund Manager”), which comprise of the financial position as at 31 December 2021 and the statements of comprehensive income, statement of changes in net assets (Equity) attributable to the unitholders and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements statement present fairly, in all material respects, the Financial Position of the Fund as at 31 December 2021, and it’s financial performance and it’s cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

Basis for Unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISA”) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Fund’s financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA a and the Fund’s Terms and Condition and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE UNITHOLDERS
RIYAD JAPANESE EQUITY FUND
MANAGED BY RIYAD CAPITAL
Riyadh, Kingdom of Saudi Arabia

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE UNITHOLDERS
RIYAD JAPANESE EQUITY FUND
MANAGED BY RIYAD CAPITAL
Riyadh, Kingdom of Saudi Arabia

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

For and on behalf of
Al Bassam & Co.

Ibrahim A. Al-Bassam
Certified Public Accountant
Registration No. 337



Riyadh, Kingdom of Saudi Arabia

22 March 2022
19 Sha'aban 1443

RIYAD JAPANESE EQUITY FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Amounts in Japanese Yen)

	Note	31 December 2021	31 December 2020
ASSETS			
Investments carried at fair value through profit or loss (FVPL)	6	18,469,537	46,228,413
Total assets		18,469,537	46,228,413
LIABILITIES			
Accrued expenses		696,287	661,303
Total liabilities		696,287	661,303
Net assets (equity) attributable to the unit holders		17,773,250	45,567,110
Units in issue (number)	7	8,751.79	24,206.56
Net assets (equity) attributable to each unit		2,030.81	1,882.43

RIYAD JAPANESE EQUITY FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

(Amounts in Japanese Yen)

	Note	31 December 2021	31 December 2020
<u>Investment income</u>			
Net gain from investments carried at FVPL	8	6,690,713	6,414,378
Dividend income		51,755	-
		6,742,468	6,414,378
<u>Expenses</u>			
Other expenses	9	(1,055,116)	(717,940)
		(1,055,116)	(717,940)
Net income for the year		5,687,352	5,696,438
Other comprehensive income for the year		-	-
Total comprehensive income for the year		5,687,352	5,696,438

RIYAD JAPANESE EQUITY FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)

STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS

For the year ended 31 December 2021
(Amounts in Japanese Yen)

	31 December 2021	31 December 2020
Net assets (equity) attributable to the Unit holders at the beginning of the year	45,567,110	30,023,315
Total comprehensive income for the year	5,687,352	5,696,438
Contributions and redemptions by the unitholders		
Issuance of units	36,504,415	12,954,809
Redemption of units	(69,985,627)	(3,107,452)
Net changes from unit transactions	(33,481,212)	9,847,357
Net assets (equity) attributable to the Unit holders at the end of the year	17,773,250	45,567,110

RIYAD JAPANESE EQUITY FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Amounts in Japanese Yen)

	Note	31 December 2021	31 December 2020
Cash flows from operating activities:			
Net income for the year		5,687,352	5,696,438
Adjustments for:			
Unrealized gain from investments carried at FVPL	8	(1,424,803)	(6,493,077)
		4,262,549	(796,639)
Net changes in operating assets and liabilities:			
Investments carried at FVPL		29,183,679	(9,295,944)
Accrued expenses		34,984	245,226
Net cash generated from / (used in) operating activities		33,481,212	(9,847,357)
Cash flows from financing activities:			
Proceeds from issuance of units		36,504,415	12,954,809
Redemptions of the units		(69,985,627)	(3,107,452)
Net cash (used in) / generated from financing activities		(33,481,212)	9,847,357
Net changes in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		-	-

RIYAD JAPANESE EQUITY FUND
Open-Ended Mutual Fund
(Managed by Riyad Capital)
Notes to the financial statements
For the year ended 31 December 2021

(Amounts in Japanese Yen)

1 FUND AND ITS ACTIVITIES

The Riyad Japanese Equity Fund (the “Fund”) is an Equity Fund Portfolio managed through an agreement between Riyad Capital (the “Fund Manager”) and the Fund’s investors (the “Unitholders”). The Fund invests in a diversified portfolio of Japanese equities that operates in different sectors of the Japanese economy. The Fund is actively managed to take advantage of the changes in the investment channels that distinguish the Japanese market. The Fund Manager objective is to achieve capital growth.

