

**Riyad American Equity Fund  
Open-Ended Mutual Fund  
(Managed by Riyad Capital)  
Financial Statements  
For the year ended 31 December 2022  
Together with the  
Independent Auditor's Report to the Unitholders and Fund Manager**

**Riyad American Equity Fund  
Open-Ended Mutual Fund  
(Managed by Riyadh Capital)**

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**Financial Statements**

**For the year ended 31 December 2022**

**Index**

	Pages
Independent auditor's report	2-3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity attributable to the Unitholders	6
Statement of cash flows	7
Notes to the financial statements	8-26



## *Independent auditor's report to the Unitholders and the Fund Manager of Riyadh American Equity Fund*

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### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Riyadh American Equity Fund (the "Fund") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting 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).

### **What we have audited**

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity attributable to the Unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### *Basis for opinion*

We conducted our audit in accordance with the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

### *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 the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority and 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.

The Fund Board is responsible for overseeing the Fund's financial reporting process.



## *Independent auditor's report to the Unitholders and the Fund Manager of Riyadh American Equity Fund (continued)*

### *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 auditor's 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 the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism 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 Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of the Fund Manager'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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Fund Board 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.

### **PricewaterhouseCoopers**

A handwritten signature in blue ink, appearing to read 'Bader I. Benmohareb', is written over a circular stamp or seal.

Bader I. Benmohareb  
License Number 471

29 March 2023

**Riyad American Equity Fund  
Open-Ended Mutual Fund  
(Managed by Riyadh Capital)**

**STATEMENT OF FINANCIAL POSITION**

(All amounts in United States Dollar unless otherwise stated)

	Note	As at 31 December 2022	As at 31 December 2021 (Restated)
<b>ASSETS</b>			
Cash and cash equivalents	6	133,333	153,457
Investments carried at fair value through profit or loss (FVPL)	7	3,372,418	4,932,128
Outstanding settlements		-	35,072
<b>Total assets</b>		<b>3,505,751</b>	<b>5,120,657</b>
<b>LIABILITIES</b>			
Management fees payable	11	810	28,033
Other accrued expenses		11,060	10,746
Redemptions payable		-	70,144
<b>Total liabilities</b>		<b>11,870</b>	<b>108,923</b>
<b>Equity attributable to the unitholders</b>		<b>3,493,881</b>	<b>5,011,734</b>
Units in issue (number)	8	32,191.24	40,436.78
<b>Equity attributable to each unit</b>		<b>108.54</b>	<b>123.94</b>

The accompanying notes 1 to 16 form an integral part of these financial statements

**Riyad American Equity Fund  
Open-Ended Mutual Fund  
(Managed by Riyad Capital)**

**STATEMENT OF COMPREHENSIVE (LOSS) / INCOME  
(All amounts in United States Dollar unless otherwise stated)**

	Note	<u>For the year ended 31 December</u>	
		2022	2021 (Restated)
<b>(Loss) / Income</b>			
Net (loss) / gain from investments carried at FVPL	9	<u>(486,759)</u>	6,747,649
		(486,759)	6,747,649
<b>Expenses</b>			
Fund management fees	11	(68,941)	(491,989)
Other expenses	10	(22,812)	(80,340)
		(91,753)	(572,329)
<b>Net (loss) / income for the year</b>		<u>(578,512)</u>	6,175,320
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss) / income for the year</b>		<u>(578,512)</u>	6,175,320

The accompanying notes 1 to 16 form an integral part of these financial statements

**Riyad American Equity Fund  
Open-Ended Mutual Fund  
(Managed by Riyadh Capital)**

**STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNIT HOLDERS  
(All amounts in United States Dollar unless otherwise stated)**

	<b>For the year ended 31 December</b>	
	<b>2022</b>	2021
<b>Equity attributable to the Unitholders at the beginning of the year</b>	<b>5,011,734</b>	33,013,526
<b>Total comprehensive (loss) / income for the year</b>	<b>(578,512)</b>	6,175,320
<b>Subscription and redemptions by the Unitholders</b>		
Issuance of units	<b>1,542,652</b>	3,137,101
Redemption of units	<b>(2,481,993)</b>	(37,314,213)
<b>Net changes from unit transactions</b>	<b>(939,341)</b>	(34,177,112)
<b>Equity attributable to the Unitholders at the end of the year</b>	<b>3,493,881</b>	5,011,734

