

**AL RAJHI MONTHLY DISTRIBUTION FUND**

An open-ended mutual fund

**(Managed by Al Rajhi Capital Company)**

**Financial Statements**

**For the year ended 31 December 2024**

together with the

**Independent Auditor's Report**

**AL RAJHI MONTHLY DISTRIBUTION FUND**

An open-ended mutual fund

**(Managed by Al Rajhi Capital Company)**

For the year ended 31 December 2024

(Amounts in SAR)

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**AL RAJHI MONTHLY DISTRIBUTION FUND**

An open-ended mutual fund

**(Managed by Al Rajhi Capital Company)****Statement of Financial Position**

As at 31 December 2024

(Amounts in SAR)

	<i>Notes</i>	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	5	<b>116,782,458</b>	92,401,119
Investments at fair value through profit or loss ("FVTPL")	6	<b>1,561,016,917</b>	955,223,797
Investments at amortised cost	7	--	168,379,771
Advance against allotment of securities	8	<b>19,801,893</b>	--
Accrued special commission income		<b>1,038,164</b>	534,161
Dividend receivable		--	1,085,810
<b>Total Assets</b>		<b><u>1,698,639,432</u></b>	<u>1,217,624,658</u>
<b><u>LIABILITIES</u></b>			
Management fee payable	9, 13	<b>2,056,125</b>	7,688,098
Payable to the Unitholders on account of redemptions		<b>3,671,684</b>	449,660
Accrued expenses	10	<b>333,922</b>	393,352
<b>Total Liabilities</b>		<b><u>6,061,731</u></b>	<u>8,531,110</u>
<b>Net assets (equity) attributable to the Unitholders</b>		<b><u>1,692,577,701</u></b>	<u>1,209,093,548</u>
<b>Units in issue (numbers)</b>		<b><u>162,529,513</u></b>	<u>113,528,900</u>
<b>Net assets (equity) attributable to each unit (SAR) - IFRS</b>	19	<b><u>10.41</u></b>	<u>10.65</u>
<b>Net assets (equity) attributable to each unit (SAR) - Dealing</b>	19	<b><u>10.41</u></b>	<u>10.65</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

**AL RAJHI MONTHLY DISTRIBUTION FUND**

An open-ended mutual fund

**(Managed by Al Rajhi Capital Company)****Statement of Comprehensive Income****For the year ended 31 December 2024**

(Amounts in SAR)

		<b>For the year ended 31 December 2024</b>	For the period from 01 September 2022 to 31 December 2023
<b>INCOME</b>	<i>Notes</i>		
Net realized gain on investments at FVTPL		<b>50,162,052</b>	74,918,163
Net unrealized gain on investments at FVTPL	<i>6.1</i>	<b>5,196,629</b>	23,036,831
Dividend income		<b>69,044,760</b>	40,185,851
Special commission income		<b>8,255,510</b>	7,922,848
Other income		--	4,400
<b>Total income</b>		<b>132,658,951</b>	146,068,093
<b>EXPENSES</b>			
Management fee	<i>9, 13</i>	<b>(20,660,755)</b>	(12,816,832)
Purification charges	<i>11</i>	<b>(4,254,697)</b>	(453,891)
Other expenses	<i>12</i>	<b>(1,051,481)</b>	(580,091)
<b>Total expenses</b>		<b>(25,966,933)</b>	(13,850,814)
<b>Net income for the year / period</b>		<b>106,692,018</b>	132,217,279
Other comprehensive income for the year / period		--	--
<b>Total comprehensive income for the year / period</b>		<b>106,692,018</b>	132,217,279

The accompanying notes 1 to 21 form an integral part of these financial statements.

**AL RAJHI MONTHLY DISTRIBUTION FUND**  
An open-ended mutual fund  
**(Managed by Al Rajhi Capital Company)**  
**Statement of changes in net assets (equity) attributable to the Unitholders**  
**For the year ended 31 December 2024**  
(Amounts in SAR)

	<i>Notes</i>	<b>For the year ended 31 December 2024</b>	For the period from 01 September 2022 to 31 December 2023
<b>Net assets (equity) attributable to the Unitholders at beginning of the year / period</b>		<b>1,209,093,548</b>	--
Net income for the year / period		<b>106,692,018</b>	132,217,279
Other comprehensive income for the year / period		--	--
Total comprehensive income for the year / period		<b>106,692,018</b>	132,217,279
<b>Contributions and redemptions by the Unitholders</b>			
Proceeds from issuance of units during the year / period		<b>1,017,395,073</b>	1,640,183,060
Payments on redemption of units during the year / period		<b>(497,860,262)</b>	(471,865,146)
<b>Net contributions by the Unitholders</b>		<b>519,534,811</b>	1,168,317,914
<b>Distribution to the Unitholders</b>	20	<b>(142,742,676)</b>	(91,441,645)
<b>Net assets (equity) attributable to the Unitholders at end of the year / period</b>		<b>1,692,577,701</b>	1,209,093,548

Transactions in units for the period are summarised as follows:

	<b>For the year ended 31 December 2024 (In units)</b>	For the period from 01 September 2022 to 31 December 2023 (In units)
<b>Units in issuance at beginning of the year / period</b>	<b>113,528,900</b>	--
Issuance of units during the year / period	<b>97,141,287</b>	160,514,078
Redemption of units during the year / period	<b>(48,140,674)</b>	(46,985,178)
Net increase in units	<b>49,000,613</b>	113,528,900
<b>Units in issuance at end of the year / period</b>	<b>162,529,513</b>	113,528,900

The accompanying notes 1 to 21 form an integral part of these financial statements.

