

Annual Report
(Alawal Invest Saudi Equity Income Fund)
2022

* All reports are available upon request free of charge.

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Fund Information

1. Fund Name

Alawal Invest Saudi Equity Income Fund

2. Investment Objectives and Policies

This is an open-ended investment fund that aims to achieve capital growth over the long run, by investing in Saudi equities listed in the Saudi Stock Exchange and are compliant with Sharia standards approved by Sharia Supervisory Board.

3. Income & Gains Distribution Policy

The fund will distribute income over the unitholders semiannually based on the consent of the Board of Directors.

4. Description of the Fund's Benchmark

The fund performance is measured alongside the performance of S&P Saudi Arabia Shariah Dividend 20% Capped Index SAR.

(a) Fund Performance

Fund Performance During the Past Three Years (SAR)

	2020	2021	2022
Net Asset Value at the end of the year	255,781,204	183,788,252	162,198,803
Net Asset Value per Unit at the end of the year	112.7714	135.1993	136.4265
Highest Net Asset Value per Unit	113.4940	144.7176	164.6112
Lowest Net Asset Value per Unit	82.3533	73.7452	132.1713
Number of Issued Units at the end of the Year	2,268,138	1,359,388	1,188,909
Value of Distributed Dividends per unit (if any)	2.70	4.1	6.5
Expense Ratio	2.01%	2.11%	2.07%
Percentage of Assets Borrowed from the Asset Value, Exposure Period and Maturity Date	-	-	-

• Fund Returns

	One Year	Three Years	Five Years	Since Inception
Fund Returns	5.23%	40.51%	87.34%	1785.04%

Benchmark Returns	-10.84%	10.09%	34.13%	458.33%						
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fund Returns	41.26%	4.96%	-17.15%	3.21%	-3.02%	16.60%	14.34%	3.25%	23.52%	5.23%

- **Fees and Expenses**

Type of Expenses or Commission (Including VAT, if any)	Value in SAR	Percentage according to Fund Asset Average
Fund Management Fees	3,611,858	1.93%
Custodian Fees	68,629	0.04%
Administrative Services Fees	106,231	0.06%
Auditor's Fees	36,362	0.02%
Independent Board Members' Remuneration	20,000	0.01%
CMA Registration fees	7,500	0.004%
Tadawul Fees	5,750	0.003%
Index License Fees	15,525	0.08%
Shariah Review	6,000	0.003%
Borrowing Fees	-	-
Banking Charges	-	-
Other Fees	3,514	0.002%

5. Material changes that affected the Fund performance

There were no substantial changes in the Fund performance during 2022.

6. Annual Voting Practices

The Fund Manager has exercised voting rights, for more details kindly refer to the “Exercising of voting right Annex”

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-Tuwaijri, (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).

Names of Members of the Fund's Board of Directors	Experience and qualifications	Current position
Hamad Ibrahim Al-Washmi (Chairman of the Board of Directors – Non-Independent Member)	<ul style="list-style-type: none"> - Chief Risk and Compliance Officer, HSBC Saudi Arabia (2021) - Member of Audit Committee, Najm Insurance Co. (2020) - Head of Compliance, HSBC Saudi Arabia (2018) - Head of Customer Experience, SABB Customer Experience Department, SABB Bank (2016) - International Assignment with the Global Compliance Department, HSBC Holdings PLC, London, United Kingdom (2016) - Head of RBWM Compliance, Compliance Department, SABB (2014) - Senior Manager, Business Performance & Planning – Retail Banking & Wealth Management, SABB (2010) - Manager Business Performance & Planning, SABB (2009) - Relationship Manager – Large Corporate and Government Entities, Arab National Bank (2003) - Consumer Loans Credit Officer, Arab National Bank (2002) - Recommendation & Call Verification Units Supervisor, Arab National Bank (2002) - Package Account Unit Supervisor, Arab National Bank (2002) - Showroom Manager, Jarir Bookshop (2000) - MBA, University of San Diego, School of Business Administration, San Diego (2009) - Bachelor of Science in Business Administration (2000) 	Chief Compliance Officer, Al Rajhi Bank (2023)
Rehab Alkhudair (Non-Independent Member)	<ul style="list-style-type: none"> - Chief Operating Officer Asset Management, HSBC Saudi Arabia (2020) - Senior Investment Performance Analysis Manager– Asset Management Department, HSBC Saudi Arabia (2019) - Performance Analyst – Asset Management Department, HSBC Saudi Arabia (2016) - Assistant Performance Analyst – Asset Management Department, HSBC Saudi Arabia (2014) - Assistant Manager, Regulatory Compliance, HSBC Saudi Arabia (2014) - Assistant Financial Analyst - Treasury & Investments, Riyadh Bank (2012) - Master Degree in Finance Management, Durham University, United Kingdom (2013) - BBA, Finance (with honors degree), Al Yamamah University, Saudi Arabia (2010) 	Chief Operating Officer Asset Management, Alawal Invest (2022)
Tariq Saad Abdul-Aziz Al-Tuwaijri (Independent Member)	<ul style="list-style-type: none"> - Director of Equity Investments at Nessel Holding Company (2010) - Deputy General Executive President of Mediation at 	Head of the Nomination and Compensation

	Wasatah Capital Company (2008) - Senior Mediator at Al Jazeera Capital (2004) - Relations Director - Banking Services of Samba Financial Group (1998) - Bachelor of Business Administration from the Open Arabian University (2015) - General Institute of Technical Education and Vocational Training, Diploma of Business Administration (2010)	Committee, Non-Independent Member of the Board of Directors of Thoub Al Asil Company and Member of the Saudi Economics Association (2018)
Ali Saleh Ali Al-Othaim (Independent Member)	- Member of the Board Directors of Al Khair Capital (2012) - Member of the Board of Directors of the Chamber of Commerce and Industry, Riyadh (2003) - Member of the Board of Directors of Al Othaim Commercial Group (1998) - Deputy President of Al Othaim Jewelry (formerly) (1994) - Bachelor of Business Administration, Major: Financial Management, King Saud University (1998)	Businessman
Abdulrahman Ibrahim Al-Mudaimigh (Independent Member)	- Board member of National Building and Marketing Company (2019) - Chairman of Future Ceramics (2019) - Board member of National Gypsum Company (2019) - Board member of Impact Capital Company (2019) - Board member of FIPCO (2019) - Board member of AL Maather REIT Fund (2017) - CEO of Watar Partners for Business Trading Company (2017) - Acting CEO of Bawan Company (2016) - Deputy President of Business Development for Bawan Company (2011) - Founding partner, General Manager of Bina Holding Company (2007) - Senior credit analyst for the Industrial Development Fund (2004) - MBA from London Business School (2018) - Bachelor degree in Financial Management from Prince Sultan University (2004)	Executive partner of Watar Partners for Business Trading Company (2017)

(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.