The accompanying notes 1 to 16 form an integral part of these financial statements

**Riyad American Equity Fund  
Open-Ended Mutual Fund  
(Managed by Riyadh Capital)**

**STATEMENT OF CASH FLOWS**

(All amounts in United States Dollar unless otherwise stated)

	Note	For the year ended 31 December	
		2022	2021 (Restated)
<b>Cash flows from operating activities:</b>			
<b>Net (loss) / income for the year</b>		<b>(578,512)</b>	6,175,320
Adjustments for:			
Unrealized loss / (gain) from investments carried at FVPL	9	<b>414,990</b>	(1,751,190)
		<b>(163,522)</b>	4,424,130
<b>Net changes in operating assets and liabilities:</b>			
Investments carried at FVPL		<b>1,144,720</b>	29,000,917
Outstanding settlements		<b>35,072</b>	(35,072)
Management fees payable		<b>(27,223)</b>	(105,741)
Other accrued expenses		<b>314</b>	(15,598)
<b>Net cash generated from operating activities</b>		<b>989,361</b>	33,268,636
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of units		<b>1,542,652</b>	3,137,101
Redemptions of the units, net of redemption payable*		<b>(2,552,137)</b>	(37,244,069)
<b>Net cash used in financing activities</b>		<b>(1,009,485)</b>	(34,106,968)
<b>Net changes in cash and cash equivalents</b>		<b>(20,124)</b>	(838,332)
Cash and cash equivalents at beginning of the year		<b>153,457</b>	991,789
<b>Cash and cash equivalents at end of the year</b>		<b>133,333</b>	153,457
<b>*Supplementary information</b>			
Net changes in redemption payable		<b>(70,144)</b>	70,144

The accompanying notes 1 to 16 form an integral part of these financial statements



## **RIYAD AMERICAN EQUITY FUND**

### **Open-Ended Mutual Fund**

**(Managed by Riyadh Capital)**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

**(All amounts in United States Dollar unless otherwise stated)**

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## **1. FUND AND ITS ACTIVITIES**

The Riyadh American Equity Fund (the “Fund”) is an Equity Fund Portfolio managed through an agreement between Riyadh Capital (the “Fund Manager”) and the Fund’s investors (the “Unit Holders”). The objective of the Fund is to invest in a diversified portfolio of US companies and to provide long term capital growth through investing in the US securities managed by the Fidelity International, the Fund Sub Manager.

In dealing with the Unit Holders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund’s Management prepares a separate financial statement 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 December 2002, Fidelity International acts as the Sub Fund Manager of the Fund.

The Fund commenced its activities 26 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 Chartered and Professional Accountants (“SOCPA”).

### **3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, using the accrual basis of accounting and the going concern concept except for the investments measured at fair value through profit or loss at fair value. The Fund presents its statement of financial position in the order of liquidity. All balances are classified as current.

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

### **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 United States Dollar (“USD”) which is the Fund’s functional and presentation currency.

## **RIYAD AMERICAN EQUITY FUND**

### **Open-Ended Mutual Fund**

**(Managed by Riyad Capital)**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

**(All amounts in United States Dollar unless otherwise stated)**

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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 USD using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into USD 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 judgements, 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 recognised in the year in which the estimates are revised and in any future years affected. There are no areas of significant judgement or significant assumption used in the preparation of these financial statements.

### **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.

### **3.6 Expected credit loss**

Expected credit loss (ECL) against financial assets is a significant estimate used in the preparation of these financial statements. The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that 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 such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weights of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

## **RIYAD AMERICAN EQUITY FUND**

### **Open-Ended Mutual Fund**

**(Managed by Riyadh Capital)**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

**(All amounts in United States Dollar unless otherwise stated)**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **4.1 New standards (continued)**

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 but they had no material impact on these financial statements. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### **Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16**

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

##### **Reference to the Conceptual Framework – Amendments to IFRS 3**

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

##### **Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37**

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

##### **Annual Improvements to IFRS Standards 2018–2020**

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

**RIYAD AMERICAN EQUITY FUND****Open-Ended Mutual Fund****(Managed by Riyad Capital)****Notes to the financial statements****For the year ended 31 December 2022****(All amounts in United States Dollar unless otherwise stated)**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.1 New standards (continued)**

These amendments had no impact on the financial statements of the Fund.