# AL RAJHI MONTHLY DISTRIBUTION FUND

An open-ended mutual fund  
(Managed by Al Rajhi Capital Company)  
Statement of Cash flows  
For the year ended 31 December 2024  
(Amounts in SAR)

		For the year ended 31 December 2024	For the period from 01 September 2022 to 31 December 2023
	Notes		
<b>Cash flows from operating activities</b>			
Net income for the year / period		106,692,018	132,217,279
Adjustments for:			
Net unrealized gain on investments at FVTPL	6.1	(5,196,629)	(23,036,831)
Net realized gain on investments at FVTPL		(50,162,052)	(74,918,163)
Dividend income		(69,044,760)	(40,185,851)
Special commission income		(8,255,510)	(7,922,848)
<b>Net changes in operating assets and liabilities</b>			
Purchase of investments at FVTPL		(1,546,866,406)	(1,426,345,869)
Proceeds from sale of investments at FVTPL		996,431,967	569,077,066
Purchase of investment at amortised cost		(11,129,000,000)	(5,642,000,000)
Proceeds from sale of investments at amortised cost		11,294,000,000	5,477,000,000
Increase in advance against allotment of securities		(19,801,893)	--
(Decrease) / increase in management fee payable		(5,631,973)	7,688,098
Increase in payable to the Unitholders on account of redemption		3,222,024	449,660
(Decrease) / increase in accrued expenses		(59,430)	393,352
<b>Cash used in operations</b>		(433,672,644)	(1,027,584,107)
Dividend received		70,130,570	39,100,041
Special commission received		11,131,278	4,008,916
<b>Net cash used in operating activities</b>		(352,410,796)	(984,475,150)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of units		1,017,395,073	1,640,183,060
Payments on redemption of units		(497,860,262)	(471,865,146)
Distribution to the Unitholders	20	(142,742,676)	(91,441,645)
<b>Net cash flows generated from financing activities</b>		376,792,135	1,076,876,269
<b>Net increase in cash and cash equivalents</b>		24,381,339	92,401,119
Cash and cash equivalents at the beginning of the year / period	5	92,401,119	--
<b>Cash and cash equivalents at the end of the year / period</b>	5	116,782,458	92,401,119

The accompanying notes 1 to 21 form an integral part of these financial statements.

# **AL RAJHI MONTHLY DISTRIBUTION FUND**

An open-ended mutual fund

**(Managed by Al Rajhi Capital Company)**

**Notes to the Financial Statements**

**For the year ended 31 December 2024**

(Amounts in SAR)

## **1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Al Rajhi Monthly Distribution Fund, (the “Fund”) is an open-ended investment fund created by an agreement between Al Rajhi Capital Company (the “Fund Manager”), a wholly owned subsidiary of Al Rajhi Banking and Investment Corporation (the “Bank”) and investors (the “Unitholders”) in the Fund. The address of the Fund Manager is as follows:

Al Rajhi Capital, Head Office  
8467 King Fahad Road, Al Muruj District  
P.O. Box 2743  
Riyadh 11263  
Kingdom of Saudi Arabia

The Fund is an open-ended investment fund that aims to distribute income on a monthly basis through investing in income-generating securities such as shares, traded funds, traded real estate funds, debt instruments, fixed income and money market instruments that are compatible with the Sharia Supervision Committee’s regulations.

The Fund was established on 06 Muharram 1444H (corresponding to 04 August 2022) as per notification to the Capital Market Authority (CMA) and commenced its operations on 05 Safar 1444 (corresponding to 01 September 2022). The comparatives in these financial statements are presented for the period from 01 September 2022 (date of commencement of operations) to 31 December 2023 which is more than twelve months and accordingly the amounts are not comparable.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund.

The Fund has appointed Al Bilad Investment Company (the “Custodian”) to act as its custodian.

## **2. REGULATING AUTHORITY**

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

## **3. BASIS OF PREPARATION**

### **3.1 Statement of compliance**

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority (“CMA”) and the Fund's Terms and Conditions.

## AL RAJHI MONTHLY DISTRIBUTION FUND

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(Managed by Al Rajhi Capital Company)

Notes to the Financial Statements

For the year ended 31 December 2024

(Amounts in SAR)

### 3. BASIS OF PREPARATION (CONTINUED)

#### 3.2 Basis of measurement

The financial statements have been prepared on a historical cost basis (except for investments measured at FVTPL which are stated at their fair value) using the accrual basis of accounting.