(c) Particulars of the Fund Board Members' Remuneration

Remuneration of the Board independent members shall be paid by the Fund. The Fund will pay any expenses of the Fund Board of Directors.

(d) 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.

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

Fund Name	Hamad Al-Washmi	Rehab Al-Khudair	Tariq Al-Tuwaijri	Ali Saleh Al-Othaim	Abdulrahman Al-Mudaimigh
Alawal Invest Saudi Riyal Murabaha Fund	√	√	√	√	√
Alawal Invest US Dollar Murabaha Fund	√	√	√	√	√
Alawal Invest Saudi Equity Fund	√	√	√	√	√
Alawal Invest Saudi Equity Income Fund	√	√	√	√	√
Alawal Invest Saudi Financial Institutions	√	√	√	√	√

Equity Fund					
Alawal Invest Saudi Companies Equity Fund	√	√	√	√	√
Alawal Invest Saudi Industrial Companies Equity Fund	√	√	√	√	√
Alawal Invest Saudi Construction and Cement Equity Fund	√	√	√	√	√
Alawal Invest Global Equity Index Fund	√	√	√	√	√
Alawal Invest GCC Equity Fund	√	√	√	√	√
Alawal Invest China and India Equity Freestyle Fund	√	√	√	√	√
Alawal Invest Multi-Assets Defensive Fund	√	√	√	√	√
Alawal Invest Multi-Assets Balanced Fund	√	√	√	√	√
Alawal Invest Multi-Assets Growth Fund	√	√	√	√	√
Alawal Invest Saudi Freestyle Equity Fund	√	√	√	√	√

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

Subject	Approval Description	Meeting Date
Fund management Migration	Updating the fund's board of directors with the process of transferring the fund's management from HSBC Saudi Arabia to Alawal Invest.	20 March 2022
Fund performance	Discussed fund performance in comparison with other competitors.	20 March 2022
Changes in Terms and Conditions	The fund's board of directors approved changes in the terms and conditions.	20 March 2022
Financial Statement preparation	The fund's board of directors approved to continue with Ernst & Young as fund auditor.	17 November 2022
Service Providers Assessment	The Fund's Board of Directors approved the Service Providers post assessment.	17 November 2022

Risk Procedures	The fund's board of directors has approved risk procedures to manage non-financial risks	17 November 2022
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C) Fund Manager

Alawwal Invest

1. Address

Head Office, Olaya Street
 Riyadh 11431-1467,
 Kingdom of Saudi Arabia,
 Unified Number: +966114163133
 Fax: +966 112169102
 Website: www.Alawwalinvest.com

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

Not applicable

3. Investment activities during the period

During 2022, the Saudi economy enjoyed strong growth as oil prices increased and remain steady throughout the year. Inflation was also under control and economic activities continued its recovery from COVID-19 negative effects. The fund maintained its position on the banking sector to benefit from the positive trends in mortgage and corporate lending. The fund also invested in petrochemicals to capture the recovery in product prices. Over the period as well, the fund maintained and increased its position in Healthcare, Information Technology, Consumer Services, Media, and Transportation.

4. Report on the fund performance during the period

TASI closed 2022 with a decline of 7.1%, equivalent to 804 points, closing at 10,478 points, compared to its closing at 11,282 points at the end of 2021. TASI was affected during the year 2022, by the state of uncertainty regarding the global economic recession and the repercussions of raising interest rates, in addition to Oil price fluctuations.

The year 2022 witnessed many events that affected the Saudi stock market, most notably the following:

- The Russian-Ukrainian crisis that resulted in the uncertainty of oil markets and the global economy.
- The Central Bank of Saudi Arabia raised interest rates 7 times, coinciding with the Federal Reserve's decision, bringing the "reverse repo" rate to 450 basis points, and the "repo" to 500 basis points.
- Brent crude oil recorded its highest price during the year at \$139 a barrel, while it recorded its lowest price near \$75 a barrel.

- Lifting the precautionary and preventive measures related to combating the pandemic and social distancing measures in all indoor & outdoor activities.

In terms of sectors, all sectors of the market recorded a decline during 2022 except for the healthcare, applications, and technology services sectors, which increased by 25%, followed by the public utilities sector, which increased by 21%. The pharmaceutical sector led the declining sectors by 45%, then the consumer discretionary sector by 33%, and the capital goods sector declined by 31%. The banking and energy sectors recorded a decrease of 6% and 2%, respectively, and the basic materials sector declined by 14%.

During 2022, the fund achieved a positive return of 5.23%, outperforming the performance of the benchmark (S&P Saudi Arabia Shariah Dividend 20% Capped Index SAR), which achieved a negative return of 10.84%.

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

Date	Change
3-Mar-22	Update of the terms and conditions to comply with annex (1) of the Investment Funds Regulations.
18-Sep-22	Change the fund manager from HSBC Saudi Arabia to Alawal Invest Company.

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

Not Applicable

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

None

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

Five Years

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

The Fund expenses reached 2.07% by the end of the year.

(d) Custodian

1. Address

Albilad Capital Company
 Albilad Capital, Head Office
 King Fahd Road, P.O. Box: 140, Riyadh 11411,
 Kingdom of Saudi Arabia
 Uniform No. 920003636
 Fax: +966112906299
 Website: www.albilad-capital.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

Alawwal 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.Alawwalinvest.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 these Terms and Conditions;
- Conclude the subscription and redemption procedures provided for under the Terms and Conditions; and
- Fully and fairly evaluate the Fund assets and calculate the Fund unit price.