**4.2 Standards issued but not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Fund has decided not to adopt early, and the Fund has not yet undertaken an assessment to determine the potential impacts on the amounts to be recorded and disclosure to be made under the applicable new standards or amendment to existing standards.

The most significant of these are as follows:

<b>Standards</b>	<b>Title</b>	<b>Effective date</b>
IAS1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024
IAS1	Narrow scope amendments to IAS1, Practice statement 2	1 January 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17	1 January 2023
IAS 8	Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
IFRS 10 & IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Deferred

**4.3 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalent consists of cash in investment account, balance with custodian and murabaha deposits with an original maturity of less than three months at the date of acquisition. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

## RIYAD AMERICAN EQUITY FUND

### Open-Ended Mutual Fund

(Managed by Riyad Capital)

#### Notes to the financial statements

For the year ended 31 December 2022

(All amounts in United States Dollar unless otherwise stated)

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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.4 Financial instruments

#### 4.4.1 Initial recognition and measurement

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

##### Financial asset at amortised cost

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

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

##### Financial asset at fair value through other comprehensive income ("FVOCI")

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

- 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 principle and commission on the principle 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 asset at fair value through profit or loss ("FVPL")

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

##### 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- e.g. 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.

**RIYAD AMERICAN EQUITY FUND**

**Open-Ended Mutual Fund**

**(Managed by Riyadh Capital)**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**(All amounts in United States Dollar unless otherwise stated)**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.4 Financial instruments (continued)**

**4.4.1 Initial recognition and measurement (continued)**

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.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVPL 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 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 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.

Reclassifications

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

Impairment of financial assets

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

## **RIYAD AMERICAN EQUITY FUND**

### **Open-Ended Mutual Fund**

**(Managed by Riyad Capital)**

#### **Notes to the financial statements**

**For the year ended 31 December 2022**

**(All amounts in United States Dollar unless otherwise stated)**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **4.4 Financial instruments (continued)**

###### **4.4.2 *Classification of financial liabilities***

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

###### **4.4.3 *Recognition and initial measurement***

An entity shall recognise 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. Financial assets measured at FVPL are initially recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. Financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition issue.

###### **4.4.4 *Subsequent measurement***

Financial assets at FVPL are subsequently measured at fair value. Net gain or losses including any foreign exchange gains and losses, are recognised in profit or loss in 'Net gain from investments carried at FVPL' in the statement of profit or loss and other comprehensive income.

Financial assets and financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest / commission method and is recognised in the statement of comprehensive income.

Any gain or loss on de-recognition is also recognised in the statement of comprehensive income.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative commission using the effective interest / commission method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

###### **4.4.5 *Derecognition***

The Fund derecognises 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 (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in statement of comprehensive income. Any commission in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability. The Fund enters into transactions whereby it transfers assets recognised 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 derecognised. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

## **RIYAD AMERICAN EQUITY FUND**

### **Open-Ended Mutual Fund**

**(Managed by Riyadh Capital)**

**Notes to the financial statements**

**For the year ended 31 December 2022**

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**(All amounts in United States Dollar unless otherwise stated)**

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **4.4 Financial instruments (continued)**

###### **4.4.6 *Impairment of financial assets***

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The Fund recognises 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.

Under IFRS 9, loss allowances is measured on either of the following bases:

- a) 12-month ECLs: these ECLs that result from possible default events within the 12 months after the reporting date; and
- b) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

##### **4.5 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### **4.6 Other accrued expenses**

Liabilities are recognised for amounts to be paid for goods or serviced received whether or not billed to the Fund. Accruals and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

##### **4.7 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.



## **RIYAD AMERICAN EQUITY FUND**

### **Open-Ended Mutual Fund**

**(Managed by Riyad Capital)**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

**(All amounts in United States Dollar unless otherwise stated)**

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## **4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **4.8 Redeemable units**

The Fund is open for subscriptions/ redemptions of units on every Monday and Thursday. The net assets value of the Fund is determined every Monday and Thursday (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.