The Fund Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Fund Manager is 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.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

#### 3.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyal ("SAR"), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest SAR.

#### 3.4 Use of estimates and judgments

The preparation of these financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

#### 3.5 New standards and regulations

##### Amendments to existing standards

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2024 and accordingly adopted by the Fund, as applicable:

Standard, interpretation, amendments	Description	Effective Date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities as current or non-current	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Annual periods beginning on or after January 1, 2024



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(Amounts in SAR)

### 3. BASIS OF PREPARATION (CONTINUED)

#### 3.5 New standards and regulations (continued)

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains	Annual periods beginning on or after January 1, 2024
Amendments to IAS 7 & IFRS 7 Supplier Finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements & their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concern that some companies' supplier finance arrangement is not sufficiently visible, hindering investors analysis. No material impact is expected for the Company.	Annual periods beginning on or after January 1, 2024 (with transitional reliefs in the first year)

The adoption of the new and amended standards and interpretations applicable to the Fund did not have any significant impact on these financial statements.

#### New standards not yet effective

Standard, interpretation, amendments	Description	Effective Date
Amendments to IFRS 10 and IAS 28	Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures— Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	The effective date of the amendments has yet to be set by the IASB.
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after January 1, 2025
IFRS 18 - Presentation and disclosure in financial statements	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	Annual reporting period beginning on or after 1 January 2027

The Fund Manager anticipates that the application of these new standards and amendments in the future will not have any significant impact on the amounts reported.

### 4. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Fund in preparing its financial statements. These policies have been consistently applied to all the years / periods presented, unless otherwise stated.

#### A. Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks, cash held with broker in trading account and with custodian in investment account.

## **AL RAJHI MONTHLY DISTRIBUTION FUND**

An open-ended mutual fund  
(Managed by Al Rajhi Capital Company)  
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For the year ended 31 December 2024  
(Amounts in SAR)

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

#### **B. Financial assets and liabilities**

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

Financial assets and liabilities at Fair value through Profit and loss ("FVTPL") are initially recognised at trade date, which is the date on which the Fund becomes party to the contractual provisions of the instruments. Other financial assets and liabilities are recognised on the date on which they are originated.

Financial assets at FVTPL are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets not at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

##### ***Classification of financial assets***

On initial recognition, the Fund classifies financial assets as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

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 profit on the principal amount outstanding.

A financial asset 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 profit on the principal amount outstanding.

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

As at 31 December 2024, the Fund's financial assets are cash and cash equivalent, investments measured at FVTPL, advance against allotment of securities and accrued special commission income.

##### ***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 the information is provided to the Fund Manager.

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

##### ***Assessment whether contractual cash flows are solely payments of principal and profit***

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

## **AL RAJHI MONTHLY DISTRIBUTION FUND**

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(Amounts in SAR)

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

#### **B. Financial assets and liabilities (continued)**

##### ***Assessment whether contractual cash flows are solely payments of principal and profit (continued)***

In assessing whether the contractual cash flows are solely payments of principal and profit, 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.

##### ***Reclassification***

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

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

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

##### ***Derecognition***

The Fund derecognizes 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 profit or loss.

Transactions in which the Fund transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or portion of them, the transferred assets are not derecognized. Transfer of assets with retention of all or substantially all of the risk and rewards include sale and repurchase transactions.

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.

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

##### ***Offsetting***

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

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

## **AL RAJHI MONTHLY DISTRIBUTION FUND**

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**(Managed by Al Rajhi Capital Company)**

**Notes to the Financial Statements**

**For the year ended 31 December 2024**

(Amounts in SAR)

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

#### **B. Financial assets and liabilities (continued)**

##### ***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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at a mid price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

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. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 14.

#### **B. Subscription and redemption on units**

Units subscribed and redeemed are recorded at net asset (equity) value per unit on the Valuation Day for which the subscription request and redemption applications are received.

##### ***Redeemable units***

Redeemable units are as equity instruments as they meet certain criteria. Those criteria include:

- the redeemable units must entitle the holder to a pro-rata share of net assets;
- the redeemable units must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the redeemable units over its life must be based substantially on the profit or loss of the issuer.

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.

#### **C. 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 period end.

## **AL RAJHI MONTHLY DISTRIBUTION FUND**

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

#### **D. Revenue recognition**

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

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

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses for financial instruments, which were realised in the reporting period. 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).

##### ***Special commission income***

Special commission income including special commission income from non-derivative financial assets measured at amortised cost, are recognized in the statement of comprehensive income, using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

##### ***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 securities, this is usually the ex-dividend date. For unquoted securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from securities designated as at FVTPL is recognised in the statement of comprehensive income in a separate line item.

#### **E. Fee and other expenses**

These are measured and recognized as expenses on an accrual basis in the period in which they are incurred.

#### **G. Foreign currency**

Transactions in foreign currencies are translated into SAR 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 SAR 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, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gain from financial instruments at FVTPL.

