

Annual Report

SAB Invest Saudi Equity Income Fund

2024

* All reports are available upon request free of charge.

Table of Contents

- Fund Information
- Fees and Expenses
- Fund Manager
- Custodian
- Auditor
- Financial Statements
- Annex – Exercised Voting Rights

Fund Information

1. Fund Name

SAB 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's performance is measured against the performance of S&P Saudi Arabia Shariah Domestic TR Index.

(a) Fund Performance

Fund Performance During the Past Three Years (SAR)

	2022	2023	2024
Net Asset Value at the end of the year	162,198,803	225,996,788	174,834,916
Net Asset Value per Unit at the end of the year	136.4265	195.4815	191.9227
Highest Net Asset Value per Unit	164.6112	195.4815	216.6110
Lowest Net Asset Value per Unit	132.1713	136.6830	181.1950
Number of Issued Units at the end of the Year	1,188,909	1,156,103	910,965
Value of Distributed Dividends per unit (if any)	6.5	7.0	6.6
Expense Ratio	2.07%	2.13%	2.17%
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	1.4%	60.02%	113.66%	2766.44%
Benchmark Returns	4.82%	16.55%	76.47%	1050.5%

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund Returns	17.15%	3.21%	-3.02%	16.60%	14.34%	3.25%	23.52%	5.23%	49.96%	1.4%

- **Fees and Expenses**

Type of Expenses or Commission (Including VAT, if any)	Value in SAR	Percentage according to Fund Asset Average
Fund Management Fees	4,370,716	1.96%
Custodian Fees	74,576	0.03%
Administrative Services Fees	179,971	0.08%
Auditor's Fees	41,400	0.02%
Independent Board Members' Remuneration	16,462	0.01%
CMA Registration fees	7,500	0.00%
Tadawul Fees	5,750	0.00%
Index License Fees	6,445	0.00%
Shariah Review	8,772	0.00%
Borrowing Fees	-	0.00%
Banking Charges	-	0.00%
Other Fees	127,213	0.06%

5. Material changes that affected the Fund performance

There were no substantial changes in the Fund performance during 2024.

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:

- Khaled Nasser Al-Muammar – Independent Member (Chairman of the Board of Directors of the Funds)
- Ali Omar Al-Gudaihi – Non-Independent Member
- Tariq Saad Al-Tuwaijri – Independent Member
- Abdulaziz Mohammed Al-Qabbani – Independent Member

1- Khalid bin Nasser bin Abdulrahman Al-Muammar - Independent Member (Chairman of the Board of Directors of Funds)

Qualifications

- Bachelor's degree in Accounting from King Fahd University of Petroleum and Minerals.

Current Positions

- CEO of the King Abdullah Fund for Giftedness and Creativity (from September 2022 to present)
- Member of the Board of Directors and Audit Committee of Advanced Company (2010)
- Member of the Board of Directors and Chairman of the Remuneration Committee of Takween Company (2016)
- Member of the Board of Directors and Chairman of the Remuneration Committee of Cables Company (2018)
- Member of the Board of Directors of Al-Jazirah Motors Company (2021)
- Member of the Board of Directors and Chairman of the Audit Committee of Riyal Investment Company (2022)
- Member of the Board of Directors of Ataa Educational Company (2023)

2. Ali bin Omar bin Ali Al-Gudaihi - Non-Independent Member

Qualifications

- Bachelor's degree in Financial Management from King Fahd University of Petroleum and Minerals.

Current Positions

- Head of Asset Management (Product Management), Member of the Funds Board of Directors, and Secretary of the Funds Board of Directors at Al-Awwal Investment Company. (From 2022 to present)

Previous Positions

- Head of Asset Management - Al-Awwal Invest. (From 2018 to 2022)
- Vice President of Asset Management - Al-Awwal Invest. (From 2013 to 2018)
- Senior Manager of Asset Management - Al-Awwal Invest. (From 2009 to 2013)
- Senior Manager of Investment Funds - Al-Awwal Invest. (From 2007 to 2009)
- Assistant Manager of Investment Funds - Al-Awwal Bank. (From 2006 to 2007)

3. Tariq Saad Abdulaziz Al-Tuwaijri (Independent Member)

Qualifications

- Bachelor's degree in Business Administration from the Arab Open University

Current Positions

- Chairman of the Nominations and Remuneration Committee and non-independent member of the Board of Directors of Thobe Al-Aseel Company and member of the Saudi Economic Association (2018 to present)

Previous Positions

- Equity Investment Manager at Naseel Holding Company (2010)
- Executive Vice President of Brokerage at Wasata Capital (2008)
- Senior Broker at Aljazira Capital (2004)
- Relationship Manager - Private Banking at Samba Financial Group (1998)

4. Abdulaziz Al-Qabbani (Independent Member)

Qualifications

- Master's in Business Administration from the University of Miami
- Bachelor's in Business Administration from King Saud University

Current Positions

- Chief Executive Officer - Al-Dhulai'a Investment Company (from August 2022 to present)