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.

### **4.9 Zakat / taxation**

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

### **4.10 Revenue recognition**

Revenue is recognised 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.

Dividend income is recognised when the Fund's right to receive dividend is established.

Realised gain and loss on disposal of investments held at FVPL is measured as the difference between the sales proceed and the carrying value before disposal.

## RIYAD AMERICAN EQUITY FUND

### Open-Ended Mutual Fund

(Managed by Riyad Capital)

### Notes to the financial statements

For the year ended 31 December 2022

(All amounts in United States Dollar unless otherwise stated)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.11 Management fees

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

### 4.12 Other expenses

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

### 4.13 Equity per unit

The equity 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 Fund Manager charges the Fund a management and administration fee at the rate of 1.5% and 0.2% (2021: 1.5% and 0.2%) per annum of the fund's net assets value which is shown in the statement of income under management fee caption. Moreover, the Custodian charges the Fund custody fee at the rate of 0.005% per annum of the Fund's net assets value.

The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit fees, legal fees and other similar charges. These charges are not expected to exceed in total 0.2% (2021: 0.2%) per annum of the Fund's net assets value.

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

	Note	31 December 2022	31 December 2021
Cash in investment accounts	6.1,11	25,446	98,596
Bank balance with custodian	6.1	107,887	54,861
		<b>133,333</b>	<b>153,457</b>

6.1 Cash in investment accounts is held in investment accounts with Riyad Capital and a cash balance with Custodian. The Fund does not earn profit on these investment accounts.

## 7. INVESTMENTS CARRIED AT FVPL

The Fund invests primarily in equity securities of companies in United States of America (US). The investment portfolio carried at FVPL is summarized as follows:

	31 December 2022	31 December 2021
Investment in US securities managed by Sub - Fund Manager	3,372,418	4,932,128
<b>Total fair value</b>	<b>3,372,418</b>	<b>4,932,128</b>

**RIYAD AMERICAN EQUITY FUND****Open-Ended Mutual Fund****(Managed by Riyadh Capital)****Notes to the financial statements****For the year ended 31 December 2022****(All amounts in United States Dollar unless otherwise stated)****8. UNIT TRANSACTIONS**

Transactions in units for the year are summarized as follows:

	<b>31 December 2022</b>	31 December 2021
	<i>(Units in numbers)</i>	
<b>Units at the beginning of the year</b>	<b>40,436.78</b>	366,862.92
Units issued during the year	<b>13,099.59</b>	29,682.67
Units redeemed during the year	<b>(21,345.13)</b>	(356,108.81)
<b>Net change in units</b>	<b>(8,245.54)</b>	(326,426.14)
<b>Units at the end of the year</b>	<b>32,191.24</b>	40,436.78

**9. NET GAIN FROM INVESTMENTS CARRIED AT FVPL**

	<b>For the year ended 31 December</b>	
	<b>2022</b>	2021
Realized (loss) / gain from sale of investments carried at FVPL	<b>(71,769)</b>	4,996,459
Unrealized (loss) / gain from revaluation of investments carried at FVPL	<b>(414,990)</b>	1,751,190
	<b>(486,759)</b>	6,747,649

**10. OTHER EXPENSES**

	Note	<b>For the year ended 31 December</b>	
		<b>2022</b>	2021
			<i>(Restated)</i>
VAT expenses	<b>11</b>	<b>11,706</b>	73,030
Custody fee		<b>1,912</b>	-
Professional fees		<b>5,863</b>	3,987
CMA fees		<b>1,999</b>	1,994
Other		<b>1,332</b>	1,329
		<b>22,812</b>	80,340

**11. TRANSACTIONS WITH RELATED PARTIES**

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

In the ordinary course of its activities, the Fund transacts business with the related parties. The related parties’ transactions are in accordance with terms and conditions of the Fund.

