



Annual Report

SAB Invest China and India Equity Freestyle Fund

2023

\* All reports are available upon request free of charge.

## Table of Contents

- Fund Information
- Fees and Expenses
- Fund Manager
- Custodian
- Auditor
- Financial Statements

## (a) Fund Information

### 1. Fund Name

SAB Invest China and India Equity Freestyle Fund

### 2. Investment Objectives and Policies

The Fund is an open investment fund that aims at achieving capital growth over the long term by investing in the shares of companies listed on India and China organized stock exchanges and compliant with Sharia standards. The Fund also invests in the shares of companies listed on global stock exchanges provided that said companies carry on main business or have investment engagements in China and India.

### 3. Income & Gains Distribution Policy

No income shall be distributed, but rather the investment income and gains shall be added to the fund's assets so that the income and gains shall be reinvested and reflected on the unit price.

### 4. Description of the Fund's Benchmark

Not Applicable

## (b) Fund Performance

- Fund performance during the past three years (USD)

	2021	2022	2023
Net Asset Value at the end of the year	26,808,309	19,275,448	16,332,514
Net Asset Value per Unit at the end of the year	38.0369	28.8081	26.1677
Highest Net Asset Value per Unit	43.0004	39.2150	30.6670
Lowest Net Asset Value per Unit	17.2887	25.6544	25.4225
Number of Issued Units at the end of the Year	704,798	669,099	624,148
Value of Distributed Dividends per unit (if any)	-	-	-
*Expenses Ratio	5.41%	3.17%	4.02%
Percentage of Assets Borrowed from the Asset Value, Exposure Period and Maturity Date	-	-	-

\*Including capital gains Tax

- **Fund Returns**

	One Year	Three Years	Five Years	Since Inception
<b>Fund Returns</b>	-9.17%	-32.13%	4.47%	161.68%
<b>Benchmark Returns</b>	N/B	N/B	N/B	N/B

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fund Returns</b>	10.38%	-2.77%	-0.83%	48.72%	-16.67	12.46%	36.88%	-1.35%	-24.26%	-9.17%

- **Fees and Expenses**

Type of Expenses or Commission (Including VAT, if any)	Value in USD	Percentage according to Fund Asset Average
<b>Fund Management Fees</b>	472,225	2.66%
<b>Administrator Fees</b>	7,308	0.04%
<b>Custodian Fees</b>	2,896	0.02%
<b>Auditor's Fees</b>	4,628	0.03%
<b>Independent Board Members' Remuneration</b>	1,863	0.01%
<b>CMA Fees</b>	838	0.00%
<b>Tadawul Fees</b>	643	0.00%
<b>Other Expenses</b>	222,435	1.25%

## 5. Material changes that affected the Fund performance

There were no material changes during 2023.

## 6. Annual Voting Practices

Not Applicable

## 5. Fund Board of Directors' Annual Report

(A) Names and Types of Membership of the Board Members:

- Hamad Ibrahim Al-Washmi, Chairman of the Board of Directors, (a non-independent Board member);
- Tariq Saad Abdul Aziz Al-Tuwajri, (an independent Board member);
- Ali Saleh Al-Othaim, (an independent Board member)\*;
- Abdulrahman Al-Mudaimigh, (an independent Board member); and
- Rehab Saleh Al-Khudair, (a non-independent Board member)\*\*.

\* Member of the Board of Directors, Ali Saleh Ali Al-Othaim - an independent member, was removed as of 01/05/1445 AH, corresponding to 07/23/2023 AD.

\*\* Member of the Board of Directors, Rehab Saleh Al-Khudair - a non-independent member, resigned as of 02/15/1445 AH, corresponding to 08/31/2023 AD.

Names of Members of the Fund's Board of Directors	Experience and qualifications	Current position
<b>Hamad Ibrahim Al-Washmi (Chairman of the Board of Directors – Non-Independent Member)</b>	<ul style="list-style-type: none"> <li>- Chief Risk and Compliance Officer, HSBC Saudi Arabia (2021)</li> <li>- Member of Audit Committee, Najm Insurance Co. (2020)</li> <li>- Head of Compliance, HSBC Saudi Arabia (2018)</li> <li>- Head of Customer Experience, SABB Customer Experience Department, SABB Bank (2016)</li> <li>- International Assignment with the Global Compliance Department, HSBC Holdings PLC, London, United Kingdom (2016)</li> <li>- Head of RBWM Compliance, Compliance Department, SABB (2014)</li> <li>- Senior Manager, Business Performance &amp; Planning – Retail Banking &amp; Wealth Management, SABB (2010)</li> <li>- Manager Business Performance &amp; Planning, SABB (2009)</li> <li>- Relationship Manager – Large Corporate and Government Entities, Arab National Bank (2003)</li> <li>- Consumer Loans Credit Officer, Arab National Bank (2002)</li> <li>- Recommendation &amp; Call Verification Units Supervisor, Arab National Bank (2002)</li> <li>- Package Account Unit Supervisor, Arab National Bank (2002)</li> <li>- Showroom Manager, Jarir Bookshop (2000)</li> <li>- MBA, University of San Diego, School of Business Administration, San Diego (2009)</li> </ul>	Chief Compliance Officer, Al Rajhi Bank (2023)