(f) Auditor:

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

(g) Financial Statements

Attached

Annex - Exercised Voting Rights

General Assembly of Albilad Bank Company held on 10 April 2022 A.D				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Voting on the Board of Directors' report for the fiscal year ending on 31 December 2021.	×		
2	Voting on the external auditors report for the fiscal year ending on 31 December 2021.	×		
3	Voting on the financial statements for the fiscal year ending on 31 December 2021.	×		
4	Voting on appointing the auditors for the Bank from among the candidates based on the Audit Committee's recommendation. The appointed auditors shall examine, review and audit the (second, third) quarter and annual financial statements of the fiscal year 2022, and the first quarter of the fiscal year 2023, and the determination of the auditors' remuneration.			×
5	Voting on releasing the members of the Board of Directors from their liabilities for the fiscal year ending on 31 December 2021.			×
6	Voting on the Board of Directors recommendation to increase the capital by way of issuing bonus shares as follows: A) Total amount of increase: SAR 2,500 Million	×		

	<p>B) Capital before increase: SAR 7,500 Million. Capital after increase: SAR 10,000 Million. Increase percentage: 33.33%</p> <p>C) Number of shares before increase: 750 Million shares. Number of shares after increase: 1,000 Million shares.</p> <p>D) This recommendation aims to enhance the Bank's financial solvency and retain its resources in operational activities.</p> <p>E) The capital increase will be made through the capitalization of SAR 2,500 M from the retained earnings by granting one share for every three shares.</p> <p>F) In the event of stock fractures, the fractions will be grouped into a single portfolio for all shareholders and sold at the market price and then distributed to the shareholders entitled to the grant each according to their share within 30 days of the date of the determination of the shares due to each shareholder.</p> <p>G) In case the Bank's shareholders approved in the extraordinary general assembly on the increase of the capital, the shareholders registered in the Bank's shareholders' register with the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Extraordinary General Assembly meeting, will be eligible for the bonus shares.</p> <p>H) Voting to amend Article No. 7 relating to Capital, of the Articles of Association of the Bank. (Attached)</p>			
7	Voting on delegating the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2022	×		
8	Voting on paying an amount of (SAR 3,520,000) as remuneration to the Board members by (320) thousand riyals for each member for the fiscal year ending on 31 December 2021.	×		
9	Voting on the election of 11 of board members from among the candidates for the next term, which will start from 17 Apr 2022 for a period of three years ending on 16 Apr 2025 (CVs Attached).			×
10	Voting on forming the Audit Committee, defining its duties, operating controls, and remuneration for its members for the new term that starts on 17 Apr 2022 for a period of three years ending on 16 Apr 2025, noting that the candidates are (CVs attached).			×
11	Voting on forming the Shariah Committee for the new term that starts on 17 Apr 2022 for a period of three years ending on 16 Apr 2025, noting that the candidates are (CVs attached)			×
12	Voting on the amendments of the Audit Committee Charter (Attached).	×		
13	Voting on the amendments of the succession policy for members of the Board of Directors and its committees	×		

	(Attached).			
14	Voting on the amendments of the policy of rules and controls for nomination and appointment in the Board of Directors and its committees (Attached)	×		
15	Voting on the amendments of Rules and standards proceeding to BoD member of competing with the Bank or any of its activities (Attached).	×		
16	Voting on delegating to the Board of Directors the authorisation powers of the General Assembly stipulated in paragraph (1) of Article 71 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the conditions set forth in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.	×		

General Assembly of Sipchem Company held on 18 April 2022 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Voting on the Board of Director's report for the fiscal year ending on 31/12/2021.	×		
2	Voting on the financial statements for the year ended 31/12/2021.	×		
3	Voting on the auditors' report for the year ended as of 31/12/2021.	×		
4	Voting to absolve the members of the Board of Directors from their liability for the past year 31/12/2021.	×		
5	Voting on the disbursement of (4,560,714) four million and five hundred sixty thousand seven hundred fourteen Riyals as a remuneration of the Board of Directors for the fiscal year 31/12/2021.	×		
6	Voting to appoint the Company auditor from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second, third quarter and the annual of the fiscal year 2022 AD and the first quarter of the fiscal year 2023 AD and to determine its fees			×
7	Voting to authorize the Board of Directors to distribute interim quarterly (quarter/ half) annual profits for the fiscal year 2022.	×		
8	Voting on the company's purchase of a number of its shares and a maximum of (66,347,931) shares and keep them as treasury shares, as the Board of Directors considers that the share price in the market is less than its fair value, and the purchase will be financed from the company's own resources, and authorizing the Board of	×		

	Directors to complete the process Purchase within a maximum period of twelve months from the date of the decision of the extraordinary general assembly, and the company will keep the purchased shares for a maximum period of (5) years from the date of approval of the extraordinary general assembly, and after the expiry of this period, the company will follow the procedures and controls stipulated in the relevant laws and regulations (attached).			
9	Voting on Vote on the Board of Directors' recommendation to appoint Mr. Ahmed Saad Al-Siyari (independent member) as of 01/12/1442 corresponding to 11/07/2021G on the Board of Directors until the end date of the current session on 09/12/2022 instead of Mr. Item bin Ali Masoudi, the resigned member representing the General Organization for Social Insurance. (attached)			×

General Assembly of Aljazira Bank Company held on 19 April 2022 A.D				
Voting Subject		Action Taken		
1	To vote on the Board of Directors Annual Report for the fiscal year ending 31December 2021.	Approval	Disapproval	Abstention
2	To vote on the Financial Statements for the year ending 31 December 2021.	×		
3	To vote on the External Auditor's Report for the year ending 31 December 2021.	×		
4	To vote on releasing the Board members from their liability for the fiscal year ending 31 December 2021.			×
5	To vote on appointing the Bank's External Auditors among the candidates based on the Audit Committee recommendation as to examine, review and audit the financial statements for the second and third quarters along with 2022 year end financials and the first quarter for the year 2023 and determining their fees.			×
6	To vote on the amendment of Audit committee charter. (Attached).	×		
7	Voting to delegate the Board of Directors with the authority of the General Assembly with the license mentioned in Section (1) of Article (71) of the Companies Law, for a one year period effective upon the AGM approval date or up to ending of the authorized Board term, whichever is earlier, in accordance with the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.	×		
8	To vote on the participation and licensing for next year of the Board Member Mr. Abdulwahab Abdulkarim Albetari, as he owns more than 5% of Impact Capital			×