Previous Positions

- Head of Real Estate Investment - Al-Istithmar Capital Company (from April 2018 to July 2022)
- Director of Real Estate Asset Management - Swicorp (from April 2017 to April 2018)
- Fund Manager - Al Rajhi Capital Company (from October 2008 to March 2017)
- Financial Analyst - Royal Caribbean International, Miami, USA (from May 2007 to October 2007)
- Product Manager - Al Faisaliah Group (from December 2003 to January 2006)

(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	Khaled Al-Muammar	Ali Al-Gudaihi	Tariq Al-Tuwaijri	Abdulaziz Al-Qabbani
SAB Invest Saudi Riyal Murabaha Fund	√	√	√	√
SAB Invest US Dollar Murabaha Fund	√	√	√	√
SAB Invest Saudi Equity Fund	√	√	√	√
SAB Invest Saudi Equity Income Fund	√	√	√	√
SAB Invest Saudi Financial Institutions Equity Fund	√	√	√	√
SAB Invest Saudi Companies Equity Fund	√	√	√	√
SAB Invest Saudi Industrial Companies Equity Fund	√	√	√	√
SAB Invest Saudi Construction and Cement Equity Fund	√	√	√	√
SAB Invest Global Equity Index Fund	√	√	√	√
SAB Invest GCC Equity Fund	√	√	√	√
SAB Invest China and India Equity Freestyle Fund	√	√	√	√
SAB Invest Multi-Assets Defensive Fund	√	√	√	√
SAB Invest Multi-Assets Balanced Fund	√	√	√	√
SAB Invest Multi-Assets Growth Fund	√	√	√	√
SAB Invest Saudi Freestyle Equity Fund	√	√	√	√
SAB Invest MSCI Tadawul 30 Saudi ETF	√	√	√	√
SAB Invest Sukuk Fund	√	√	√	√
SAB InvestGCC Equity Income Fund	√	√	√	√
Saudi Riyal Money Market Fund	√	√	√	√

Alyusr Saudi Riyal Murabaha Fund	√	√	√	√
SAB Invest Sukuk & Murabaha Fund	√	√	√	√
SAB Invest GCC Conventional Equity Fund	√	√	√	√
Saudi Financial Institutions Equity Fund	√	√	√	√
Alyusr Saudi Equity Fund	√	√	√	√
SAB Invest Saudi Conventional Freestyle Equity Fund	√	√	√	√

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

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

C) Fund Manager

SAB Invest

1. Address

King Fahad Branch Rd
Al Yasmeeen Dist
Building Number: 7383 - Secondary Number: 2338
Postal Code: 13325, Riyadh, Kingdom of Saudi Arabia,
Unified Number: +966114163133

Fax: +966 112169102
Website: www.sabinvest.com

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

Not applicable

3. Investment activities during the period

The fund invests primarily in shares of listed companies, initial offerings, traded investment funds, and real estate funds traded in the Saudi stock market (main and parallel market) that are consistent with the fund's objectives.

During the year of 2024, SAB Invest Saudi Equity Income Fund held primary exposure in Banks, Information Technology, Capital Goods, Consumer Services, Health Care, and Consumer Discretionary.

4. Report on the fund performance during the period

The fund invests primarily in shares of listed companies, initial offerings, traded investment funds, and real estate funds traded in the Saudi stock market (main and parallel market) that are consistent with the fund's objectives.

During the year of 2024, SAB Invest Saudi Equity Income Fund held primary exposure in Banks, Information Technology, Capital Goods, Consumer Services, Health Care, and Consumer Discretionary.

5. Report on the Fund Performance during the Period

The Saudi market index ended the year 2024 with an increase of about 0.58%, closing at the 12,036.5 level, compared to its closing at the end of 2023 at 11,967 level.

The year 2024 witnessed many events that affected the Saudi stock market, most notably the following:

- The Federal Reserve's decision to cut interest rates three times in 2024 by a total of 100 basis points, bringing rates to a range of 4.25% to 4.50%. In response, the Saudi Central Bank (SAMA) also reduced reverse repo and repo rates three times during the year to 450 basis points and 500 basis points, respectively.
- 8% of Saudi Aramco's total issued shares were transferred from the state to portfolios managed by companies owned by the Public Investment Fund (PIF). Additionally, Saudi Aramco conducted a secondary public offering of 1.545 billion shares, representing 0.64% of the company's shares.
- OPEC decided to postpone its plan to increase oil production until April 2025.
- Saudi Arabia announced its 2025 budget, projecting revenues of SAR 1.1 trillion and expenditures of SAR 1.28 trillion.

In terms of sector performance, it was mix during 2024, with Capital Goods (+53%), Utilities (+38.6%), Media (+30.1%), and Insurance (+25.3%) outperforming the market significantly. On the other hand, Energy (-14.7%), Food and Staple (-13.5%), Materials (-12.3), and Retailing (-11.7%) underperformed the market during the same period.