	- Bachelor of Science in Business Administration (2000)	
<b>Rehab Alkhudair (Non-Independent Member)</b>	<ul style="list-style-type: none"> <li>- Chief Operating Officer Asset Management, HSBC Saudi Arabia</li> <li>- Senior Investment Performance Analysis Manager– Asset Management Department, HSBC Saudi Arabia (2019)</li> <li>- Performance Analyst – Asset Management Department, HSBC Saudi Arabia (2016)</li> <li>- Assistant Performance Analyst – Asset Management Department, HSBC Saudi Arabia (2014)</li> <li>- Assistant Manager, Regulatory Compliance, HSBC Saudi Arabia (2014)</li> <li>- Assistant Financial Analyst - Treasury &amp; Investments, Riyadh Bank (2012)</li> <li>- Master Degree in Finance Management, Durham University, United Kingdom (2013)</li> <li>- BBA, Finance (with honors degree), Al Yamamah University, Saudi Arabia (2010)</li> </ul>	Chief Operating Officer Asset Management, SAB Invest (2022)
<b>Tariq Saad Abdul-Aziz Al-Tuwaijri (Independent Member)</b>	<ul style="list-style-type: none"> <li>- Director of Equity Investments at Nesseel Holding Company (2010)</li> <li>- Deputy General Executive President of Mediation at Wasatah Capital Company (2008)</li> <li>- Senior Mediator at Al Jazeera Capital (2004)</li> <li>- Relations Director - Banking Services of Samba Financial Group (1998)</li> <li>- Bachelor of Business Administration from the Open Arabian University (2015)</li> <li>- General Institute of Technical Education and Vocational Training, Diploma of Business Administration (2010)</li> </ul>	Head of the Nomination and Compensation Committee, Non-Independent Member of the Board of Directors of Thoub Al Asil Company and Member of the Saudi Economics Association (2018)
<b>Ali Saleh Ali Al-Othaim (Independent Member)</b>	<ul style="list-style-type: none"> <li>- Member of the Board Directors of Al Khair Capital (2012)</li> <li>- Member of the Board of Directors of the Chamber of Commerce and Industry, Riyadh (2003)</li> <li>- Member of the Board of Directors of Al Othaim Commercial Group (1998)</li> <li>- Deputy President of Al Othaim Jewelry (formerly) (1994)</li> <li>- Bachelor of Business Administration, Major: Financial Management, King Saud University (1998)</li> </ul>	Businessman
<b>Abdulrahman Ibrahim Al-</b>	- Board member of National Building and Marketing Company (2019)	Executive partner of

<b>Mudaimigh (Independent Member)</b>	<ul style="list-style-type: none"> <li>- Chairman of Future Ceramics (2019)</li> <li>- Board member of National Gypsum Company (2019)</li> <li>- Board member of Impact Capital Company (2019)</li> <li>- Board member of FIPCO (2019)</li> <li>- Board member of AL Maather REIT Fund (2017)</li> <li>- CEO of Watar Partners for Business Trading Company (2017)</li> <li>- Acting CEO of Bawan Company (2016)</li> <li>- Deputy President of Business Development for Bawan Company (2011)</li> <li>- Founding partner, General Manager of Bina Holding Company (2007)</li> <li>- Senior credit analyst for the Industrial Development Fund (2004)</li> <li>- MBA from London Business School (2018)</li> <li>- Bachelor degree in Financial Management from Prince Sultan University (2004)</li> </ul>	Watar Partners for Business Trading Company (2017)
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#### **(B) Roles and Responsibilities of the Fund Board of Directors**

Responsibilities of the Fund Board Members include without limitation:

- Approving all contracts, decisions and material reports to which the Fund is a party.
- Approving a written policy with regard to the voting rights in respect of Fund assets.
- Supervising and, where appropriate, approving any conflict of interest disclosed by the Fund Manager pursuant to Article (13) of the IFR.
- Holding, twice a year at least, a meeting with the Conformity and Compliance Committee at the Fund Manager, or the officer in charge of Conformity and Compliance at the Fund Manager, in order to review compliance by the Fund with all relevant laws and regulations.
- Recognizing any recommendation raised by the liquidator, in case a liquidator is appointed.
- Ensuring completion and accuracy of the Fund Terms and Conditions and any other document involving disclosures in connection with the Fund and the Fund Manager as well as its management of the Fund and the amended Investment Funds Regulations.
- Ensuring that the Fund Manager is fulfilling its responsibilities in a way realizing the interests of the Unitholders pursuant to the Fund Terms and Conditions, and the amended provisions of the Investment Funds Regulations.
- Working honestly, in good faith, and exerting diligence, skill and care, and in a way realizing the interests of the Unitholders.
- Recording the minutes of meetings showing all the occurrences affecting the meetings and decisions taken by the Board.
- Approving delegating the powers and authorities of the Fund Manager to other financial institutions in order to function as adviser, sub-manager, custodian, agent or mediator after having obtained the approval by CMA.