	Company which is a Managing Private Non-Real-Estate Investment Funds, Managing Sophisticated Investor Portfolios, and Arranging activities in the securities business. This company competes with AlJazira Capital, a 100% owned company by the bank. (Attached)			
9	To vote on the participation and licensing for next year of the Board Member Mr. Abdulwahab Abdulkarim Albetari, Chairman of the Board of Directors of Osool & Bakheet Investment Company which deals as principle and agent representation, Investment Fund Management, Discretionary Portfolio Management and Custody. This company competes with AlJazira Capital, a 100% owned company by the bank. (Attached).			×
10	To vote on the participation and licensing for next year of the Board Member Mr. Mohammed Saad Bindawood, as he is a member of the Board of Directors of Alpha Capital Company which is a securities business (Dealing, Managing, Arranging, and advising) in investments. This company competes with AlJazira Capital, a 100% owned company by the bank. (Attached)			×
11	To vote on the participation and licensing for next year of the Board Member Mr. Mohammed Saad Bindawood, as he is a member of the Board of Directors of Dar Al Tamleek Company which provides housing finance solutions in the Kingdom of Saudi Arabia. This company competes with Bank AlJazira. (Attached)			×
12	To vote on the participation and licensing for next year of the Board Member Mr. Mohammed Saad Bindawood, as he is a member of the Board of Directors of The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF) for insurance. This company competes with Bank AlJazira, as the bank markets insurance products to the company AlJazira Takaful Taawuni according to the agreement approved by the Central Bank of Saudi Arabia (SAMA). (Attached)			×
13	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This agreement is related to Personal Dinar Insurance Policy that amounted to SAR 21,519,831 MM in 2021 and were done without any preferential treatment. (Attached).	×		
14	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the	×		

	board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This agreement is related to Mortgage Insurance Policy that amounted to SAR 25,938,928 MM in 2021 and were done without any preferential treatment. (Attached).			
15	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This agreement is related to Group Life Insurance Policy that amounted to SAR 2,262,561 MM in 2021 and were done without any preferential treatment. (Attached).	×		
16	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This agreement is related to Staff Credit Cover Policy that amounted to SAR 607,228 in 2021 and were done without any preferential treatment. (Attached).	×		
17	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This transaction is related to return on Time Deposits Investments that amounted to SAR 40,857 in 2021 and were done without any preferential treatment. (Attached).	×		
18	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This transaction is related to Claim Received that amounted to SAR 32,276,533 MM in 2021 and were done without any preferential treatment. (Attached).	×		
19	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the	×		

	board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This transaction is related to Dividend Paid that amounted to SAR 7,048 in 2021 and were done without any preferential treatment. (Attached).			
20	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This transaction is related to Participation in Sukuk Auction for AlJazira Takaful Ta'awunithat amounted to SAR 99,251,103 MM in 2021 and were done without any preferential treatment. (Attached).	×		
21	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Cooperative Takaful Company which is considered a Related Party as Eng. Abdulmajeed Al-Sultan, a BAJ member of the board of directors, has an indirect interest in it being a member of the board of directors of AlJazira Cooperative Takaful Company. This transaction is related to Face Value of Bonus Shares Received that amounted to SAR 20,648,810 MM in 2021 and were done without any preferential treatment. (Attached)	×		
22	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Mr. Naif AlAbdulkareem, a BAJ member of the board of directors, has an indirect interest in it being a member of the board directors of AlJazira Capital Company. This is a Service Level Agreement that amounted to SAR 3,390,900 MM in 2021 and were done without any preferential treatment. (Attached).	×		
23	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Mr. Naif AlAbdulkareem, a BAJ member of the board of directors, has an indirect interest in it being a member of the board directors of AlJazira Capital Company. This transaction is related to Return on Time Deposits Investments that amounted to SAR 54,043 in 2021 and were done without any preferential treatment. (Attached).	×		
24	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Mr. Naif AlAbdulkareem, a BAJ member of the board of directors, has an indirect interest in it being a member of the board directors of AlJazira Capital Company. This transaction	×		

	is related to Financing Income Earned on Money Markets Placements that amounted to SAR 10,125,917 MM in 2021 and were done without any preferential treatment. (Attached).			
25	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Mr. Naif AlAbdulkareem, a BAJ member of the board of directors, has an indirect interest in it being a member of the board directors of AlJazira Capital Company. This transaction is related to Joint Lead Manager, Book Runner and Arranging Fee Expense that amounted to SAR 3,125,000 MM in 2021 and were done without any preferential treatment. (Attached).	×		
26	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Mr. Naif AlAbdulkareem, a BAJ member of the board of directors, has an indirect interest in it being a member of the board directors of AlJazira Capital Company. This transaction is related to Fees and Commission Income that amounted to SAR 928,716 in 2021 and were done without any preferential treatment. (Attached).	×		
27	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Mr. Naif AlAbdulkareem, a BAJ member of the board of directors, has an indirect interest in it being a member of the board directors of AlJazira Capital Company. This transaction is related to Custody Fee Expense that amounted to SAR 5,928,054 MM in 2021 and were done without any preferential treatment. (Attached).	×		
28	To Vote on the businesses and contracts that will take place between the Bank and AlJazira Capital Company which is considered a Related Party as Mr. Naif AlAbdulkareem, a BAJ member of the board of directors, has an indirect interest in it being a member of the board directors of AlJazira Capital Company. This transaction is related to Rent and Building Related Expense that amounted to SAR 6,971,222 MM in 2021 and were done without any preferential treatment. (Attached).	×		

General Assembly of STC Company held on 19 April 2022 A.D				
	Voting Subject	Action Taken		
1	Voting on the Board of Directors report for the fiscal year ending on 31-12-2021.	Approval	Disapproval	Abstention
2	Voting on the report of stc auditor for the fiscal year ending on 31-12-2021.	×		
3	Voting on stc consolidated financial statements for the year ending on 31-12-2021.	×		

4	Voting on delegating the Board of Directors with the authority of the General Assembly relating to the permission mentioned in Paragraph (1) of Article 71 of the Companies Bylaw, for a period of one year from the date of approval of the General Assembly or until the end of the term of Delegated Board of Directors, whichever is earlier and in accordance with the conditions mentioned in the related regulations.	×		
5	Voting on paying (6,315,329.68) Saudi Riyal as remunerations for the members of Board of Directors for the fiscal year ending on 31-12-2021.	×		

General Assembly of Saudi Arabian Oil Co Company held on 12 May 2022 A.D				
Voting Subject		Action Taken		
1	Voting Subject	Approval	Disapproval	Abstention
	Voting on the Board of Directors Report for the Financial Year ended December 31, 2021.	×		
	Voting on the Board of Director's recommendation to increase the Company's capital by way of granting bonus shares through the capitalization of 15,000,000,000 Saudi Riyals from the Company's retained earnings.	×		