#### **H. Provisions**

Provisions are recognized whenever there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## AL RAJHI MONTHLY DISTRIBUTION FUND

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(Managed by Al Rajhi Capital Company)

Notes to the Financial Statements

For the year ended 31 December 2024

(Amounts in SAR)

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### I. Zakat

The Minister of Finance via Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (corresponding to 3 December 2022) approved the Zakat Rules for Investment Fund permitted by the CMA.

The Rules require the Investment Funds to register with Zakat, Tax and Customs Authority (ZATCA) and submit a zakat information declaration to ZATCA within 120 days from the end of their fiscal year, including audited financial statements, records of related party transactions and any other data requested by ZATCA. Under the Rules, Investment Funds are not subject to Zakat provided they do not engage in unstipulated economic or investment activities as per their CMA approved Terms and Conditions. Zakat collection will be applied on the Fund's Unitholders.

During the current year, the Fund Manager will be submitting zakat information declaration in due course.

### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of bank balances with Al Rajhi Banking and Investment Corporation (the "Bank"), the parent entity of the Fund Manager. In addition, these balances also comprise of cash placed with Al Bilad Investment Company (the "Custodian") for buying and selling of investment securities.

	<i>Notes</i>	<b>31 December 2024</b>	31 December 2023
<u>Cash with bank – current account</u>			
Saudi Riyal (SAR)		<b>11,434,300</b>	11,217,453
		<b>11,434,300</b>	11,217,453
<u>Cash with custodian</u>			
Saudi Riyal (SAR)		<b>74,052,041</b>	26,174,805
Omani Riyal (OMR)		<b>23,064,533</b>	--
Bahrain Dinar (BHD)		<b>7,857,477</b>	--
Arab Emirati Dirham (AED)		<b>235,842</b>	--
Kuwaiti Dinar (KWD)		<b>138,265</b>	--
		<b>105,348,158</b>	26,174,805
Short-term Murahaba placements	5.1	--	55,008,861
<b>Total</b>		<b>116,782,458</b>	92,401,119

- 5.1 This represents Murabaha placement with the Bank having original maturity of three months or less. This placement carries a profit rate of Nil (31 December 2023: 5.80% per annum). As at 31 December 2024, this amount includes accrued special commission income amounting to Nil (31 December 2023: SAR 8,861).

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## 6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

31 December 2024				
	Cost (SAR)	Fair Value (SAR)	% of Fair value (SAR)	Unrealised gain / (loss) (SAR)
<b><u>Investments:</u></b>				
Equity securities (note 6.2)	1,182,921,967	1,238,749,480	79.36	55,827,513
Sukuk (note 6.3)	165,000,000	165,000,000	10.57	--
Units of mutual funds (note 6.4)	184,861,490	157,267,437	10.07	(27,594,053)
<b>Total</b>	<b>1,532,783,457</b>	<b>1,561,016,917</b>	<b>100.00</b>	<b>28,233,460</b>

  

31 December 2023				
	Cost (SAR)	Fair Value (SAR)	% of Fair value (SAR)	Unrealised gain (SAR)
<b><u>Investments:</u></b>				
Equity securities (note 6.2)	726,765,765	746,809,685	78.18	20,043,920
Units of mutual funds (note 6.4)	190,421,201	193,414,112	20.25	2,992,911
Sukuk (note 6.3)	15,000,000	15,000,000	1.57	--
<b>Total</b>	<b>932,186,966</b>	<b>955,223,797</b>	<b>100.00</b>	<b>23,036,831</b>

### 6.1 Movement of unrealized gain / (loss) on re-measurement of investment at FVTPL:

	For the year ended 31 December 2024	For the period from 01 September 2022 to 31 December 2023
Fair value as at 31 December	1,561,016,917	955,223,797
Cost as at 31 December	(1,532,783,457)	(932,186,966)
Unrealized gain as at 31 December	28,233,460	23,036,831
Unrealized gain at the beginning of the year / period	(23,036,831)	--
Unrealized gain for the year / period	5,196,629	23,036,831

### 6.2 The composition of the Fund's equity securities investment portfolio by industry sector is as follows:

31 December 2024				
	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain / (loss) (SAR)
<b><u>Investments (by sectors)</u></b>				
Energy	506,546,959	502,445,884	40.56	(4,101,075)
Industrial	139,480,454	205,294,563	16.57	65,814,109
Telecommunication Service	153,878,123	156,392,840	12.63	2,514,717
Real Estate	106,415,708	135,580,636	10.94	29,164,928
Material	166,822,095	134,716,722	10.88	(32,105,373)
Consumer Discretionary	76,969,864	68,334,801	5.52	(8,635,063)
Financial	18,150,984	20,552,983	1.66	2,401,999
Information Technology	14,657,780	15,431,051	1.24	773,271
<b>Total</b>	<b>1,182,921,967</b>	<b>1,238,749,480</b>	<b>100.00</b>	<b>55,827,513</b>

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## 6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

	31 December 2023			
	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain / (loss) (SAR)
<u>Investments (by sectors)</u>				
Energy	426,011,279	404,430,916	54.15	(21,580,363)
Consumer	120,247,666	124,265,003	16.64	4,017,337
Real Estate	96,504,478	109,686,152	14.69	13,181,674
Industrial	69,344,563	93,027,675	12.46	23,683,112
Information Technology	14,657,779	15,399,939	2.06	742,160
Total	<u>726,765,765</u>	<u>746,809,685</u>	<u>100.00</u>	<u>20,043,920</u>

The above equity investments are listed on the leading international stock exchanges. The Fund Manager seeks to limit risk of the Fund by monitoring exposures in each investment sector and individual securities.