- Approving the appointment of the Auditor.
- Approving the services authorized by the Manager in respect of keeping the books, subscription, redemption, sale and purchase and financial transfers, confirmation and information affecting the investments in response to the subscribers' inquiries. Assuming the tasks of follow-up and control of the Fund's performance, and ensuring that the Fund Manager carries out its responsibilities in a way realizing the interests of the Unitholders, pursuant to the Terms and Conditions of the Fund, the Information Memorandum, the relevant documentation and the provisions of the Investment Fund Regulations.

**(D) Particulars of the Fund Board Members' Remuneration**

Remuneration of the Board independent members shall be paid by the Fund Manager. The Fund will not pay any expenses of the Fund Board of Directors.

**(E) Statement of any real or potential conflict of interest between the interests of a Fund board member and those of the Fund:**

- There is no real or potential conflict between the interest of any Board member and the interests of the Fund.
  - No Fund Board member may sit on the boards of directors of other funds in the Kingdom of Saudi Arabia.
  - The Board of Directors of the Fund shall supervise and resolve any conflicts of interest, and shall exercise due care and diligence towards Unitholders, and shall exert utmost effort to appropriately resolve conflicts of interest in good faith. The Fund Manager shall ensure that none of its subordinates is engaged in any business involving a conflict of interest. In the event of any material conflict between the interests of the Fund Manager or the Sub-Manager's interest and the interests of any investment fund managed thereby or another client's account, then the Fund Manager shall disclose this to the Board of Directors as soon as possible.



(F) All Fund Boards of Directors in which the relevant Board Member participates:

<b>Fund Name</b>	<b>Hamad Al-Washmi</b>	<b>Rehab Al-Khudair</b>	<b>Tariq Al-Tuwaijri</b>	<b>Ali Saleh Al-Othaim</b>	<b>Abdulrahman Al-Mudaimigh</b>
Alawwal Invest Saudi Riyal Murabaha Fund	√	√	√	√	√
Alawwal Invest US Dollar Murabaha Fund	√	√	√	√	√
Alawwal Invest Saudi Equity Fund	√	√	√	√	√
Alawwal Invest Saudi Equity Income Fund	√	√	√	√	√
Alawwal Invest Saudi Financial Institutions Equity Fund	√	√	√	√	√
Alawwal Invest Saudi Companies Equity Fund	√	√	√	√	√
Alawwal Invest Saudi Industrial Companies Equity Fund	√	√	√	√	√
SAB Invest Saudi Construction and Cement Equity Fund	√	√	√	√	√
Alawwal Invest Global Equity Index Fund	√	√	√	√	√
Alawwal Invest GCC Equity Fund	√	√	√	√	√
Alawwal Invest China and India Equity Freestyle Fund	√	√	√	√	√
Alawwal Invest Multi-Assets Defensive Fund	√	√	√	√	√
Alawwal Invest Multi-Assets Balanced Fund	√	√	√	√	√
Alawwal Invest Multi-Assets Growth Fund	√	√	√	√	√
Alawwal Invest Saudi Freestyle Equity Fund	√	√	√	√	√
Alawwal Invest MSCI Tadawul 30 Saudi ETF	√	√	√	√	√
Alawwal Invest Sukuk Fund	√	√	√	√	√
Alawwal Invest GCC Equity Income Fund	√	√	√	√	√

**G- Subjects Discussed and Resolutions passed thereon including the fund Performance and Attainment of its Objectives**

No	Discussed Points within Boards' Meetings
1	Mutual fund performance
2	Service providers assessment
3	Risk procedures
4	Mutual fund breaches (if any)
5	Valuation errors (if any)
6	Changes in the terms & conditions of the mutual fund
7	Evaluating the efficiency of the fund's board of directors in supervising the funds
8	Evaluation of the external brokers for mutual fund execution
9	Counterparty limits

**C) Fund Manager**

SAB Invest

**1. Address**

Head Office, Olaya Street  
Riyadh 11431-1467,  
Kingdom of Saudi Arabia,  
Unified Number: +966114163133  
Fax: +966 112169102  
Website: [www.sabinvest.com](http://www.sabinvest.com)

**2. Fund Sub-Manager and/or Investment Advisor (if any)**

HSBC Global Assets Management Fund (Hong Kong) Limited  
Level 22, HSBC Main Building  
1 Queen's Road Central  
Hong Kong  
Phone: +852 2284 1111  
Fax: +852 2845 0226

**3. Investment activities during the period**

During 2023, the Fund continued to take exposure to Chinese and Indian Equities. During the year, in the Chinese market, the Fund increased our exposure to Consumer Discretionary and Communication Services while reduced exposure to Consumer Staples; whereas, in the Indian market, the Fund increased the most weighting in Information Technology and Energy, and decreased most exposure in Consumer Staples and Real Estate

**4. Report on the fund performance during the period**

During 2023, among the major emerging markets, Chinese market ended 2023 as the worst performers among the world's major indexes, dragged down by geopolitical risks, a sluggish economic recovery and policy uncertainties. As opposed to the Chinese market, the Indian market had a strong year underpinned by relatively strong GDP growth, and a strong outlook for the year ahead. On an overall basis, the SAB Invest China and India Equity Freestyle Fund's performance registered a decline of 9.17% during 2023.