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

Changes Details	Effective Date
Update the main office address of the fund manager and the fund operator	1-Dec-24
Change in investment policies	
Adding a paragraph about the language of the terms and conditions and clarifying that the Arabic text will be taken into account if the customer signs the English version	
Updating information related to the requirements of the Zakat, Tax and Customs Authority	27-Feb-24
Update communication parameters	
Amendment to the fund's objective paragraph in the summary	
Change in the membership of the Funds Board of Directors	
Change in the Sharia Committee paragraph	
Edit wording	

7. 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

8. 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

9. Special commission received by fund manager during the period

Not Applicable

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

None

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

Seven Years

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

Not Applicable

(d) Custodian

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

SAB Invest

1. Name & Address of the Fund Operator

King Fahad Branch Rd
Al Yasmeen Dist
Building Number: 7383 - Secondary Number: 2338
Postal Code: 13325, Riyadh, Kingdom of Saudi Arabia,
Unified Number: +966114163133
Fax: +966 112169102
Website: www.sabinvest.com

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

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

- Keep the books and records related to the Fund operation;
- Prepare and update the unit subscribers record and maintain it in the Kingdom according to the Investment Fund Regulations;
- Be liable for the distribution of dividends, if any, according to the distribution policy provided for under 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 NADEC on 19 March 2024 A.D				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	The financial statements for the fiscal year ending on 31/12/2023AD was reviewed and discussed.	x		
2	Approval of the company's external audit report for the fiscal year ending on 31/12/2023AD.	x		
3	The Board of Directors' report for the fiscal year ending on 31/12/2023AD was reviewed and discussed.	x		
4	Approval of the Audit Committee Report for the fiscal year ending on 12/31/2021.	x		
5	Approval of paying an amount of SAR 1,800,000 as remuneration to the Board members for the fiscal year ending on 31/12/2023AD.	x		
6	Approval of the release of the Board of Directors' members from liability for the fiscal year ending on 31/12/2023AD.	x		
7	Approval of appointing of Ernst & Young as the company's External auditor from among the candidates based on the Audit Committee's recommendation. to review, and audit the financial statements for the second, third quarters and the annual financial statements for the fiscal year 2024, as well as the first quarter for the fiscal year 2025, and to determine their fees.	x		
8	Approval of transactions and agreements made between the company and Minerva Foods, which the Chairman of the Board of Directors, Mr. Abdulaziz bin Saleh Al-Rabdi (non-executive), has an indirect interest. These transactions and agreements include the purchase of red meat products for the company (NADEC) for a total amount of (3,765,959) Saudi Riyals, according to the annually agreed contractual terms.	x		
9	Approval of transactions and agreements made between the company and the Arabian Mills for Food Products Company formerly known as (The Second Milling Company) - a joint venture, in which the Board Member, Mr. Badr bin Abdulrahman Al-Sayari, has an indirect interest. These transactions and agreements include the purchase of raw materials for the company (NADEC) for a total amount of (27,511,137) Saudi Riyals according to the annually agreed contractual terms.	x		
10	Approval of transactions and agreements made between the company and the Arab Milling Company for Food Products – formerly known as (The Second Milling Company) - a joint project, in which the Board Member, Mr. Badr bin Abdulrahman Al-Sayari, has an indirect interest. These transactions involve compensating for the company (NADEC) for the termination of sales and services agreements, for a total amount of (10,000,000) Saudi Riyals.		x	

11	Approval of the participation of the Board Member, Mr. Badr bin Abdulrahman Al-Sayari – representing Suleiman bin Abdulaziz Al-Rajhi Holding Company in a business that competes with the company's business. Suleiman bin Abdulaziz Al-Rajhi Holding Company has a project for agricultural and food production among its businesses, which is similar to the business carried out by (NADEC) This project has been in existence for several years, predating his election to the Board.	x		
12	Approval of delegating to the Board of Directors the authorization powers of the General Assembly stipulated in paragraph (1) of Article 27 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.	x		
13	The approval of election the following nominees as members of the Board for the next session, which shall commence, starting from 11/04/2024, for a duration of four years, ending on 10/04/2028.			x

General Assembly of BUPA on 21 March 2024 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Approved amending the company's bylaws to align with the new Companies Law.	x		
2	Approved amending article (3) of the company's bylaws related to the Company Objectives.	x		

General Assembly of Budget Saudi on 24 June 2024 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	<p>1. Approval of the Board of Directors' recommendation to increase the company's capital by issuing new shares in the United International Transportation Company for the purpose of acquiring all shares of Al Jazeera Equipment Company Limited (AutoWorld), as follows: - The company's capital before the increase: (711,666,680) SAR equal (71,166,668) shares.</p> <p>- The company's capital after the increase: (781,666,680) SAR equal (78,166,668) shares.</p> <p>- The total amount of the increase: 70,000,000 SAR (number of the new shares 7,000,000 Common shares, with a nominal value of 10 Saudi riyals).</p> <p>- Percentage of capital increase: 9.84%</p> <p>- The reason for the capital increase: The company seeks to increase its capital for the purpose of completely acquiring 100% of the capital of AutoWorld Company.</p> <p>- Effective date of capital: After the completion of the process of transferring ownership of the shares of AutoWorld company to Aljozoor Alrasekha Transportation Company Ltd, a subsidiary owned by the United International Transportation Company.</p> <p>- Authorizing the Board of Directors or any person authorized by the Board of Directors to issue any decision or take any action that may be necessary to implement any of the decisions related to the acquisition deal.</p> <p>- Amendment of article seven of the company's bylaws related to (the company's Capital).</p>	x		