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	Relationship	Nature of transactions	<b>Amount of transaction during the year</b>		<b>Closing balance (Payable)</b>	
			<b>2022</b>	2021	<b>2022</b>	2021
Riyad Capital	Fund Manager	Cash in Investment accounts	<b>(73,150)</b>	(893,193)	<b>25,446</b>	98,596
		Management fee (2021: restated)	<b>(68,941)</b>	(491,989)	<b>(810)</b>	(28,033)
		Accrued VAT	<b>(11,706)</b>	(73,030)	<b>(1,288)</b>	(4,849)

**RIYAD AMERICAN EQUITY FUND****Open-Ended Mutual Fund****(Managed by Riyadh Capital)****Notes to the financial statements****For the year ended 31 December 2022****(All amounts in United States Dollar unless otherwise stated)****12. FINANCIAL INSTRUMENTS BY CATEGORY**

<b>31 December 2022</b>	<b>Amortized cost</b>	<b>FVPL</b>
<b>Assets as per statement of financial position</b>		
Cash and cash equivalents	133,333	-
Investments carried at FVPL	-	3,372,418
<b>Total</b>	<b>133,333</b>	<b>3,372,418</b>
<b>Liabilities as per statement of financial position</b>		
Management fees payable	810	-
Other accrued expenses	11,060	-
<b>Total liabilities</b>	<b>11,870</b>	<b>-</b>
<b>31 December 2021</b>	<b>Amortized cost</b>	<b>FVPL</b>
<b>Assets as per statement of financial position</b>		
Cash and cash equivalents	153,457	-
Investments carried at FVPL	-	4,932,128
<b>Total</b>	<b>153,457</b>	<b>4,932,128</b>
<b>Liabilities as per statement of financial position</b>		
Management fees payable	28,033	-
Other accrued expenses	10,746	-
Redemptions payable	70,144	-
<b>Total liabilities</b>	<b>108,923</b>	<b>-</b>

**13. FINANCIAL RISK MANAGEMENT****13.1 Financial risk factors**

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

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.

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

**RIYAD AMERICAN EQUITY FUND****Open-Ended Mutual Fund****(Managed by Riyad Capital)****Notes to the financial statements****For the year ended 31 December 2022****(All amounts in United States Dollar unless otherwise stated)**

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**13. FINANCIAL RISK MANAGEMENT (Continued)****13.1 Financial risk factors (Continued)****(a) Market risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

*(i) Foreign exchange risk*

Foreign exchange 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 currency.

All the Fund's transactions and balances are in United States Dollar and therefore the Fund is not exposed to foreign exchange risk.

*(ii) Special commission rate risk*

Special commission rate risk is the risk that the value of future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Fund is not subject to special commission rate risk, as it does not have any commission bearing financial instruments.

*(iii) 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 commission rate movements.

The price risk arises primarily from uncertainty about the future prices of the 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, the Fund has invested with Sub Fund manager.

The effect on the equity (as a result of the change in the fair value of investments as at 31 December 2022 and 31 December 2021) 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 2022		31 December 2021	
	Potential reasonable change %	Effect on equity	Potential reasonable change %	Effect on equity
Investments in US Securities	1%	33,724	1%	49,231

**RIYAD AMERICAN EQUITY FUND**

**Open-Ended Mutual Fund**

**(Managed by Riyad Capital)**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**(All amounts in United States Dollar unless otherwise stated)**

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**13. FINANCIAL RISK MANAGEMENT (Continued)**

**13.1 Financial risk factors (Continued)**

**(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 exposed to credit risk for its cash and cash equivalent. Cash in investment accounts held with the Fund Manager and the cash balances held with the custodian are held in banks which has sound credit rating and there is no historical history of default to recover the balance.

The following table shows the Fund's maximum exposure to credit risk for components of the statement of financial position.

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash and cash equivalents	<b>133,333</b>	153,457

Amounts arising from ECL

Impairment on investments carried at amortized cost has been measured on a 12-month expected loss basis. The Fund considers that these exposures have low credit risk based on the external credit ratings of the counterparties. 12-month and lifetime probabilities of default are based on the approved ECL methodology and impairment policy of the Fund. Loss Given Default (LGD) parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties. However, if the asset were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective profit rate.