**5. Changes made to the terms and conditions of the fund during the period**

<b>Changes Details</b>	<b>Effective Date</b>
Apply the new brand and new identity of the SAB Invest	4-Apr-23
Redrafting some of the T&C article	1-Aug-23
Amendment to the fee and expense of the Fund	
Adding the tasks assigned by the fund operator to the sub-fund operator assigned to the fund	
Amendment to the Shariah Board of the Fund	
Changing Fund's Custodian	
Add the fund' tax advisor information	

**6. Any additional information that may enable unit holders to make informed decisions that are based on sufficient information about the fund activities during the period**

None

**7. Percentage of management fees calculated on the fund itself and other funds that the fund is investing in (if the fund is substantially investing in other investment funds)**

Not Applicable

**8. Special commission received by fund manager during the period**

None

**9. Any other data or information that shall be included in this report according to investment fund regulations**

Not Applicable

**10. Management term of the person recorded as the fund manager**

Eleven Years

**11. Expense ratio of each underlying fund at the end of the year and weighted average expense ratio of all underlying funds**

Not Applicable

**(D) Custodian**

Riyad Capital

**1. Address**

Riyad Capital Company  
Al-Takhasosi Street - Olaya. Riyadh 12331-3712, Kingdom of Saudi Arabia  
Phone: 4865858  
Website: [www.riyadcapital.com](http://www.riyadcapital.com)

**2. Concise Description of the Custodian's main roles and responsibilities**

- Take custody of the assets of the Investment Fund;
- Open a separate account under its name with a local bank in favor of the Fund;
- Segregate the Fund's assets and register Fund securities under its name for the benefit of the Investment Fund;
- Maintain all necessary documents to support the performance of its contractual responsibilities towards the Fund.
- Deposit all cash belonging to the Fund into the relevant bank account; and
- Manage the Fund cash i.e. deduct the investment amounts and Fund expenses in accordance with the Fund's Terms and Conditions and the Information Memorandum.
- The Custodian shall be liable to the Fund Manager and Unitholders for its obligations pertaining to any losses caused to the Investment Fund due to the Custodian fraud, negligence, willful misconduct or default.
- The Custodian shall be liable for taking custody of, and protecting the Fund's assets on behalf of Unitholders.
- The Custodian shall be liable for taking all necessary administrative measures in relation to the custody of the Fund's assets.

## **(E) Fund Operator**

### **SAB Invest**

#### **1. Name & Address of the Fund Operator**

Head Office, Olaya Street  
Riyadh 11431-1467,  
Kingdom of Saudi Arabia,  
Unified Number: +966114163133  
Fax: +966 112169102  
Website: [www.sabinvest.com](http://www.sabinvest.com)

#### **2. Concise Description of the Fund Operator main roles and responsibilities**

As responsible for operating the Fund; the Fund Operator shall:

- Keep the books and records related to the Fund operation;
- Prepare and update the unit subscribers record and maintain it in the Kingdom according to the Investment Fund Regulations;
- Be liable for the distribution of dividends, if any, according to the distribution policy provided for under the Terms and Conditions;
- Conclude the subscription and redemption procedures provided for under these Terms and Conditions; and Fully and fairly evaluate the Fund assets and calculate the Fund unit price.

## **(F) Auditor:**

Ernst & Young & Co.  
Olaya Street, 14<sup>th</sup> Floor, Al Faisaliah Office Tower, Riyadh,  
P.O. Box 12212,  
Kingdom of Saudi Arabia  
Telephone: + 9662159898

## **(G) Financial Statements**

Attached

**SAB Invest China and India Equity Freestyle Fund  
(Managed by SAB Invest)**

**FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2023**



**ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)**  
**Paid-Up Capital (SR 5,500,000 – Five Million Five Hundred Thousand Saudi Riyal)**  
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## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND (MANAGED BY SAB INVEST)**

### **Opinion**

We have audited the financial statements of SAB Invest China and India Equity Freestyle Fund (the "Fund") managed by SAB Invest (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity attributable to the unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

### **Basis for Opinion**

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

### **Other Information included in the Fund's 2023 Annual Report**

The Fund manager is responsible for the other information in the Fund's annual report. Other information consists of the information included in the Fund's 2023 annual report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information, and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Fund's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants, the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund's terms and conditions and the Information Memorandum, 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.