### 6.3 The composition of investment in Sukuk, is as follows:

<u>Description</u>	<u>Maturity date</u>	<u>Fair value as at 31 December 2024</u>
SAB Additional Tier 1 Sukuk	12-Dec-29	150,000,000
BAHRI Sukuk	5-Jul-29	15,000,000
		<u>165,000,000</u>

These carry profit rates ranging from 6.07% to 7.18% per annum.

<u>Description</u>	<u>Maturity date</u>	<u>Fair value as at 31 December 2023</u>
BAHRI Sukuk	5-Jul-29	15,000,000
		<u>15,000,000</u>

This carries a profit rate of 7.12% per annum.

### 6.4 The composition of the Fund's investment portfolio in the units of mutual funds is as follows:

	31 December 2024			
	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain / (loss) (SAR)
<u>Name of the Funds</u>				
Jadwa REIT Saudi Fund	103,744,732	82,590,470	52.52	(21,154,262)
SEDCO Capital REIT Fund	53,299,827	46,352,074	29.47	(6,947,753)
AL Maather REIT Fund	27,816,931	28,324,893	18.01	507,962
Total	<u>184,861,490</u>	<u>157,267,437</u>	<u>100.00</u>	<u>(27,594,053)</u>



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### 6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

Name of the Funds	31 December 2023			
	Cost (SAR)	Fair value (SAR)	% of Fair value	Unrealised gain / (loss) (SAR)
Jadwa REIT Saudi Fund	102,182,567	108,139,809	55.91	5,957,242
SEDCO Capital REIT Fund	53,299,827	50,385,091	26.05	(2,914,736)
AL Maather REIT Fund	27,816,932	27,876,715	14.41	59,783
Al Rajhi Financing Private Fund 1 - Alwalla Fund*	5,685,005	5,685,341	2.94	336
Albilad Saudi Sovereign Sukuk ETF	1,436,870	1,327,156	0.69	(109,714)
Total	<u>190,421,201</u>	<u>193,414,112</u>	<u>100.00</u>	<u>2,992,911</u>

\* A fund managed by the Fund Manager.

Investments in mutual funds are unrated. The Fund also does not have an internal grading mechanism. However, the Fund Manager seeks to limit its risk by monitoring each investment exposure and setting limits for individual investment.

### 7. INVESTMENTS AT AMORTISED COST

	Note	31 December <u>2024</u>	31 December <u>2023</u>
Murabaha placements	7.1	--	165,000,000
Accrued special commission income		--	3,379,771
		<u>--</u>	<u>168,379,771</u>

7.1 The remaining maturity of Murabaha placements having original maturity of more than three months is as follows:

Remaining maturity	31 December <u>2024</u>	31 December <u>2023</u>
Up to 1 month	--	20,000,000
1-3 months	--	--
3-6 months	--	145,000,000
6 to 9 months	--	--
9 to 12 months	--	--
	<u>--</u>	<u>165,000,000</u>

Murabaha placements are held with the local and international banks. These carry profit rates ranging from Nil (31 December 2023: 5.80% to 6.55% per annum) with maturity up till Nil (31 December 2023: 20 June 2024).

### 8. ADVANCE AGAINST ALLOTMENT OF SECURITIES

This represents investment in IPO subscription of companies engaged in health care equipment and consumer discretionary distribution sector within the Kingdom of Saudi Arabia. The shares were subsequently allotted to subscribers on 07 January 2025 and 08 January 2025 respectively.

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**9. MANAGEMENT FEE**

The Fund pays management fee calculated at an annual rate of 1.25% per annum of the Fund's total net asset value at each valuation date along with VAT charges at 15% of the transaction. The fee is intended to compensate the Fund Manager for administration of the Fund.