General Assembly of Mobily on 26 November 2024 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	To vote on electing members of the Board of Directors from among the candidates for the upcoming 4-year term, commencing on 01 December 2024, and concluding on 30 November 2028. It is important to note that if the voting results do not allow the company to fulfill the minimum independent member requirement as per regulatory standards, non-independent members will be substituted with independent members, prioritized by the number of votes each candidate receives. (Resumes attached).	x		
2	To vote on authorizing the elected Board of Directors with the powers of the Ordinary General Assembly Meeting as stipulated in paragraph (1) of Article 27 of the Companies Law, for a maximum of one year from the date of approval by the General Assembly, or until the end of the term of the delegated board of directors, whichever is earlier, in accordance with the conditions contained in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.	x		

General Assembly of Saudi Reinsurance Company on 5 December 2024 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	<p>Vote on the recommendation of the Company's board of directors to increase its capital by issuing 26,730,000 new ordinary shares with suspension of pre-emptive rights as follows:</p> <p>a. Increasing the share capital from 891,000,000 Saudi Riyals divided into 89,100,000 ordinary shares of equal value, to 1,158,300,000 Saudi Riyals divided into 115,830,000 ordinary shares of equal value with the suspension of pre-emptive rights, by way of issuing 26,730,000 new ordinary shares (representing 30% of the Company's current capital) with a nominal value of 10 Saudi riyals per share, at an offer price of 16 Saudi Riyals per share (the "New Shares") with a total subscription amount of 427,680,000 Saudi Riyals. The New Shares will be fully subscribed to by the Public Investment Fund ("PIF"), so that PIF's ownership in the share capital of the Company will be 23.08% after the capital increase.</p> <p>b. PIF's subscription right shall commence on the date of the extraordinary general assembly meeting that resolves to increase the capital by offering shares while suspending pre-emptive right.</p> <p>c. Amending Article 8 of the Company's bylaws related to the capital increase. (attached)</p>	x		
2	Vote on the amendment of the article (15) of the Company's bylaws related to the company's management	x		
3	Vote on the amendment of article (11) of the Company's bylaws related to the Company's issuance of shares	x		
4	Vote on the amendment of the article (18) of the Company's bylaws related to the board of directors' powers	x		
5	Vote on the amendment of the article (45) of the Company's bylaws related to Zakat and Reserves	x		
6	Vote on the amendments of Company's bylaws to comply with the new Companies Law, and rearranging the articles of the bylaws and their numbering, to align with the proposed amendments	x		
7	Vote on the amendment of the Corporate Governance Policy	x		
8	Vote on Business Competition Standards	x		
9	Vote on the appointment of Company's auditors from among the candidates based on the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second, third quarters and the annual financial statements for the financial year 2025G, and the first quarter of the financial year 2026G, and determine their fees	x		

General Assembly of SAVOLA on 19 December 2024 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	<p>Vote on the Board of Directors' recommendation to reduce the Company's capital and compensate the Company's eligible shareholders for the Capital Reduction as follows: - Reasons for the Capital Reduction: The reduction of share capital is due to it being in excess of the Company's needs and to facilitate the distribution-in-kind of Savola's entire stake in Almarai Company to the eligible Savola's shareholders and optimize the Company's capital structure. This adjustment will involve canceling shares followed by shareholders compensation to eligible Shareholders with a number of Almarai shares having fair value equivalent to the par value of the Company's canceled shares after adjusting for fractional shares, if any. After the reduction, the remaining capital will be sufficient to meet the Company's operational requirements. - Method of Capital Reduction: Through cancelling (833,980,684) ordinary shares which is approximately 73.54% of the Company's share capital and a reduction ratio of approximately 0.7354 shares for each 1 share against the distribution of a number of Almarai shares (the Company's assets), to Savola's eligible shareholders, having fair value equivalent to the par value of the Company's canceled shares after adjusting for fractional shares, if any. The number of Almarai shares is contingent on the market value of Almarai's shares on Tadawul on the actual date of eligibility for distribution. Capital before Reduction: SAR 11,339,806,840 Capital after Reduction: SAR 3,000,000,000 - Percentage of capital Reduction: 73.54% - Effective date: If the item is approved, the resolution of the reduction will be effective on the eligible shareholders of the company holding shares on the day of the EGM and who are registered in the company's shareholders' register with the Securities Depository Center Company (Edaa) at the end of the second trading day following the date of the EGM in which the capital reduction was approved. The total number of shares before the Capital Reduction 1,133,980,684 ordinary shares. The total number after the Capital Reduction: 300,000,000 ordinary shares. - Savola shall compensate the Company's eligible shareholders for the Capital Reduction, by paying SAR 8,339,806,840 in the form of Almarai shares (the "Capital Reduction Compensation"). - The number of Almarai shares corresponding to this value depends on Almarai share price as on the actual date of eligibility for distribution. -Amendment of Article (7) of the Company's bylaws regarding the Company's share capital. - Amendment of Article (8) of the Company's bylaws regarding (Subscribing to Shares).</p>	x		