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**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND  
(MANAGED BY SAB INVEST) (continued)**

**Responsibilities of Management and Those Charged with Governance for the Financial Statements  
(continued)**

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

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

**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

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 International Standards on Auditing 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 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.
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**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND  
(MANAGED BY SAB INVEST) (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 Ernst & Young Professional Services

Fahad M. Al-Toaimi  
Certified Public Accountant  
License No. 354



Riyadh: 18 Ramadan 1445H  
(28 March 2024)

# SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<i>31 December 2023 USD</i>	<i>31 December 2022 USD</i>
<b>ASSETS</b>			
Cash and cash equivalents		<b>1,772,756</b>	1,012,598
Financial assets at fair value through profit or loss (FVTPL)	5	<b>14,496,119</b>	18,299,468
Receivables and advances		<b>201,691</b>	248,304
<b>TOTAL ASSETS</b>		<b>16,470,566</b>	19,560,370
<b>LIABILITIES</b>			
Management fee payable	6	<b>93,589</b>	183,287
Accrued expenses and other payables	7	<b>44,462</b>	101,634
<b>TOTAL LIABILITIES</b>		<b>138,051</b>	284,921
<b>EQUITY</b>			
Net assets attributable to unitholders of redeemable units		<b>16,332,515</b>	19,275,449
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,470,566</b>	19,560,370
Redeemable units in issue		<b>624,148</b>	669,099
Net asset value attributable to each per unit		<b>26.17</b>	28.81

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

# SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>USD</b>	<b>2022</b> <b>USD</b>
<b>INCOME</b>			
Net movement in unrealised (loss) on financial assets at FVTPL		<b>(1,738,002)</b>	(6,434,513)
Net realised gain on financial assets at FVTPL		<b>556,113</b>	566,974
Dividend income		<b>170,230</b>	190,581
Net exchange losses		<b>(2,180)</b>	(4,769)
Other income		<b>10,627</b>	2,400
<b>TOTAL INCOME</b>		<b>(1,003,212)</b>	(5,679,327)
<b>EXPENSES</b>			
Management fees	6	<b>472,225</b>	559,684
Other expenses		<b>240,611</b>	112,787
<b>TOTAL EXPENSES</b>		<b>712,836</b>	672,471
<b>NET (LOSS) FOR THE YEAR</b>		<b>(1,716,048)</b>	(6,351,798)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(1,716,048)</b>	(6,351,798)

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

**SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND**  
**STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE**  
**UNITHOLDERS**

For the year ended 31 December 2023

	<i>2023</i> <i>USD</i>	<i>2022</i> <i>USD</i>
<b>EQUITY AT THE BEGINNING OF THE YEAR</b>	<b>19,275,449</b>	26,808,309
Net (loss) for the year	<b>(1,716,048)</b>	(6,351,798)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<b>(1,716,048)</b>	(6,351,798)
Issue of units during the year	<b>16,994</b>	202,175
Redemption of units during the year	<b>(1,243,880)</b>	(1,383,237)
Net changes from unit transaction	<b>(1,226,886)</b>	(1,181,062)
<b>EQUITY AT THE END OF THE YEAR</b>	<b>16,332,515</b>	19,275,449
	<u><i>Units</i></u>	<u><i>Units</i></u>
<b>REDEEMABLE UNIT TRANSACTIONS</b>		
Transactions in redeemable units during the year are summarised as follows:		
<b>UNITS AT THE BEGINNING OF THE YEAR</b>	<b>669,099</b>	704,798
Issue of units during the year	<b>610</b>	6,269
Redemption of units during the year	<b>(45,561)</b>	(41,968)
Net change in units	<b>(44,951)</b>	(35,699)
<b>UNITS AT THE END OF THE YEAR</b>	<b>624,148</b>	669,099

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

# SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 USD	2022 USD
<b>OPERATING ACTIVITIES</b>		
Net (loss) for the year	<b>(1,716,048)</b>	(6,351,798)
<i>Adjustments to reconcile net (loss) to net cash flows from operating activities:</i>		
Net movement in unrealised (loss) on financial assets at FVTPL	<b>1,738,002</b>	6,434,513
	<b>21,954</b>	82,715
<i>Working capital changes:</i>		
Financial assets at FVTPL	<b>2,065,347</b>	1,010,258
Management fee payable	<b>(89,698)</b>	67,883
Accrued expenses and other payables	<b>(57,172)</b>	56,137
Receivables and advances	<b>46,613</b>	(84,749)
Net cash flows from operating activities	<b>1,987,044</b>	1,132,244
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	<b>16,994</b>	202,175
Payment on redemption of units	<b>(1,243,880)</b>	(1,383,237)
Net cash flows used in from financing activities	<b>(1,226,886)</b>	(1,181,062)
<b>Increase / (Decrease) in cash and cash equivalents</b>	<b>760,158</b>	(48,818)
Cash and cash equivalents at the beginning of the year	<b>1,012,598</b>	1,061,416
<b>Cash and cash equivalents at the end of the year</b>	<b>1,772,756</b>	1,012,598

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

# SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND

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## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 1. INCORPORATION AND ACTIVITIES

SAB Invest China and India Equity Freestyle Fund (the “Fund”) is an investment fund established through an agreement between SAB Invest (the “Fund Manager”) and investors (the “Unitholders”) in the Fund. The address of the Fund Manager is as follows:

SAB Invest, Head Office  
HSBC Building 7267  
Olaya Street (Al-Murooj District)  
Riyadh 12283-2255  
Kingdom of Saudi Arabia

The objective of the Fund is to seek long term capital appreciation, through investing in Shariah-compliant China and India equities.