**10. ACCRUED EXPENSES**

	<b>31 December 2024</b>	31 December 2023
Purification fee ( <i>note 11</i> )	120,877	--
Fund Board fee	60,000	17,751
Custody fee	58,405	282,371
Benchmark fee	30,475	30,475
Professional fee	20,700	20,700
Zakat advisory fee	16,100	--
Others	27,365	42,055
	<u>333,922</u>	<u>393,352</u>

**11. PURIFICATION CHARGES**

These represent charges incurred in respect of purification of the income generated from the investee companies in order to achieve a Sharia compliant return. These charges are calculated based on the Fund's Sharia Board approved formula and paid to charities recommended by the Fund's Sharia Board through the Fund Manager. The movement in purification fee are as following:

	<b>2024</b>	2023
At the beginning of the year	--	--
Charge for the year	4,254,697	453,891
Payments made during the year	(4,133,820)	(453,891)
At the end of the year	<u>120,877</u>	<u>--</u>

**12. OTHER EXPENSES**

	<b>For the year ended 31 December 2024</b>	For the period from 01 September 2022 to 31 December 2023
Custody fee	831,435	393,018
Edaa fee	60,518	39,005
Fund Board fee	42,250	17,750
Professional fee	34,500	34,500
Benchmark fee	30,475	30,475
Zakat advisory fee	16,100	--
Others	36,203	65,343
	<u>1,051,481</u>	<u>580,091</u>

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### 13. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Fund include the Bank, the Fund Manager, the Fund Board and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the related parties.

In addition to transactions disclosed elsewhere in these financial statements, transactions with related parties for the year / period ended 31 December and related balances as at 31 December are as follows:

Related party	Nature of transaction	Transactions for the year ended 31 December 2024	Transactions for the period from 01 September 2022 to 31 December 2023	Balance as at 31 December 2024	Balance as at 31 December 2023
Al Rajhi Capital Company – The Fund Manager	Management fee	20,660,755	12,816,832	2,056,125	7,688,098
The Fund Board	Fund Board fee to the members of the Board	42,250	17,750	60,000	17,750

#### Units of the Fund held with other fund managed by the Fund Manager:

Funds	<u>Subscriptions during the year / period</u>		<u>Redemptions during the year / period</u>		<u>Balance as at 31 December</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Al Rajhi Real Estate Monthly Distributions Fund	--	1,334,152	1,334,152	--	--	1,334,152

### 14. 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.

#### **Valuation models**

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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## 14. FAIR VALUE MEASUREMENT (CONTINUED)

### *Valuation models (continued)*

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Fund determined fair value of securities that are traded on stock exchange at their last reported prices. To the extent that securities are actively traded and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy. Therefore, the Fund's investment in listed securities have been categorized in level 1 of the fair value hierarchy.

The Fund determined fair value of investments in open-ended mutual funds measured at FVTPL using unadjusted net assets value. Moreover, the fair value of investments in un-listed Sukuk measured at FVTPL is determined based on the similar security external price. Therefore, the Fund classified them as level 2 of the fair value hierarchy.

### *Fair value hierarchy – Financial instruments measured at fair value*

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position. All below fair value measurements are recurring.

31 December 2024					
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments at FVTPL	1,561,016,917	1,396,016,917	165,000,000	--	1,561,016,917
Total	<u>1,561,016,917</u>	<u>1,396,016,917</u>	<u>165,000,000</u>	<u>--</u>	<u>1,561,016,917</u>
31 December 2023					
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments at FVTPL	955,223,797	934,538,456	20,685,341	--	955,223,797
Investments at amortised cost	168,379,771	--	--	168,379,771	168,379,771
Total	<u>1,123,603,568</u>	<u>934,538,456</u>	<u>20,685,341</u>	<u>168,379,771</u>	<u>1,123,603,568</u>

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**14. FAIR VALUE MEASUREMENT (CONTINUED)*****Fair value hierarchy – Financial instruments measured at fair value (continued)***

During the period, there were no transfer between the fair value hierarchy.

Financial instruments such as cash and cash equivalents except short-term Murabaha placements are classified under level 1 and Murabaha placements are classified under level 3. Other financial instruments such as advance against allotment of securities, dividend receivable, accrued special commission income, management fee payable, accrued expenses and Payable to the Unitholders on account of redemption are short-term financial assets and financial liabilities whose carrying amounts approximate their fair value due to their short-term nature.

**15. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The table below sets out the classification of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments:

<b><i>31 December 2024</i></b>	<b><u>Amortized cost</u></b>	<b><u>FVTPL</u></b>
<b><u>Financial Assets</u></b>		
Cash and cash equivalents	<b>116,782,458</b>	--
Investments at FVTPL	--	<b>1,561,016,917</b>
Advance against allotment of securities	<b>19,801,893</b>	
Accrued special commission income	<b>1,038,164</b>	--
<b>Total Assets</b>	<b><u>137,622,515</u></b>	<b><u>1,561,016,917</u></b>
<b><u>Financial Liabilities</u></b>		
Management fee payable	<b>2,056,125</b>	--
Payable to the Unitholders on account of redemptions	<b>3,671,684</b>	--
Accrued expenses	<b>333,922</b>	--
<b>Total Liabilities</b>	<b><u>6,061,731</u></b>	<b><u>--</u></b>
 <b><i>31 December 2023</i></b>	 <b><u>Amortized cost</u></b>	 <b><u>FVTPL</u></b>
<b><u>Financial Assets</u></b>		
Cash and cash equivalents	92,401,119	--
Investments	168,379,771	955,223,797
Dividend receivable	1,085,810	--
Accrued special commission income	534,161	--
<b>Total Assets</b>	<b><u>262,400,861</u></b>	<b><u>955,223,797</u></b>
<b><u>Financial Liabilities</u></b>		
Management fee payable	7,688,098	--
Payable to the Unitholders on account of redemptions	449,660	--
Accrued expenses	393,352	--
<b>Total Liabilities</b>	<b><u>8,531,110</u></b>	<b><u>--</u></b>