2	<p>Vote on the Board of Directors' recommendation to approve the proposed distribution of its entire stake in Almarai Company ("Almarai") to Savola's eligible Shareholders as an in-kind distribution, which consists of (345,218,236) ordinary shares representing 34.52% of the share capital of Almarai, which constitutes a significant transaction subject to the approval of the Company's shareholders in accordance with Article 121 of the Rules on the Offer of Securities and Continuing Obligations (the "Significant Transaction"), will be as follows: The distribution will be executed by distributing SAR 8,339,806,840 worth of Almarai shares (number of shares would be determined on the actual date of eligibility for distribution) as compensation resulting from the process of Savola's Capital Reduction; and distributing</p>	x		
---	--	---	--	--

SAB INVEST SAUDI EQUITY INCOME FUND
(Managed by SAB Invest)

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

31 DECEMBER 2024



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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SAB INVEST SAUDI EQUITY INCOME FUND (MANAGED BY SAB INVEST)

Opinion

We have audited the financial statements of SAB Invest Saudi Equity Income Fund (the “Fund”) managed by SAB Invest (the “Fund Manager”), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in net asset attributable to the unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

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

Other Information included in the Fund's 2024 Annual Report

Other information consists of the information included in the Fund's 2024 annual report, other than the financial statements and our auditors' report thereon. The Fund manager is responsible for the other information in the Fund's annual report. The Fund's 2024 annual report is expected to be made available to us after the date of this auditors' report.

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

When we read the Fund's 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund's terms and conditions, and 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SAB INVEST SAUDI EQUITY INCOME FUND
(MANAGED BY SAB INVEST) (continued)**

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

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

Those charged with governance i.e. the Fund Manager's board of directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

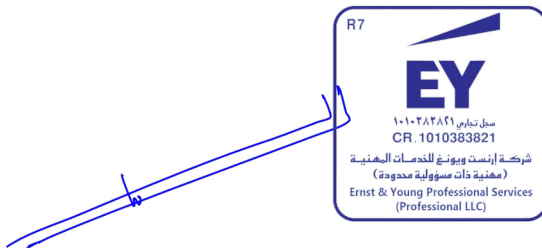
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SAB INVEST SAUDI EQUITY INCOME FUND
(MANAGED BY SAB INVEST) (continued)**

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

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

for Ernst & Young Professional Services



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

Riyadh: 18 Ramadan 1446 H
(18 March 2025)

SAB INVEST SAUDI EQUITY INCOME FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		<i>31 December 2024 SR</i>	<i>31 December 2023 SR</i>
	<i>Notes</i>		
ASSETS			
Cash and cash equivalents		88,771	4,525,915
Financial assets at fair value through profit or loss ("FVTPL")	5	168,068,361	221,949,910
Receivable against securities sold	6	5,559,338	-
Receivable and advances	6	5,746,625	-
TOTAL ASSETS		179,463,095	226,475,825
LIABILITIES			
Management fee payable	7	314,316	341,062
Accrued expenses and other payables	8	211,085	137,974
Payable against purchased securities	6	4,102,778	-
TOTAL LIABILITIES		4,628,179	479,036
EQUITY			
Net assets attributable to the unitholders		174,834,916	225,996,789
TOTAL LIABILITIES AND EQUITY		17,9463,095	226,475,825
Redeemable units in issue		910,965	1,156,103
Net asset value attributable to each per unit		192	195.48

The attached notes 1 to 17 form an integral part of these financial statements.

SAB INVEST SAUDI EQUITY INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024 SR	2023 SR
INCOME			
Realised gain on financial assets at FVTPL		44,210,326	9,650,297
Movement in unrealised (loss)/ gain on financial assets at FVTPL		(41,905,434)	67,255,334
Dividend income		3,731,526	4,689,347
Other income		-	1,432
TOTAL INCOME		6,036,418	81,596,410
EXPENSES			
Management fees	7	4,370,716	3,637,014
Other expenses		468,089	329,544
TOTAL EXPENSES		4,838,805	3,966,558
NET INCOME FOR THE YEAR		1,197,613	77,629,852
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,197,613	77,629,852

The attached notes 1 to 17 form an integral part of these financial statements.