General Assembly of Soloution on 29 May 2022 A.D				
Voting Subject		Action Taken		
	Voting Subject	Approval	Disapproval	Abstention
1	Voting on the Board of Directors' report for the fiscal year ending on 31-12-2021.	×		
2	Voting on the Auditor's Report for the fiscal year ending on 31-12-2021.	×		
3	Voting on financial statements for the year ending on 31-12-2021.	×		
4	Voting on the payment of SAR 3,765,000 as remunerations to the Board of Directors for the fiscal year ending on 31-12-2021.	×		
5	Voting on discharging the liability of the Board members for the fiscal year ending on 31/12/2021.			×
6	Voting on the Company's Competition Standards and Rules Policy.	×		
7	Voting on the amendment of article (1) of the company's bylaw relating to transformation.	×		
8	Voting on the amendment of article (3) of the company's bylaw relating to the objectives of the company.	×		
9	Voting on the amendment of article (13) of the company's bylaw relating to stock trading.	×		
10	Voting on the amendment of article (24) of the company's bylaw relating to the Board meetings.	×		
11	Voting on the amendment of article (37) of the	×		

	company's bylaw relating to the Assembly's Resolutions.			
12	Voting on the amendment of article (40) of the company's bylaw relating to the committee formation.	×		
13	Voting on the amendment of article (48) of the company's bylaw relating to the distribution of profits.	×		
14	Voting on the Board of Directors' recommendation to distribute cash dividends to the Shareholders for the year 2021 with a total amount of SAR 475.2 Million at SAR 4 per share, which represents 40% of the nominal value of the shares, where the eligibility will be to the Shareholders owning shares on the General Assembly Meeting date, and are registered in the Company's share registry at the Depository Center (Edaa) at the end of the second trading day following the due date. The date of the dividends' distribution will be on 15/06/2022.	×		

General Assembly of Elm held on 29 May 2022 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Voting on the amendment of Article (Second Article) of the company's bylaws related to (company name)	×		
2	Voting for the election of an independent Board members among the candidates for the current term, commencing from 25/11/2021G. for a term of three years, ending on 2024/11/2 G.	×		
3	Voting on increasing the number of Audit Committee seats from (4) seats to be (5) seats, and appoint (Mr. Abdularahman AlOdan for the membership of Audit Committee) as an independent member of Audit Committee starting from the date of the assembly's approval until the end of the current committee's term on 24/11/2024 G.	×		

General Assembly of Alnahdi held on 24 May 2022 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Vote on the report of the Board of Directors for the fiscal year ending on December 31/12/2021 G.	×		
2	Vote on the financial statements for the fiscal year ending on 12/31/2021G.	×		
3	Vote on the company's auditor's report for the financial year ending on December 31/12/ 2021G.	×		
4	Vote on appointing the company's auditor from among the candidates based on the audit committee's recommendation, in order to examine, review and audit the financial statements for the (second and third) and annual quarters of the fiscal year 2022 and the first			×

	quarter of the fiscal year 2023 and determine his fees.			
5	Vote to absolve the members of the Board of Directors from liability for the fiscal year ending on December 31/12/ 2021G.			×
6	Vote on authorizing the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2022G.	×		

General Assembly of STC Company held on 14 April 2022 A.D				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Voting on the Board of Directors report for the fiscal year ending on 31-12-2021.			
2	Voting on the report of stc auditor for the fiscal year ending on 31-12-2021.	×		
3	Voting on stc consolidated financial statements for the year ending on 31-12-2021.	×		
4	Voting on delegating the Board of Directors with the authority of the General Assembly relating to the permission mentioned in Paragraph (1) of Article 71 of the Companies Bylaw, for a period of one year from the date of approval of the General Assembly or until the end of the term of Delegated Board of Directors, whichever is earlier and in accordance with the conditions mentioned in the related regulations.	×		
5	Voting on paying (6,315,329.68) Saudi Riyal as remunerations for the members of Board of Directors for the fiscal year ending on 31-12-2021.	×		

General Assembly of Tadawul held on 15 May 2022 A.D				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Approval of the Board of Directors Report for the fiscal year ending on December 31,2021.	×		
2	Approval of the Company's Auditor's Report for the fiscal year ending on December 31, 2021.	×		
3	Approval of the Financial Statement for the fiscal year ending on December 31,2021.	×		
4	Approval of agreeing to absolve the members of the Board of Directors from liability for the fiscal year ending on December 31, 2021.			×
5	Approval of the distribution of dividends to shareholders with a total amount of (360) million Saudi Riyals for the fiscal year ending on December 31, 2021, with (SAR 3) dividend per share and (30% Share Par Value) as the	×		

	percentage of dividend, provided that the dividends eligibility is for the shareholders who own the Company's shares at the end of trading day on the day of the general assembly and registered in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day following the eligibility date. The dividends distribution date will be on Monday, May 23, 2022.			
6	Voting on disbursing the amount of 5,863,142.86 Saudi Riyals as a remuneration for the board of directors for the fiscal year ending on December 31, 2021.	×		
7	Approval of the appointment of (Ernst and Young Professional Services) to be the Company's Auditor from among the recommended candidates by the Audit Committee, to examine, review and audit the financial statements for Q2, Q3, annual statement for fiscal year 2022 and the Q1 of the year 2023 and determine its fees.			×
8	Approval of delegating the Board of Directors by the Extraordinary Assembly of its authorization power referred to in Paragraph (1) of Article (71) of the Companies Law, for a year from the date of the Extraordinary General Assembly's approval to the delegation or until the end of the current term of the Board of Directors, whichever is earlier. Such delegation shall be in accordance with the requirements stipulated in the Regulatory Rules and Procedure Issued pursuant to the Companies Law relating to Listed Joint Stock Companies.	×		
9	Approval of the transactions and contracts performed between company and Riyadh Capital, which a member of the Board of Directors Mr. Sabti Al-Sabti has an indirect interest representing the Company's investments in (Riyad SAR Trade Fund). The nature of the transaction is an open ended contract that commenced on 18 December 2021 with closing balance amounting to 105,962,714 Saudi Riyals as of 31 December 2021 resulting from investment amounting to 374,618,668 Saudi Riyals, and this contract does not include preferential terms to the Board members.	×		
10	Approval of the amendments of Article (2) of the Company's Bylaws related to the Company's name.	×		
11	Approval of the amendment of Article (7) of the Company's Bylaws related to the Company's Capital.	×		