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**16. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

	Within 12 months	After 12 months	Total
<b>As at 31 December 2024</b>			
<b>Assets</b>			
Cash and cash equivalents	116,782,458	--	116,782,458
Investments at FVTPL	1,561,016,917	--	1,561,016,917
Advance against allotment of securities	19,801,893	--	19,801,893
Accrued special commission income	1,038,164	--	1,038,164
<b>Total assets</b>	<b>1,698,639,432</b>	<b>--</b>	<b>1,698,639,432</b>
<b>Liability</b>			
Management fee payable	2,056,125	--	2,056,125
Payable to the Unitholders on account of redemptions	3,671,684	--	3,671,684
Accrued expenses	333,922	--	333,922
<b>Total liability</b>	<b>6,061,731</b>	<b>--</b>	<b>6,061,731</b>
<b>As at 31 December 2023</b>			
<b>Assets</b>			
Cash and cash equivalents	92,401,119	--	92,401,119
Investments at FVTPL	955,223,797	--	955,223,797
Investments at amortised cost	168,379,771	--	168,379,771
Dividend receivable	1,085,810	--	1,085,810
Accrued special commission income	534,161	--	534,161
<b>Total assets</b>	<b>1,217,624,658</b>	<b>--</b>	<b>1,217,624,658</b>
<b>Liability</b>			
Management fee payable	7,688,098	--	7,688,098
Payable to the Unitholders on account of redemptions	449,660	--	449,660
Accrued expenses	393,352	--	393,352
<b>Total liability</b>	<b>8,531,110</b>	<b>--</b>	<b>8,531,110</b>

**17. RISK MANAGEMENT POLICIES**

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

- credit risk;
- liquidity risk;
- market risks; and
- operational risk

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

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### 17. RISK MANAGEMENT POLICIES (CONTINUED)

#### *Risk management framework*

The Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises of equity shares of listed companies, mutual funds and sukuks.

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Fund's Board.

In instances where the portfolio has diverged from target asset allocations, the Fund's investment manager is obliged to take actions to rebalance the portfolio in line with the established targets, within the prescribed time limits.

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

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund is exposed to credit risk for its cash and cash equivalents, money market placements, advance against allotment of securities, accrued special commission income, dividend receivable and Sukuk investments. The Fund Manager seeks to limit its credit risk by monitoring credit exposures and by dealing with only reputable counterparties.

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

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

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	<b>31 December 2024</b>	31 December 2023
Cash and cash equivalents	<b>116,782,458</b>	92,401,119
Investments at FVTPL	<b>165,000,000</b>	15,000,000
Investments at amortized cost	--	168,379,771
Advance against allotment of securities	<b>19,801,893</b>	--
Accrued special commission income	<b>1,038,164</b>	534,161
Dividend receivable	--	1,085,810
<b>Total exposure to credit risk</b>	<b>302,622,515</b>	277,400,861

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 risk are generally managed on the basis of external credit ratings of the counterparties.

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## 17. RISK MANAGEMENT POLICIES (CONTINUED)

### *Credit risk (continued)*

#### Allowance for impairment

The Fund has investments in equity securities, mutual funds and Sukuk classified as FVTPL, therefore, no impairment allowance is recorded in these financial statements related to these investments. Moreover, investment in Murabaha placements which are measured at amortised cost, cash and cash equivalents, advance against allotment of securities, accrued special commission income and dividend receivable are mainly with counterparties having "A" credit rating, thus, impact of ECL is not material to the financial statements. Hence, no impairment allowance is recorded in these financial statements.

### *Liquidity risk*

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

The Fund's Terms and Conditions provide for the subscriptions and redemptions of units throughout the week and it is, therefore, exposed to the liquidity risk of meeting unitholders redemptions at any time. As at 31 December 2024 and 31 December 2023, the Fund's cash and cash equivalents, investments measured at FVTPL, investments measured at amortised cost, advance against allotment of securities, accrued special commission income and dividend receivable are considered to be short-term in nature and realisable. The Fund Manager monitors liquidity requirements on a regular basis and seek to ensure that funds are available to meet commitments as they arise.