**Expected credit loss measurement**

Under the expected credit loss model, credit losses are recognised prior to a credit event occurring. The impairment model requires more timely and forward-looking information that allows for a more accurate reflection of the credit risk inherent in the exposures.

Under the general approach of IFRS 9 impairment, the financial assets are classified into three stages. Each stage indicates the credit quality of the particular financial asset.

Stage 1: includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses (ECL) are recognised and profit is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but profit is still calculated on the gross carrying amount of the asset.

Stage 3: includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that are already impaired (defaulted).

**RIYAD AMERICAN EQUITY FUND**

**Open-Ended Mutual Fund**

**(Managed by Riyadh Capital)**

**Notes to the financial statements**

**For the year ended 31 December 2022**

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**(All amounts in United States Dollar unless otherwise stated)**

**13. FINANCIAL RISK MANAGEMENT (Continued)**

**13.1 Financial risk factors (Continued)**

**(b) Credit risk (continued)**

One of the key components of IFRS 9 ECL is to determine whether there have been significant increases in credit risk (SICR) of an entity's credit exposures since initial recognition. The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL.

Fund has policy to invest with counterparties with credit rating BBB- and above. All the investments are initially classified under stage 1. If at any subsequent reporting date the credit rating of the counterparty deteriorates by 2 notches in Fitch rating scale but still above B+, then the Fund downgrades the investment with such counterparty to Stage 2. In case if the credit rating of the counterparty decreases below B+, then investment with such counterparty is further downgraded to Stage 3.

The Fund has set out the following definition of default:

Definition of default:

The Fund considers a financial asset to be in default when the counterparty makes default in payment of principal or profit.

Probability of Default (PD):

Through the yearly review of investments in debt instruments, the Fund shall draw a yearly transition matrix to compute account-based PD over the one-year horizon for the past 5 years. The Fund Manager reviews credit concentration of the investment portfolio based on counterparties. The credit quality of the financial assets is assessed using the external credit ratings of Fitch.

Loss Given Default (LGD):

Loss given default is defined as the forecasted economic loss in case of default. LGD computation will be based on the Fund's losses on defaulted accounts after the consideration of recovery percentages. IFRS 9 also requires that LGD be estimated in collaboration with the forward-looking valuation of collaterals based on macro-economic factors. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

For LGD estimation on its non-collateralised portfolio, the Fund shall compute LGD based on actual recoveries on its defaulted portfolio over a period of at least 5 years prior to the assessment date. In absence of history, bench making is performed.

**RIYAD AMERICAN EQUITY FUND****Open-Ended Mutual Fund****(Managed by Riyad Capital)****Notes to the financial statements****For the year ended 31 December 2022****(All amounts in United States Dollar unless otherwise stated)****13. FINANCIAL RISK MANAGEMENT (Continued)****13.1 Financial risk factors (Continued)****(b) Credit risk (continued)***Exposure at Default (EAD):*

Exposure at default is an estimation of the extent that the Fund may be exposed to an obligor in the event of default. The estimation of EAD should consider any expected changes in the exposure after the assessment date. This is of importance in the case of Stage 2 assets where the point of default may be several years in the future.

*Discount rate*

The Fund computes effective profit rate at a contractual level. If the computation of the effective profit rate (at reporting date) is not feasible, the Fund uses the contractual profit (at reporting date) for discounting purposes.

As at 31 December 2022, the Fund has investments with credit ratings ranging from A to BBB-.

The amount in cash in investment accounts are held with reputable bank, having strong credit rating, and hence, low credit risk. Therefore, ECL is immaterial.

**Credit quality analysis**

The following table shows an analysis of the credit quality of financial assets as at 31 December.

	<b>2022</b>		
	<b>Investment grade</b>	<b>Non-investment grade</b>	<b>Total</b>
<b>Financial assets</b>			
Cash and cash equivalents	<u>26,888</u>	<u>-</u>	<u>26,888</u>
<b>Total</b>	<u>26,888</u>	<u>-</u>	<u>26,888</u>
	<b>2021</b>		
	<b>Investment grade</b>	<b>Non-investment grade</b>	<b>Total</b>
<b>Financial assets</b>			
Cash and cash equivalents	<u>44,139</u>	<u>-</u>	<u>44,139</u>
<b>Total</b>	<u>44,139</u>	<u>-</u>	<u>44,139</u>

**(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.



## **RIYAD AMERICAN EQUITY FUND**

### **Open-Ended Mutual Fund**

**(Managed by Riyad Capital)**

**Notes to the financial statements**

**For the year ended 31 December 2022**

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**(All amounts in United States Dollar unless otherwise stated)**

## **13. FINANCIAL RISK MANAGEMENT (Continued)**

### **13.1 Financial risk factors (Continued)**

#### **(c) Liquidity risk (continued)**

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.