**ALAWWAL INVEST SAUDI EQUITY INCOME
FUND**

**(Formerly known as HSBC Saudi Equity Income
Fund)**

(Managed by Alawwal Invest)

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

31 DECEMBER 2022

Alawwal Invest Saudi Equity Income Fund
(Formerly known as HSBC Saudi Equity Income Fund)

FINANCIAL STATEMENTS

31 December 2022

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 -Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898

+966 11 273 4740

Fax: +966 11 273 4730

ey.ksa@sa.ey.com

ey.com/mena

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ALAWWAL INVEST SAUDI EQUITY INCOME FUND (FORMERLY KNOWN
AS HSBC SAUDI EQUITY INCOME FUND)
(MANAGED BY ALAWWAL INVEST)**

Opinion

We have audited the financial statements of Alawwal Invest Saudi Equity Income Fund (Formerly known as HSBC Saudi Equity Income Fund) (the "Fund") managed by Alawwal Invest (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, changes in equity attributable to the unitholders and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2022, 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 this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ALAWWAL INVEST SAUDI EQUITY INCOME FUND (FORMERLY KNOWN
AS HSBC SAUDI EQUITY INCOME FUND)
(MANAGED BY ALAWWAL INVEST) (CONTINUED)**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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.

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 Toalimi
Certified Public Accountant
License No. 354

Riyadh: 7 Ramadan 1444H
(29 March 2023)



Alawwal Invest Saudi Equity Income Fund
(Formerly known as HSBC Saudi Equity Income Fund)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		<i>31 December</i> 2022 SR	<i>31 December</i> 2021 SR
	<i>Notes</i>		
ASSETS			
Cash and cash equivalents		10,961,107	7,087,192
Financial assets at fair value through profit or loss ("FVTPL")	5	145,335,197	170,261,667
Receivables and advances	6	6,452,618	10,549,558
TOTAL ASSETS		162,748,922	187,898,417
LIABILITIES			
Management fees payable	8	347,605	39,260
Accrued expenses and other payables	7	202,514	4,070,905
TOTAL LIABILITIES		550,119	4,110,165
EQUITY			
Net assets attributable to unitholders of redeemable units		162,198,803	183,788,252
TOTAL LIABILITIES AND EQUITY		162,748,922	187,898,417
Redeemable units in issue		1,188,909	1,359,388
Net asset value attributable to each unit		136.43	135.20

Notes 1 to 14 form an integral part of these financial statements

Alawwal Invest Saudi Equity Income Fund
(Formerly known as HSBC Saudi Equity Income Fund)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 SR	2021 SR
INCOME			
Realised gain on financial assets at FVTPL		21,932,629	109,517,561
Movement in unrealised (loss)/gain on financial assets at FVTPL	5	(11,695,832)	(54,384,837)
Dividend income		6,533,266	10,567,082
Other income		-	1,700
TOTAL INCOME		16,770,063	65,701,506
EXPENSES			
Management fees	7	3,611,858	4,851,453
Other expenses		269,511	353,633
TOTAL EXPENSES		3,881,369	5,205,086
NET INCOME FOR THE YEAR		12,888,694	60,496,420
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,888,694	60,496,420

Notes 1 to 14 form an integral part of these financial statements

Alawwal Invest Saudi Equity Income Fund
(Formerly known as HSBC Saudi Equity Income Fund)

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE
UNITHOLDERS

For the year ended 31 December 2022

	2022 SR	2021 SR
EQUITY AT THE BEGINNING OF THE YEAR	183,788,252	255,781,204
Net income for the year	12,888,694	60,496,420
Other comprehensive income for the year	-	-
Total comprehensive income for the year	12,888,694	60,496,420
Issue of units during the year	2,742,056	4,254,004
Redemption of units during the year	(29,189,578)	(129,660,100)
Net change from unit transactions	(26,447,522)	(125,406,096)
Dividend paid during the year- note (13)	(8,030,621)	(7,083,276)
EQUITY AT THE END OF THE YEAR	162,198,803	183,788,252

	<u>Units</u>	<u>Units</u>
REDEEMABLE UNIT TRANSACTIONS		
Transactions in redeemable units during the year are summarised as follows:		
UNITS AT THE BEGINNING OF THE YEAR	1,359,388	2,268,138
Issue of units during the year	18,145	32,365
Redemption of units during the year	(188,624)	(941,115)
Net decrease in units	(170,479)	(908,750)
UNITS AT THE END OF THE YEAR	1,188,909	1,359,388

Alawwal Invest Saudi Equity Income Fund
(Formerly known as HSBC Saudi Equity Income Fund)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 SR	2021 SR
Operating activities		
Net income for the year	12,888,694	60,496,420
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>		
Movement in unrealised loss on financial assets at FVTPL	11,695,832	54,384,837
Dividend income	(6,533,266)	(10,567,082)
	<u>18,051,260</u>	<u>104,314,175</u>
<i>Working capital adjustments:</i>		
Financial assets at FVTPL	13,230,638	(3,280,518)
Receivables and advances	4,096,940	(10,549,558)
Accrued expenses and other payables	(3,868,391)	3,699,548
Management fee payable	308,345	(1,913)
	<u>31,818,792</u>	<u>94,181,734</u>
Cash flows from operations	31,818,792	94,181,734
Dividends received	6,533,266	10,567,082
	<u>38,352,058</u>	<u>104,748,816</u>
Financing activities		
Proceeds from issuance of units	2,742,056	4,254,004
Payment on redemption of units	(29,189,578)	(129,660,100)
Dividends distributed during the year	(8,030,621)	(7,083,276)
	<u>(34,478,143)</u>	<u>(132,489,372)</u>
Net cash flows from / (used in) financing activities	(34,478,143)	(132,489,372)
Net increase / (decrease) in cash and cash equivalents	3,873,915	(27,740,556)
Cash and cash equivalents at the beginning of the year	7,087,192	34,827,748
Cash and cash equivalents at the end of the year	10,961,107	7,087,192
	<u><u>10,961,107</u></u>	<u><u>7,087,192</u></u>
Composition of cash and cash equivalents		
Balances held with custodian	10,646,923	7,087,192
Bank balances	314,184	-
	<u>10,961,107</u>	<u>7,087,192</u>
Total cash and cash equivalents	10,961,107	7,087,192
	<u><u>10,961,107</u></u>	<u><u>7,087,192</u></u>

Notes 1 to 14 form an integral part of these financial statements

Alawwal Invest Saudi Equity Income Fund (Formerly known as HSBC Saudi Equity Income Fund)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

1. INCORPORATION AND ACTIVITIES

Alawwal Invest Saudi Equity Income Fund (Formerly known as HSBC Saudi Equity Income Fund) (the “Fund”) is an investment fund established through an agreement between Alawwal Invest (the “Fund Manager”) and investors (the “unitholders”). The address of the Fund Manager is as follows:

Alawwal Invest
HSBC Building 7267
Olaya Street (Al-Murooj District)
Riyadh 12283-2255
Kingdom of Saudi Arabia

The objective of the Fund is to achieve capital appreciation over the medium to long-term by investing in Saudi equities listed on Tadawul (Saudi Stock Market).