SAB INVEST SAUDI EQUITY INCOME FUND

STATEMENT OF NET ASSET ATTRIBUTABLE TO THE UNITHOLDERS

For the year ended 31 December 2024

	<i>2024</i> <i>SR</i>	<i>2023</i> <i>SR</i>
NET ASSET AT THE BEGINNING OF THE YEAR	225,996,789	162,198,803
Net income for the year	1,197,613	77,629,852
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,197,613	77,629,852
Issue of units during the year	10,668,793	7,615,586
Redemption of units during the year	(55,345,073)	(13,241,989)
Net change from unit transactions	(44,676,280)	(5,626,403)
Dividend paid during the year (Note 17)	(7,683,206)	(8,205,463)
NET ASSET AT THE END OF THE YEAR	174,834,916	225,996,789
	<i><u>Units</u></i>	<i><u>Units</u></i>
REDEEMABLE UNIT TRANSACTIONS		
Transactions in redeemable units during the year are summarised as follows:		
UNITS AT THE BEGINNING OF THE YEAR	1,156,103	1,188,909
Issue of units during the year	53,755	47,748
Redemption of units during the year	(298,893)	(80,554)
Net decrease in units	(245,138)	(32,806)
UNITS AT THE END OF THE YEAR	910,965	1,156,103

The attached notes 1 to 17 form an integral part of these financial statements.

SAB INVEST SAUDI EQUITY INCOME FUND

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 SR	2023 SR
OPERATING ACTIVITIES		
Net income for the year	1,197,613	77,629,852
<i>Adjustments to reconcile net (loss) income to net cash flows from operating activities:</i>		
Movement in unrealised (gain) / loss on financial assets at FVTPL	41,905,434	(67,255,335)
Dividend income	(3,731,524)	(4,770,350)
	<u>39,371,523</u>	<u>5,604,167</u>
<i>Working capital adjustments:</i>		
Financial assets at FVTPL	11,976,115	(9,359,378)
Receivable against securities sold	(5,559,338)	6,452,618
Receivables and advances	(5,746,625)	-
Accrued expenses and other payables	19,301	(64,540)
Management fee payable	(26,746)	(6,543)
Payables against purchased securities	4,102,778	-
	<u>44,137,008</u>	<u>2,626,324</u>
Cash flows from operations	44,137,008	2,626,324
Dividend received	3,731,524	4,770,350
	<u>47,868,532</u>	<u>7,396,674</u>
Net cash flows generated from operating activities	47,868,532	7,396,674
FINANCING ACTIVITIES		
Proceeds from issuance of units	10,668,793	7,615,585
Payment on redemption of units	(55,291,263)	(13,241,990)
	<u>(7,683,206)</u>	<u>(8,205,463)</u>
Dividends distributed during the year	(7,683,206)	(8,205,463)
	<u>(52,305,676)</u>	<u>(13,831,868)</u>
Net cash flows used in financing activities	(52,305,676)	(13,831,868)
Net (decrease) in cash and cash equivalents	(4,437,144)	(6,435,194)
Cash and cash equivalents at the beginning of the year	4,525,915	10,961,107
Cash and cash equivalents at the end of the year	88,771	4,525,913

The attached notes 1 to 17 form an integral part of these financial statements.

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. INCORPORATION AND ACTIVITIES

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

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

The objective of the Fund is to achieve long term capital appreciation, and income distribution, through investing in Sharia-compliant Saudi equities.

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

The Fund is managed by the Fund Manager who also acts as the administrator of the Fund. Al Bilad Capital is the custodian of the Fund. All income is reinvested in the Fund and is reflected in the unit price. The Fund distributes income, subject to the approval of the Fund Board, on a semi-annual basis.

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 2-22-202\ Dated 12 Rajab 1442H. Corresponding to 24 February 202\ G (the “Amended Regulations”). The amended regulations are effective from 19 Ramadan 1442, corresponding to 1 May 202\).

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) 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 Accounting Standards 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..

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.

3.2 Material accounting policies

The material 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 2023, except for the adoption of new standards effective as of 1 January 2024. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

3.3 Material accounting policies (continued)

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

Cash and cash equivalents

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

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

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

Financial instruments

(i) Classification

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

Financial assets at amortised cost

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

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

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

Financial assets at FVOCI

Debt Instruments

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

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

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

Equity instruments

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

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

3.3 Material accounting policies (continued)

Financial instruments (continued)

Financial assets at FVTPL

All other financial assets are classified as measured at FVTPL.

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

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

(ii) Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Fund's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

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

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

3.3 Material accounting policies (continued)

Financial instruments (continued)

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

(iv) Classification of financial liabilities

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

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

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

(v) Derecognition of financial instruments

Financial assets

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

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

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

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

Financial liabilities

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

(vi) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

3.3 Material accounting policies (continued)

Financial instruments (continued)

(vii) Impairment of financial assets

The Fund assesses on a forward-looking basis the Expected Credit Losses (“ECL”) associated with its financial assets, carried at amortised cost, the ECL is based on a 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Fair value measurement

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

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

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

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

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

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

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

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

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

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

3.3 Material accounting policies (continued)

Trade date accounting

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

Provisions

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

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

Accrued expenses

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

Redeemable units

Redeemable units are classified as equity instruments when:

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

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

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

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

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

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

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

3.3 Material 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 classified or designated upon initial recognition as at FVTPL and exclude commission and dividend income and expenses.