SAB Invest Operations were appointed as Operator – Administrator of the fund in which AMO has appointed a Sub-Admin

The Fund is managed by the Fund Manager. The Fund Manager has appointed HSBC Global Asset Management (Hong Kong) Limited as the sub-investment advisor of the Fund and Riyadh Capital as a custodian of the Fund in accordance with the Terms and Conditions of the Fund. All income is reinvested in the Fund and is reflected in the unit price.

### 2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further Amended by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12 Rajab 1442H. Corresponding to 24 February 2021G (the “Amended Regulations”). The amended regulations are effective from 19 Ramadan 1442, corresponding to 1 May 2021).

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

#### 3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in the KSA”) and the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund’s terms and conditions and the Information Memorandum.

#### 3.2 Basis of preparation

These financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for financial assets held at FVTPL that are measured at fair value. These financial statements are presented in US Dollars (“USD”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest USD.

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### 3.3 Material accounting policies

The following are the material accounting policies applied by the Fund in preparing its financial statements.

##### *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as “cash and cash equivalents”.

For the purpose of the statement of cash flows, cash and cash equivalents includes bank balances held with bank and the custodian.

##### *Financial instruments*

###### (i) Classification

In accordance with IFRS 9, the Fund classifies its financial assets at initial recognition as amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).

###### Financial assets 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 FVTPL:

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

Financial assets measured at amortised cost are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

###### Financial assets at FVOCI

###### Debt Instruments

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

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

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in statement of comprehensive income.

###### Equity instruments

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

# SAB INVEST CHINA AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### 3.3 Material accounting policies (continued)

##### *Financial assets at FVTPL*

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

##### *(ii) Business model assessment*

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and 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. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Fund's management.
- 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 realised.

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 realised 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 originated or 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 FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial asset.

##### *(iii) Assessment of whether contractual cash flows are solely payments of principal and interest*

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

In assessing whether the contractual cash flows are solely payments of principal and interest, 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:



# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### 3.3 Material accounting policies (continued)

##### Financial instruments (continued)

- 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 (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g. periodical reset of interest rates.

##### *(iv) Classification of financial liabilities*

Upon initial recognition, the Fund classifies its financial liabilities, as measured at amortised cost or as at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9.

All the financial liabilities of the Fund are currently carried at amortised cost.

##### *(v) Derecognition of financial instruments*

###### Financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of comprehensive income.

Any cumulative gain/loss recognised in OCI in respect of equity investments designated as at FVOCI is not recognised in statement of comprehensive income on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Fund is recognised as a separate asset or liability.

In transactions in which the Fund neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

###### Financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

##### *(vi) 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 recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### 3.3 Material accounting policies (continued)

##### Financial instruments (continued)

##### *(vii) 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 ECL is based on a 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

##### *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year. The Fund determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund’s accounting policies. The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

##### *Trade date accounting*

All regular way purchases and sales of financial assets are recognised / derecognised 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 market place.

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### 3.3 Material accounting policies (continued)

##### *Provisions*

Provisions are recognised when the Fund has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

##### *Accrued expenses*

Liabilities are recognised for amounts to be paid in the future for services received, whether billed by the suppliers or not. These are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

##### *Redeemable units*

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the Unitholder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the Unitholder's rights to a pro rata share of the Fund's net assets
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in net assets attributable to the Unitholders. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

##### *Net assets value per unit*

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

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

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## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### 3.3 Material accounting policies (continued)

##### *Management fees*

Fund management fees are recognised on an accrual basis and charged to the statement of comprehensive income. Fund management fees are charged at agreed rates with the Fund Manager and as stated in the Terms and Conditions of the Fund.

##### *Net gain or loss on financial assets and liabilities at FVTPL*

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities classified or designated upon initial recognition as at FVTPL and exclude commission and dividend income and expenses.

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

##### *Dividend income*

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

##### *Foreign currencies*

Transactions in foreign currencies are translated into SR at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are retranslated into at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses.

##### *Expenses*

Expenses are measured and recognised as expenses on an accrual basis in the year in which they are incurred.

##### *Zakat and income tax*

Zakat and income tax is the obligation of the Unitholders and is not provided for in these financial statements.

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### 3.4 New standards, interpretations and amendments adopted by the Fund

##### 3.4.1 New standards and amendments adopted by the Fund

The following new and amended IFRSs, are effective from annual reporting period beginning on 1 January 2023 and are adopted in these financial statements, however, they do not have any impact on the financial statements.