#### **(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.

### **13.2 Capital risk management**

The Fund's capital represents the net assets of the Unitholders. The Fund's objectives when managing capital are to maintain the ability to continue as a going concern and achieve returns for Unitholders and benefits for other stakeholders, as well as maintaining the capital base to support the development of the Fund's investment activities. In order to maintain or adjust the capital structure, the Fund Manager may call up an unfunded commitment, if any, from, or any additional capital from the Unitholders or distribute the funds to the Unitholders.

### **13.3 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 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

**RIYAD AMERICAN EQUITY FUND****Open-Ended Mutual Fund****(Managed by Riyadh Capital)****Notes to the financial statements****For the year ended 31 December 2022****(All amounts in United States Dollar unless otherwise stated)****13. FINANCIAL RISK MANAGEMENT (Continued)****13.3 Fair value estimation (Continued)**

- Level 3 inputs are unobservable inputs for the asset or liability.

The estimated fair value of the Fund's financial assets and financial liabilities is not considered to be significantly different from their carrying values.

The fair value of investments carried at FVPL are based on quoted prices in active markets and are therefore classified within Level 1.

2022	Fair value			
	Level 1	Level 2	Level 3	Total
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	-	133,333	133,333
<i>Financial assets measured at fair value</i>				
Investments carried at FVPL	3,372,418	-	-	3,372,418
	<u>3,372,418</u>	<u>-</u>	<u>133,333</u>	<u>3,372,418</u>
<i>Financial liabilities not measured at fair value</i>				
Management fees payable	-	-	810	810
Accrued expenses	-	-	11,060	11,060
	<u>-</u>	<u>-</u>	<u>11,870</u>	<u>11,870</u>
2021	Fair value			
	Level 1	Level 2	Level 3	Total
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	-	153,457	153,457
Outstanding settlements	-	-	35,072	35,072
<i>Financial assets measured at fair value</i>				
Investments carried at FVPL	4,932,128	-	-	4,932,128
	<u>4,932,128</u>	<u>-</u>	<u>188,529</u>	<u>5,120,657</u>
<i>Financial liabilities not measured at fair value</i>				
Management fees payable	-	-	28,033	28,033
Accrued expenses	-	-	10,746	10,746
Redemptions payable	-	-	70,144	70,144
	<u>-</u>	<u>-</u>	<u>108,923</u>	<u>108,923</u>

**RIYAD AMERICAN EQUITY FUND****Open-Ended Mutual Fund****(Managed by Riyadh Capital)****Notes to the financial statements****For the year ended 31 December 2022****(All amounts in United States Dollar unless otherwise stated)**

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**13. LAST VALUATION DAY**

The last valuation day of the year was 31 December 2022 (31 December 2021).

**14. COMPARATIVE FIGURES**

During the period, the Fund performed an exercise to determine if the presentation of the income statements is in accordance with IAS 1 “Presentation of financial statements”. This exercise resulted in reclassification of certain line items in the statement of comprehensive income and statement of financial position to conform with IFRS as endorsed in KSA. A third balance sheet as of 1 January 2021 has not been presented as the impact of the restatement as of that date is not material.

The below restatements have no impact on the net income and equity of the Fund.

**14.1 Custody fee reclassified from fund management fee to other expenses:**

	<b>31 December 2021</b> <b>(As previously stated)</b>	<b>Restatement</b>	<b>31 December 2021</b> <b>(As restated)</b>
Management fees payable	28,445	(412)	28,033
Other accrued expenses	10,334	412	10,746

**15. 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.

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Fund Board of Directors on 26 March 2023 (corresponding to 4 Ramadan 1444 AH).