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

Dividend income

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

Foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are retranslated into 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 recognised as expenses on an accrual basis in the year in which they are incurred.

Zakat and income tax

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

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

3.4 New standards, amendments and interpretations adopted by the Fund

3.4.1 New standards, amendments and interpretations adopted by the Fund

The following new and amended IFRSs, are effective from annual reporting period beginning on 1 January 2024 and are adopted in these financial statements, however, they do not have any impact on the financial statements.

Standard, interpretation and amendments	Description	Effective date
Amendment to IFRS 16- Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024
IFRS SI, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

3.4.2 Standards issued but not yet effective and not early adopted

Standard, interpretation and amendments	Description	Effective date
Amendment to IAS 21 - Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	Annual periods beginning on or after 1 January 2025
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	IASB amended to the requirements related to: setting financial liabilities using an electronic payment system; assessing contractual cash flow characteristics of financial assets including those with environmental, social and governance (ESG)-linked features.	Annual periods beginning on or after 1 January 2026

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

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

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

Standard, interpretation and amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely.
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	Annual periods beginning on or after 1 January 2027
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	Annual periods beginning on or after 1 January 2027

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 Manager's 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 (closing price), without any deduction for transaction costs.

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value measurement (continued)

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).

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 2024</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>				
Energy	6.92%	8,718,730	11,622,498	2,903,768
Consumer Services	4.23%	4,773,979	7,111,203	2,337,224
Insurance	16.92%	23,677,240	28,437,869	4,760,629
Capital Goods	9.23%	8,925,928	15,520,886	6,594,958
Food & Beverages	11.73%	19,659,867	19,715,393	55,526
Software & Services	7.3%	3,877,592	12,263,885	8,386,293
Media and Entertainment	1.37%	2,306,969	2,295,902	-11,067
Health Care Equipment & Services	7.92%	15,704,523	13,319,254	-2,385,269
Banks	18.82%	30,898,121	31,622,470	724,349
Pharma, Biotech & Life Science	1.88%	1,714,651	3,159,368	1,444,717
Telecommunication Services	2.83%	4,906,122	4,758,504	-147,618
Transportation	7.66%	12,230,084	12,874,014	643,930
Materials	1.10%	1,979,453	1,845,979	-133,474
Real estate management & development	0.65%	1,108,341	1,104,936	-3,405
Utilities	1.44%	2,817,944	2,416,200	-401,744
Total	100.0%	143,299,544	168,068,361	24,768,817

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 2023</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>				
Energy	18.2%	25,650,160	40,474,456	14,824,296
Consumer Services	11.8%	18,118,890	26,114,338	7,995,448
Insurance	11.6%	21,229,643	25,855,078	4,625,435
Capital Goods	8.1%	8,892,387	17,963,086	9,070,699
Food & Beverages	7.9%	12,726,906	17,601,005	4,874,099
Software & Services	7.7%	7,419,054	17,168,790	9,749,736
Media and Entertainment	6.5%	9,630,374	14,461,928	4,831,554
Health Care Equipment & Services	6.2%	10,593,903	13,689,856	3,095,953
Banks	5.1%	9,037,202	11,227,277	2,190,075
Pharma, Biotech & Life Science	5.1%	8,798,807	11,222,686	2,423,879
Telecommunication Services	4.2%	10,173,112	9,432,269	-740,843

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

Transportation	3.9%	6,688,249	8,642,521	1,954,272
Consumer Discretionary Distribution & Retail	3.6%	6,316,972	8,096,620	1,779,648
Total	100.0%	155,275,659	221,949,910	66,674,251

6. RECEIVABLES AND ADVANCES

	31 December 2024 SR	31 December 2023 SR
Advance paid for IPO	5,746,625	-
	5,746,625	-

7. RECEIVABLES AGAINST SOLD SECURITIES / PAYABLE AGAINST PURCHASED SECURITIES

Receivables against sold securities represents the receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date.

Payable against purchased securities are payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date.

8. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

Related party	Nature of transactions	Amount of transactions		Balance	
		2024 SR	2023 SR	2024 SR	2023 SR
SAB Invest (Fund Manager)	Fund management fee (Including VAT)	4,370,716	3,637,014	314,316	341,062
Fund Administrator	Administration fee	156,496	113,805	17,760	18,338
Board Member	Board member fee	16,462	18,603	18,417	18,603
Saudi Awwal Bank (Parent of Fund Manager)	Cash and cash equivalent			-	-

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. TRANSACTIONS WITH RELATED PARTIES (continued)

A. *Transactions and balances with Fund Manager and board of directors (continued)*

The Fund pays the Fund Manager a management fee calculated at an annual rate of 1.70% per annum and administrator fee of 0.10% calculated on the net asset value at each valuation date.