Standard, interpretation and amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8/IFRS 1	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which previously permitted wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- International tax reform – pillar two model rules-	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendment also introduce targeted disclosure requirements for affected companies	Annual period beginning on or after 1 January 2023

##### 3.4.2 Standards issued but not yet effective and not early adopted

Standard, interpretation and amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	Annual periods beginning on or after 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

#### 3.4 New standards, interpretations and amendments adopted by the Fund (continued)

##### 3.4.2 Standards issued but not yet effective and not early adopted (continued)

Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 21	Lack of exchangeability – Amendments to IAS 21	Annual periods beginning on or after 1 January 2025

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements in conformity with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

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

#### *Going concern*

The Fund Board of Directors, in conjunction with the Fund Manager made an assessment of the Fund's ability to continue as a going concern and are satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, they are not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### *Fair value measurement*

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (closing price), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The composition of financial assets at fair value through profit or loss (FVTPL) on the last valuation day of the year end is summarised below:

<i>31 December 2023</i>				
	<i>% of Market value</i>	<i>Cost USD</i>	<i>Market value USD</i>	<i>Unrealised gain, net USD</i>
<i>Investments in equities</i>				
India	27.62	3,100,647	4,003,004	902,357
China	9.56	1,529,134	1,386,102	(143,032)
Cayman Islands	56.80	9,757,097	8,233,721	(1,523,376)
Hong Kong	6.02	1,069,703	873,292	(196,411)
Total	100.00	15,456,581	14,496,119	(960,462)

<i>31 December 2022</i>				
	<i>% of Market value</i>	<i>Cost USD</i>	<i>Market value USD</i>	<i>Unrealised gain, net USD</i>
<i>Investments in equities</i>				
India	56.60	8,760,336	10,357,628	1,597,292
China	2.73	596,064	499,576	(96,488)
Cayman Island	27.82	6,172,423	5,090,708	(1,081,715)
Hong Kong	12.85	1,993,105	2,351,556	358,451
Total	100.00	17,521,928	18,299,468	777,540

### 6. TRANSACTIONS WITH RELATED PARTIES

#### A. *Transactions and balances with Fund Manager*

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties of the Fund comprise SAB Invest (being the Fund Manager, the Fund Board and administrator of the Fund), mutual funds managed by the Fund Manager and The Saudi Awwal Bank (“SAB”) (being significant shareholder of the Fund Manager).

In the ordinary course of its activities, the Fund transacts business with Fund Manager and related parties. Related party transactions are governed by limits set by the regulations issued by CMA. All the related party transactions are undertaken at mutually agreed prices and approved by the Fund Manager. These transactions were carried out on the basis of approved Terms and Conditions of the Fund.

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 6. TRANSACTIONS WITH RELATED PARTIES (continued)

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
		<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
SAB Invest (Fund Manager)	Fund management fee (including VAT)	<b>472,225</b>	559,684	<b>93,589</b>	183,287
Fund Administrator	Administration fee	<b>7,308</b>	-	<b>(1,453)</b>	-
Board Members	Board member fee	<b>1,863</b>	-	<b>1,863</b>	-
	Cash and cash equivalent bank	-	-	<b>69</b>	903,780
Saudi Awwal Bank (Parent of Fund Manager)	Cash and cash equivalent bank	-	-	-	108,818

The Fund pays the Fund Manager a management fee calculated at an annual rate of 2.30% per annum, administrator fee of 0.15% and custody fee of 0.075% calculated on the net asset value at each valuation date.

The units in issue at 31 December 2023 include zero units held by the employees of the Fund Manager (31 December 2022: NIL units)

There are no units in issue held by the Fund Manager as at 31 December 2023 and 31 December 2022.

No other mutual funds managed by the Fund Manager had transactions in units of the Fund.

### 7. ACCRUED EXPENSES AND OTHER PAYABLES

	<i>2023</i>	<i>2022</i>
	<i>USD</i>	<i>USD</i>
Sharia purification fees	<b>32,111</b>	33,567
Accrued expenses	<b>8,861</b>	-
Board of directors' fees payable	<b>1,863</b>	-
Other payables	<b>1,627</b>	-
Payable against purchase of investments	-	68,067
	<b>44,462</b>	101,634

### 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has investments at fair value through profit or loss which is measured at fair values and are classified within level 1 of the fair value hierarchy. All other financial assets and liabilities are classified at amortised cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. There were no transfers between various levels of fair value hierarchy during the current year or prior year.



# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 9. MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

<i>31 December 2023</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>No Fixed Maturity USD</i>	<i>Total USD</i>
<b>ASSETS</b>				
Cash and cash equivalents	1,772,756	-	-	1,772,756
Financial assets at FVTPL	-	-	14,496,119	14,496,119
Receivables and advances	201,691	-	-	201,691
<b>TOTAL ASSETS</b>	<b>1,974,447</b>	<b>-</b>	<b>14,496,119</b>	<b>16,470,566</b>
<b>LIABILITIES</b>				
Management fee payable	93,589	-	-	93,589
Accrued expenses and other payables	44,462	-	-	44,462
<b>TOTAL LIABILITIES</b>	<b>138,051</b>	<b>-</b>	<b>-</b>	<b>138,051</b>

<i>31 December 2022</i>	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>No Fixed Maturity USD</i>	<i>Total USD</i>
<b>ASSETS</b>				
Cash and cash equivalents	1,012,598	-	-	1,012,598
Financial assets at FVTPL	-	-	18,299,468	18,299,468
Receivables and advances	248,304	-	-	248,304
<b>TOTAL ASSETS</b>	<b>1,260,902</b>	<b>-</b>	<b>18,299,468</b>	<b>19,560,370</b>
<b>LIABILITIES</b>				
Management fee payable	183,287	-	-	183,287
Accrued expenses and other payables	101,634	-	-	101,634
<b>TOTAL LIABILITIES</b>	<b>284,921</b>	<b>-</b>	<b>-</b>	<b>284,921</b>

### 10. FINANCIAL RISK MANAGEMENT

#### *Introduction*

The Fund's objective in managing risk is the creation and protection of unitholder's value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing risk identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk (which includes foreign currency risk, special commission rate risk and equity price risk), credit risk and liquidity risk arising from the financial instruments it holds.