The Fund is managed by the Fund Manager who also acts as the administrator of the Fund. Albilad Capital is the custodian of the Fund. All income is reinvested in the Fund and is reflected in the unit price.

The Fund Manager has made certain revisions to the Terms and Conditions of the Fund. The latest update was approved by the Capital Market authority (the “CMA”) on 29 August 2022.

During 2021, HSBC Saudi Arabia announced that it agreed to transfer its asset management, retail brokerage and retail margin lending businesses to Alawwal Invest, a wholly owned subsidiary of the Saudi British Bank. Accordingly, such change became effective on 18 September 2022.

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 SIGNIFICANT 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 applicable provisions of Investment Fund Regulations issued by the board of Capital Market Authority and the funds terms and conditions and information memorandum.

3.2 Basis of preparation

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

3.3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Alawwal Invest Saudi Equity Income Fund (Formerly known as HSBC Saudi Equity Income Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

The following are the significant 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 short-term deposits in financial institutions 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 and balances held with custodian.

Financial instruments

(i) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or
- b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or
- c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset
- Financial assets measured at amortised cost
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through profit or loss (FVTPL)
A financial asset is measured at fair value through profit or loss if:
 - i. Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (SPPI); and
 - ii. It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
 - iii. At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- The Fund investments includes investment in mutual fund instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Alawwal Invest Saudi Equity Income Fund
(Formerly known as HSBC Saudi Equity Income Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial liabilities

- Financial liabilities measured at fair value through profit or loss (FVTPL)
A financial liability is measured at FVTPL if it meets the definition of held for trading. The Fund does not hold any financial liabilities measured at FVTPL.
- Financial liabilities measured at amortised cost
This category includes all financial liabilities, other than those measured at fair value through profit or loss.

(ii) Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value including any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVTPL in the statement of comprehensive income. Special commission income and dividends earned or paid on these instruments are recorded separately in special commission income or expense and dividend income or expense in the statement of comprehensive income.

(v) Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Alawwal Invest Saudi Equity Income Fund (Formerly known as HSBC Saudi Equity Income Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

(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.

(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 categorized 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 recognized 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. For this analysis, the Fund verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. 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.

Alawwal Invest Saudi Equity Income Fund (Formerly known as HSBC Saudi Equity Income Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Trade date accounting

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

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 recognized 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 recognized for amounts to be paid in the future for services received, whether billed by the suppliers or not. These are initially recognized at fair value and subsequently at amortized 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

Alawwal Invest Saudi Equity Income Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

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.

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 held for trading 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 Saudi Riyals 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 SR 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 recognized 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.

Alawwal Invest Saudi Equity Income Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

New standards, amendments and interpretations adopted by the Fund

Standards	Description	Mandatory effective date
IFRS 1	First-time adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter	1 January 2022
IFRS 9	Financial instruments: Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IAS 41 Agriculture	Taxation in fair value measurements	1 January 2022
Amendments to IAS 37	Onerous contracts: costs of fulfilling a contract	1 January 2022

Standards issued but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Based on the Fund's assessment, the below standards are not expected to have potential impacts on the reported numbers and disclosures.

Standards	Description	Mandatory effective date
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax on leases and decommissioning obligations	1 January 2023
Amendments to IFRS 4	Change of fixed date of the temporary exemption from applying IFRS 9	1 January 2023

Alawwal Invest Saudi Equity Income Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

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, 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 (mid 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).

Alawwal Invest Saudi Equity Income Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

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

The composition of the investment's portfolio on the last valuation day of the year end is summarised below:

	<i>31 December 2022</i>			
	<i>% of Market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain/ (loss) SR</i>
<u>Investments in equities (by sector)</u>				
Materials	14.9%	24,600,472	21,675,071	(2,925,401)
Energy	12.3%	19,059,093	17,920,128	(1,138,965)
Telecommunication Services	10.9%	18,152,854	15,797,621	(2,355,233)
Banks	10.7%	14,592,028	15,502,681	910,653
Software & Services	9.2%	7,271,694	13,388,392	6,116,698
REITs	7.3%	12,246,471	10,620,598	(1,625,873)
Consumer Services	7.1%	8,882,249	10,266,452	1,384,203
Food & Staples Retailing	5.9%	8,258,299	8,562,184	303,885
Retailing	5.0%	8,215,060	7,303,650	(911,410)
Capital Goods	3.7%	6,293,943	5,401,534	(892,409)
Real Estate management & development	3.7%	5,341,494	5,344,835	3,341
Health Care Equipment & Services	3.5%	4,644,237	5,039,086	394,849
Transportation	3.1%	4,471,387	4,549,915	78,528
Utilities	2.7%	3,887,000	3,963,050	76,050
Total	100.00%	145,916,281	145,335,197	(581,084)

The above equity investments are listed on the Saudi Stock Exchange ("Tadawul"). The Fund Manager seeks to limit risk for the Fund by monitoring exposures in each investment sector and individual securities.

	<i>31 December 2021</i>			
	<i>% of Market value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain/ (loss) SR</i>
<u>Investments in equities (by sector)</u>				
Materials	27.10%	43,114,168	46,183,100	3,068,932
Real Estate management & development	15.20%	27,839,252	25,828,107	(2,011,145)
Telecommunication Services	14.30%	21,933,794	24,332,015	2,398,221
Energy	12.00%	19,806,734	20,403,458	596,724
Banks	8.60%	14,940,307	14,668,192	(272,115)
Software & Services	8.40%	13,006,650	14,271,959	1,265,309
Retailing	4.90%	3,952,192	8,316,768	4,364,576
Utilities	4.50%	6,820,242	7,707,220	886,978
Diversified Financials	2.70%	3,892,980	4,664,161	771,181
Media and Entertainment	2.30%	3,840,600	3,886,687	46,087
Total	100.00%	159,146,919	170,261,667	11,114,748

Alawwal Invest Saudi Equity Income Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

6. RECEIVABLES AND ADVANCES

	<i>31 December</i> 2022 SR	<i>31 December</i> 2021 SR
Receivable from sold securities	6,452,618	8,397,914
Advance paid for Jahez Company IPO	-	2,151,644
Other Receivables	-	-
	6,452,618	10,549,558

7. TRANSACTIONS WITH RELATED PARTIES

A. Transactions and balances with Fund Manager and board of directors

In the ordinary course of its activities, the Fund transacts business with 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.