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

The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s Agreement, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas. Accordingly, pursuant to an agreement, dated 3 June 2002, Fidelity International acts as the Sub Manager of the Fund and also acts as the sub-administrator and custodian of the Fund.

The Fund commenced its activities 19 May 1992, where the terms and conditions of the Fund were originally approved by the Saudi Central Bank (SAMA). On 20 December 2008, the terms and conditions of the fund were approved by the Capital Markets Authority (CMA) through their letter dated 12 Dhul Hijja 1429H (corresponding to 20 December 2008).”.

2 REGULATING AUTHORITY

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, using accrual basis of accounting except for the investments carried at fair value through profit or loss at fair value. The fund presents its statement of financial position in the order of liquidity.

3.3 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 Japanese Yen (“JPY”) which is the Fund’s functional and presentation currency.

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3 BASIS OF PREPARATION (CONTINUED)

3.3 Functional and presentation currency (continued)

Transactions and balances

Foreign currency transactions are translated into JPY using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into JPY using the exchange rates prevailing at date of the statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the statement of comprehensive income / (loss).

3.4 Critical accounting judgments, estimates and assumption

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

3.5 Going Concern

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

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 New standards, interpretations and amendments

The accounting policies used in the preparation of these financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2020. There are new standards, amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. In the opinion of the Fund's Board, these will have no significant impact on the financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 New standards, interpretations and amendments (continued)

4.1.1 New standards, amendments to standards and interpretations

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective January 1, 2021

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions	April 1, 2021	This amendment extends the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 New standards, interpretations and amendments (continued)

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

The Fund has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of ‘testing whether an asset is functioning properly’.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 New standards, interpretations and amendments (continued)

4.1.2 New standards, amendments and revised IFRS issued but not yet effective (continued)

The Fund has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments

4.2.1 Classification and measurement of financial assets

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual profit in the issuer's net assets.

The Fund classifies its financial assets at fair value through profit or loss (FVPL). The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade.

When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the statement of comprehensive income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of comprehensive income when the Fund's right to receive payments is established.

4.2.2 Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial instrument assets carried at amortized cost. The Fund recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.2.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognized an associated liability.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments (continued)

4.2.3 Derecognition (continued)

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained. The Fund recognized a financial liability when the obligation under the liability is discharged, cancelled or expired.

4.2.4 Financial liabilities

The Fund classifies its financial liabilities at amortized cost unless it has designated liabilities at FVPL.

4.3 Trade date accounting

Regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Fund commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

4.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.5 Accrued expenses

Accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective profit rate method.

4.6 Provision

A provision is recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognized for future operating loss.

4.7 Redeemable units

The Fund is open for subscriptions / redemptions of units from Monday to Wednesday. The net assets value of the Fund is determined from Monday to Wednesday (each a "Valuation Day"). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the value of net assets (fair value of Fund assets *minus* Fund liabilities) by the total number of outstanding units on the relevant Valuation Day.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Redeemable units (continued)

The Fund classifies its redeemable units as an equity instrument if the redeemable units have all of the following features:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata shares of the Fund's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the 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 instrument.

The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

4.8 Zakat / taxation

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

4.9 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received, excluding discounts, taxes and rebates.

4.10 Net gain or loss on financial assets and liabilities at FVTPL

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

Unrealized gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior period's unrealized gains and losses for financial instruments which were realized in the reporting period. Realized gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

4.11 Dividend income

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

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Management fees

Management fee is calculated at rate mentioned in terms and conditions of the Fund and is payable quarterly in arrears.

4.13 Other expenses

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

4.14 Net asset value per unit

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

5 MANAGEMENT FEE, ADMINISTRATION AND OTHER CHARGES

On each valuation day, the Sub Manager charges the Fund, a management fee at the rate of 1.5% per annum of the Fund's net assets value. In addition, on daily basis the Fund Manager and custodian charge the fund, custody and administration fees at the rate of 0.02% per annum and 0.20% per annum respectively of the Fund's net assets value. The net assets value of the Fund being sub-managed and reported by the Sub-Manager to the Fund Manager, is net of the management fees mentioned above.

The Fund Manager also recovers from the fund any other expenses incurred on behalf of the Fund such as audit and legal fees, board compensation and other similar charges. These charges are not expected to exceed in total 0.20% per annum of the Fund's net assets value.