#### *Risk management*

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

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### *Risk measurement and reporting system*

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Fund is willing to accept and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

#### *Risk mitigation*

The Fund's terms and conditions has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

#### *Concentration risk*

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Fund's terms & conditions include specific guidelines to focus on maintaining a diversified portfolio. The Fund Manager manages excessive risk concentrations when they arise. Note 5 to the financial statements shows the Fund's concentration of investment portfolio.

#### *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 does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties. The Fund Manager seeks to limit its credit risk by monitoring credit exposure and by dealing with reputed counterparties.

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

	<i>31 December 2023 USD</i>	<i>31 December 2022 USD</i>
Cash and cash equivalents	<b>1,772,756</b>	1,012,598
Receivable and advances	<b>201,691</b>	248,304
	<b><u>1,974,447</u></b>	<u>1,260,902</u>

The management has conducted a review for allowance for impairment as required under IFRS 9 and based on such assessment, the management believes that there is no significant impairment allowance was required.

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### *Liquidity risk*

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities that are settled by delivering cash or another financial asset.

The Fund's terms and conditions provide for the terms of subscriptions and redemptions of units and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions. However, the Fund is allowed to borrow in order to satisfy redemptions. The Fund's investments are considered to be readily realizable. The Fund Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

The undiscounted value of all financial liabilities of the Fund at the reporting date approximate to their carrying values and all are to be settled within one year from the reporting date.

#### *Market risk*

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

The Fund's strategy for the management of market risk is driven by the Fund's investment objective as per Fund's terms and conditions. The Fund's market risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a timely basis by the Fund Manager.

#### *Equity price risk*

Equity price risk is the risk that the fair value of equities changes as the result of changes in the levels of equity indices and the value of individual stocks.

#### *Sensitivity analysis*

The Fund's financial assets at FVTPL are subject to equity price risk. According to the Fund's management, the effect on the statement of comprehensive income as a result of a change in fair value of equity instruments due to a reasonable possible change in equity indices, with all other variables held constant is as follows:

	31 December 2023		31 December 2022	
	%	USD	%	USD
Net gain (loss) on investments held at FVTPL	+10%	1,449,612	+10%	1,829,947
	-10%	1,449,612	-10%	1,829,947

#### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in, Hong Kong Dollar (HKD) and Indian Rupee (INR), Chinese Yuan (CNY) and Cayman Islands Dollar (KYD). Consequently, the Fund is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of the Fund's financial assets or financial liabilities denominated in currencies other than US Dollars.

The Fund's currency risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place and the Fund's financial assets and liabilities are not exposed to significant currency risk.

# SAB INVEST AND INDIA EQUITY FREESTYLE FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 10. FINANCIAL RISK MANAGEMENT (continued)

The table below indicates the Fund's foreign currency exposure at 31 December 2023, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the Fund's major currency exposures with all other variables held constant, on the statement of comprehensive income

	<i>Increase/decrease in currency rate</i>	<i>Effect on statement of comprehensive income</i>	<i>Increase/decrease in currency rate</i>	<i>Effect on statement of comprehensive income</i>
	<i>2023</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>%</i>	<i>SR</i>	<i>%</i>	<i>SR</i>
Hong Kong Dollar (HKD)	5%	43,665	5%	117,702
Indian Rupee (INR)	5%	200,150	5%	515,596
Chinese Yuan (CNY)	5%	69,305	5%	-
Cayman Islands Dollar (KYD)	5%	411,686	5%	-

#### *Special commission rate risk*

The fund has no special commission rate bearing financial assets or liabilities, therefore, the Fund Manager believes the Fund is not exposed to any direct special commission rate risk.

### 11. LAST VALUATION DAY

The last valuation day of the year was 31 December 2023 (year ended 31 December 2022: 31 December 2022).

### 12. ZAKAT

The Ministry of Finance, through Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (which corresponds to December 3, 2022), has approved the Zakat Rules for Investment Funds that are permitted by the CMA. These rules take effect from January 1, 2023, and require Investment Funds to register with the Zakat, Tax, and Customs Authority (ZATCA). The Rules also mandate Investment Funds to submit a zakat information declaration to ZATCA within 120 days after the end of their fiscal year, which should include audited financial statements, records of related party transactions, and any other data requested by ZATCA. According to the Rules, Investment Funds are not subject to Zakat if they do not engage in unstipulated economic or investment activities as per their CMA-approved Terms and Conditions. The Zakat collection will be applied to the Fund's Unitholders. During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting the zakat information declaration as required."

### 13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board of Directors on 15 Ramadan 1445H (corresponding to 25 March 2024).