There are 13,834.84 units in issue at 31 December 2024 held by the employees of the Fund Manager (31 December 2023: 347.52 units).

There are no units in issue as at 31 December 2024 (31 December 2023: Nil units) that are held by the Fund Manager and by other funds managed by SAB Invest.

9. ACCRUED EXPENSES AND OTHER PAYABLES

	<i>31 December 2024 SR</i>	<i>31 December 2023 SR</i>
Professional fees, administrative payables and other liabilities	157,275	137,974
Redemption payable	53,810	-
	<u>211,085</u>	<u>137,974</u>

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

11. 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 2024</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>No Fixed Maturity SR</i>	<i>Total SR</i>
ASSETS				
Cash and cash equivalents	88,771	-	-	88,771
Financial assets at FVTPL	-	-	168,068,361	168,068,361
Receivable against securities sold	5,559,338	-	-	5,559,338
Receivable and advances	5,746,625	-	-	5,746,625
TOTAL ASSETS	<u>11,394,734</u>	<u>-</u>	<u>168,068,361</u>	<u>179,463,095</u>
LIABILITIES				
Management fee payable	314,316	-	-	314,316
Accrued expenses and other payables	211,085	-	-	211,085
Payable against purchased securities	4,102,778	-	-	4,102,778
TOTAL LIABILITIES	<u>4,628,179</u>	<u>-</u>	<u>-</u>	<u>4,628,179</u>

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>As at 31 December 2023</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>No Fixed Maturity SR</i>	<i>Total SR</i>
ASSETS				
Bank balance	4,525,915	-	-	4,525,915
Financial assets at FVTPL	-	-	221,949,910	221,949,910
	<u>4,525,915</u>	<u>-</u>	<u>221,949,910</u>	<u>226,475,825</u>
TOTAL ASSETS				
LIABILITIES				
Management fee payable	341,062	-	-	341,062
Accrued expenses and other payables	137,974	-	-	137,974
	<u>479,036</u>	<u>-</u>	<u>-</u>	<u>479,036</u>
TOTAL LIABILITIES				

12. FINANCIAL RISK MANAGEMENT

Introduction

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

Risk management

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

Risk measurement and reporting system

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

Risk mitigation

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

Concentration risk

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

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

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties. The Fund Manager seeks to limit its credit risk by monitoring credit exposure and by dealing with reputed counterparties.

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

	31 December 2024 SR	31 December 2023 SR
Cash and cash equivalents	88,771	4,525,915
Receivable against securities sold	5,559,338	-
Receivable and advances	5,746,625	-
	11,394,734	4,525,915

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

Liquidity risk

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

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

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

Market risk

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

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

Equity price risk

Equity price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The Fund's investments are susceptible to market price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of sector concentration.

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis

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

	<i>Change in equity price 2024 %</i>	<i>Effect on statement of comprehensive income 2024 SR</i>	<i>Change in equity price 2023 %</i>	<i>Effect on statement of comprehensive income 2023 SR</i>
Net impact on financial assets held at FVTPL	+5%	8,403,418	+5%	11,097,496
Net impact on financial assets held at FVTPL	-5%	(8,403,418)	-5%	(11,097,496)

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 local currency. The investment risks of the fund are included in the Terms and Conditions detailed on the website of the Fund Manager at www.sabinvest.com. The Terms and Conditions do not form part of the financial statements. The Fund's currency risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place.

Special commission rate risk

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

13. LAST VALUATION DAY

The last valuation day of the year was 31 December 2024 (2023: 31 December 2023).

14. ZAKAT

On 22 March 2024, Minister of Finance's issued its decision No. (1007) approving the new Zakat regulations (ZR), which will be applied to the fiscal years starting on or after 1/1/2024. According to Article Seventy-Six of the new Zakat regulations Funds required to register with the Zakat, Tax, and Customs Authority (ZATCA) before the end of the first fiscal year and mandate Investment Funds to submit a Zakat information declaration to ZATCA within 120 days after the end of their fiscal year, which should include audited financial statements, records of related party transactions, and any other data requested by ZATCA. The Fund is obliged to provide the unit owner with the necessary information to calculate their Zakat liability. Funds are not subject to the collection of Zakat in accordance with the regulations.

SAB INVEST SAUDI EQUITY INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. DIVIDENDS DISTRIBUTION

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

	<i>31 December 2024 SR</i>	<i>31 December 2023 SR</i>
1st dividend at a rate of SR 3.5 (2023: SR 3.5) per unit	4,100,742	4,161,895
2nd dividend at a rate of SR 3.1 (2023: SR 3.5) per unit	3,582,466	4,043,568
	<u>7,683,208</u>	<u>8,205,463</u>

16. EVENTS AFTER THE END OF REPORTING PERIOD

There are no events subsequent to the statement of financial position date which require adjustments of or disclosure in the financial statements or notes thereto.

17. APPROVAL OF FINANCIAL STATEMENTS

The audited financial statements were approved by the Fund Manager's Board of Directors on 18 Ramadan 1446 H (corresponding to 18 March 2025).