6 INVESTMENTS CARRIED AT FVPL

To date the Fund has invested exclusively with Fidelity International (Foreign Sub Manager). The investments portfolio carried at FVPL is summarized as follows:

	31 December 2021	31 December 2020
Units in Fidelity International		
Number of units	62,354.95	175,573.16
Net assets value per unit	296.20	263.30
Total market value	18,469,537	46,228,413
Total cost	17,044,734	39,735,336

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7 UNIT TRANSACTIONS

Transactions in units for the year are summarized as follows:

	31 December 2021	31 December 2020
	<i>(Units in numbers)</i>	
Units at the beginning of the year	24,206.56	18,875.83
Units issued during the year	18,266.04	7,373.40
Units redeemed during the year	(33,720.81)	(2,042.67)
Net change in units	(15,454.77)	5,330.73
Units at the end of the year	8,751.79	24,206.56

8 NET GAIN FROM INVESTMENTS CARRIED AT FVPL

	31 December 2021	31 December 2020
Realised gain / (loss) on sale of investments carried at FVPL	5,265,910	(78,699)
Unrealized gain from revaluation of Investments carried at FVPL	1,424,803	6,493,077
	6,690,713	6,414,378

9 OTHER EXPENSES

	31 December 2021	31 December 2020
Admin fee	103,134	63,286
Custody fee	12,892	7,912
VAT expenses	108,990	56,472
Other expenses	830,100	590,270
Total	1,055,116	717,940

10 TRANSACTIONS AND BALANCE WITH RELATED PARTY

Related parties of the Fund include “Riyad Capital” being the Fund Manager, “Riyad Bank” being the shareholder of Riyad Capital, other funds managed by the Fund Manager and Board of Directors.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties’ transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund’s Board of directors.

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10 TRANSACTIONS AND BALANCE WITH RELATED PARTY (CONTINUED)

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

Related Party	Nature of transactions	Amount of transaction during the year		Closing balance Payable	
		2021	2020	2021	2020
Riyad Capital	Admin fee*	(103,134)	(63,286)	(27,975)	(18,021)
	Custody fee*	(12,892)	(7,912)	(3,497)	(4,209)
	VAT on Admin*	(15,470)	(6,531)	(4,196)	(2,703)
	VAT on Custody*	(1,934)	(816)	(525)	(631)

* Admin fees payables, custody fees payables and the related VAT payables are included in the financial position under accrued expenses.

11 FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2021

Assets as per statement of financial position

Investments carried at FVPL

Total

Amortized cost

FVPL

-

18,469,537

-

18,469,537

31 December 2020

Assets as per statement of financial position

Investments carried at FVPL

Total

Amortized cost

FVPL

-

46,228,413

-

46,228,413

All financial liabilities as at 31 December 2021 and 31 December 2020 were classified as financial liabilities carried at amortized cost.

12 FINANCIAL RISK MANAGEMENT

12.1 Financial risk factors

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

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

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

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

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12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 Financial risk factors (continued)

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

(a) Market risk

(i) Price risk

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and profit rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, Fund has equity investments in mutual funds.

The effect on the net assets value (as a result of the change in the fair value of investments as at 31 December 2021 and 31 December 2020) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	31 December 2021		31 December 2020	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Investments in Fidelity	1%	184,695	1%	462,284

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is not exposed to credit risk as it has no financial assets except investment held at FVPL.

(c) 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 from Monday to Wednesday, therefore, exposed to the liquidity risk of meeting Unit Holder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date.

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

The expected maturity of the assets and liabilities of the Fund is less than 12 months.

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12 FINANCIAL RISK MANAGEMENT (CONTINUED)

12.1 Financial risk factors (continued)

(d) Operational risk

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

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

12.2 Fair value estimation

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision of financial instruments carried at amortized cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

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

Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 2.

The Fund's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investment carried at FVPL	Net Asset Value	N/A	N/A

Valuation technique for calculating the fair value of investments under Level 2 comprises of determining the net asset value per unit of the investee funds which is based on observable market data.

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13 COMPARATIVE FIGURES

Certain comparative figures for the year ended December 31, 2020, have been reclassified to conform with the presentation for the current year.

14 SUBSEQUENT EVENTS

As of the date of approval of these financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these financial statements

15 LAST VALUATION DAY

The last valuation day for the year was 29 December 2021 (30 December 2020).

16 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Fund Board of Directors on 20 March 2022 (corresponding to 17 Sha'ban 1443H).