During the year, the Fund entered into the following transactions with related parties in the ordinary course of business.

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance</i>	
		2022 SR	2021 SR	2022 SR	2021 SR
Alawwal Invest (Fund Manager)	Fund management fee*	3,611,858	4,851,453	347,605	39,260
	Administration fee	106,231	142,690	8,429	9,139
	Board member fee	20,000	20,000	24,540	20,329
SABB (Parent of Fund Manager)	Bank balances			314,184	-

* Fund management fees include VAT amount of SR 398,288 (2021: 437,559).

The Fund Manager charges to the Fund on each Valuation Day, management fees at a rate of 1.70% of Net assets value (2021: 1.70% of Net assets value) and administration fees as a rate of 0.05% of Net assets value in addition to actual costs as per terms and conditions (2021:0.05% of Net assets value).

There are no units in issue as at 31 December 2022 that are held by the Fund Manager and by other funds managed by Alawwal Invest (31 December 2021: Nil units).

8. ACCRUED EXPENSES AND OTHER PAYABLES

	<i>31 December</i> 2022 SR	<i>31 December</i> 2021 SR
Payable against purchase of investments	-	3,956,492
Professional fees, administrative payables and other liabilities	202,514	114,413
	202,514	4,070,905

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has investments carried at fair value through profit or loss which are measured at their fair values and are classified within level 1 of the fair value hierarchy. All other financial assets and liabilities are classified for measurement at amortized cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximates their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current year or prior year.

Alawwal Invest Saudi Equity Income Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

10. MATURITY ANALYSIS OF 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>As at 31 December 2022</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	10,961,107	-	10,961,107
Financial assets at FVTPL	145,335,197	-	145,335,197
Receivables and advances	6,452,618	-	6,452,618
TOTAL ASSETS	162,748,922	-	162,748,922
LIABILITIES			
Management fee payable	347,605	-	347,605
Accrued expenses and other payables	202,514	-	202,514
TOTAL LIABILITIES	550,119	-	550,119
<i>As at 31 December 2021</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	7,087,192	-	7,087,192
Financial assets at FVTPL	170,261,667	-	170,261,667
Receivables and advances	10,549,558	-	10,549,558
TOTAL ASSETS	187,898,417	-	187,898,417
LIABILITIES			
Management fee payable	39,260	-	39,260
Accrued expenses and other payables	4,070,905	-	4,070,905
TOTAL LIABILITIES	4,110,165	-	4,110,165

11. FINANCIAL RISK MANAGEMENT

The Fund has exposure to the following risks from financial instruments:

- credit risk.
- liquidity risk; and
- market risk.

This note presents information about the Fund's objectives, policies and processes for measuring and managing risk and the Fund's management of capital.

Risk management framework

The Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises of local equities.

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Investment Committee of the Fund. In instances where the portfolio has diverged from target asset allocations, the Fund Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits

Alawwal Invest Saudi Equity Income Fund (Formerly known as HSBC Saudi Equity Income Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

11. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund.

The Fund is exposed to credit risk on its cash and cash equivalents and receivables. For risk management reporting purposes, the Fund considers external credit ratings from the reputed credit rating agencies.

The Fund's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet certain credit standards.

Credit risk is monitored on a regular basis by the Fund Manager to ensure it is in line with the investment guidelines of the Fund Board.

The Fund's activities may give rise to settlement risk. 'Settlement risk' is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. For all of transactions, the Fund mitigates this risk by conducting settlements through a regulated broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations

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

	<i>31 December</i> 2022 SR	<i>31 December</i> 2021 SR
Cash and cash equivalents	10,961,107	7,087,192
Receivable and advances	6,452,618	10,549,558
	<u>17,413,725</u>	<u>17,636,750</u>

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 continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties.

Analysis of credit quality

The Fund's cash and cash equivalents are held with SABB and with Albilad Investment Company which is a wholly owned subsidiary of Bank Albilad. Based on Moody's credit ratings, SABB is rated A2 (2021: A2) and Bank Albilad is rated A3 (2021: A3). Receivables and advances are usually related to the settlements of trades and issuance of the Fund's units in a normal course and does not carry credit risk.

Allowance for expected credit losses

Financial instruments such as cash and cash equivalents and receivables are of short term in nature and have limited credit exposure. Therefore, no allowance for expected credit losses is provided in these financial statements.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet the commitments associated with financial liabilities.

The Fund's Terms and Conditions provide for the subscriptions and redemptions of units on each business day, and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions.

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.

Alawwal Invest Saudi Equity Income Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

11. FINANCIAL RISK MANAGEMENT (Continued)

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.

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 is not subject to currency risks as all the assets and liabilities of the Fund are denominated in Saudi Riyal. The investment risks of the fund are included in the Terms and Conditions detailed on the website of the Fund Manager at www.alawwalinvest.com. The Terms and Conditions do not form part of the financial statements.

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 table below sets out the effect on net assets attributable to Unitholders of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	2022		2021	
	%	SR	%	SR
S & P Saudi Shariah Index	+5%	7,266,760	+5%	8,513,083
S & P Saudi Shariah Index	-5%	(7,266,760)	-5%	(8,513,083)

12. LAST VALUATION DAY

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

13. DIVIDENDS DISTRIBUTION

In accordance with terms and conditions of the fund, the Fund Board declared the following dividends and paid out of the fund during the year:

	31 December 2022 SR	31 December 2021 SR
1st dividend at a rate of SR 3.5 (2021: SR 1.35) per unit	4,413,139	3,032,057
2nd dividend at a rate of SR 3 (2021: SR 2.75) per unit	3,617,482	4,051,219
	<u>8,030,621</u>	<u>7,083,276</u>

14. APPROVAL OF FINANCIAL STATEMENTS

These audited financial statements were approved by the Fund's management on 6 Ramadan 1444H (corresponding to 28 March 2023).