The contractual maturity profile of the financial assets and financial liabilities of the Fund is as follows:

	<i>Within 12 months</i>	<i>After 12 months</i>	<i>No fixed maturity</i>	<i>Total</i>
<b>As at 31 December 2024</b>				
Cash and cash equivalents	--	--	116,782,458	116,782,458
Investments measured at FVTPL	--	165,000,000	1,396,016,917	1,561,016,917
Advance against allotment of securities	19,801,893	--	--	19,801,893
Accrued special commission income	1,038,164	--	--	1,038,164
<b>Total financial assets</b>	<b>20,840,057</b>	<b>165,000,000</b>	<b>1,512,799,375</b>	<b>1,698,639,432</b>
Management fee payable	2,056,125	--	--	2,056,125
Payable to the Unitholders on account of redemptions	3,671,684	--	--	3,671,684
Accrued expenses	333,922	--	--	333,922
<b>Total financial liabilities</b>	<b>6,061,731</b>	<b>--</b>	<b>--</b>	<b>6,061,731</b>
	<i>Within 12 months</i>	<i>After 12 months</i>	<i>No fixed maturity</i>	<i>Total</i>
<b>As at 31 December 2023</b>				
Cash and cash equivalents	--	--	92,401,119	92,401,119
Investments measured at FVTPL	--	15,000,000	940,223,797	955,223,797
Investments at amortized cost	168,379,771	--	--	168,379,771
Dividend receivable	1,085,810	--	--	1,085,810
Accrued special commission income	534,161	--	--	534,161
<b>Total financial assets</b>	<b>169,999,742</b>	<b>15,000,000</b>	<b>1,032,624,916</b>	<b>1,217,624,658</b>



# AL RAJHI MONTHLY DISTRIBUTION FUND

An open-ended mutual fund

(Managed by Al Rajhi Capital Company)

Notes to the Financial Statements

For the year ended 31 December 2024

(Amounts in SAR)

## 17. RISK MANAGEMENT POLICIES (CONTINUED)

### *Liquidity risk (continued)*

Management fee payable	7,688,098	--	--	7,688,098
Payable to the Unitholders on account of redemptions	449,660	--	--	449,660
Accrued expenses	393,352	--	--	393,352
Total financial liabilities	<u>8,531,110</u>	<u>--</u>	<u>--</u>	<u>8,531,110</u>

### *Market risk*

Market risk is the risk that changes in market prices – such as foreign currency risk, special commission rate risk and equity price risk – 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 the Fund's Terms and Conditions. The Fund's market risk is managed on a timely basis by the investment 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 value of financial instruments will fluctuate because of changes in market prices.

The Fund is susceptible to equity price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of geographical distribution.

The table below sets out the effect on net assets (equity) attributable to the Unitholders of a reasonably possible weakening / strengthening in the individual equity market prices of 10% at reporting date. The analysis assumes that all other variables, in particular commission, remain constant.

	<u>2024</u>		<u>2023</u>	
<i>Effect on net assets (equity) attributable to the Unitholders</i>	<b>7.32%</b>	<b>123,874,948</b>	+6.18%	74,680,969
	<b>-7.32%</b>	<b>(123,874,948)</b>	- 6.18%	(74,680,969)

### *Special commission rate risk*

Special commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates. The Fund is subject to special commission rate risk on its investment in Sukuk as mentioned in note 6.3.

The following table demonstrates the sensitivity of the Fund's net assets (equity) attributable to the Unitholders of a reasonably possible change in interest rates by 10%, with all other variables held constant. In practice, the actual trading results may differ from the below sensitivity analysis and the difference could be significant.

	<u>2024</u>		<u>2023</u>	
<i>Effect on net assets (equity) attributable to the Unitholders</i>	<b>+ 0.97%</b>	<b>16,500,000</b>	+0.12%	1,500,000
	<b>- 0.97%</b>	<b>(16,500,000)</b>	- 0.12%	(1,500,000)

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### 17. RISK MANAGEMENT POLICIES (CONTINUED)

#### *Market risk (continued)*

##### Other price risk

Other price risk is the risk that the value of the Fund's net assets (equity) attributable to the Unitholders will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager daily monitors concentration of risk for equity based on securities and industries in line with defined limits while closely tracking the portfolio level volatilities. As of the statement of financial position date, the Fund has investment in mutual funds as mentioned in note 6.4 which are exposed to other price risk.

The table below sets out the effect on net assets (equity) attributable to the Unitholders of a reasonably possible weakening / strengthening in the individual market prices of 10% at reporting date. The analysis assumes that all other variables remain constant.

	2024		2023	
<i>Effect on net assets (equity) attributable to the Unitholders</i>	<b>0.93%</b>	<b>15,726,744</b>	+ 1.60%	19,341,411
	<b>-0.93%</b>	<b>(15,726,744)</b>	- 1.60%	(19,341,411)

##### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to the change in foreign exchange rates. The Fund views the SAR as its functional currency. The Fund is subject to fluctuations in foreign exchange rates of its underlying trading investments in the normal course of its business.

The table below indicates the Fund's foreign currency exposure as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the Fund's major currency exposures against the SAR with all other variables held constant, on net assets (equity) attributable to the Unitholders.

#### **Exposure**

At the reporting date, the carrying amount of the Fund's net financial assets and financial liabilities held in individual foreign currencies, expressed in SAR and as a percentage of its net assets (equity), were as follows:

<u>Currency</u>	31 December 2024		31 December 2023	
	SAR	% of net assets (equity)	SAR	% of net assets (equity)
Arab Emirates Dirham (AED)	<b>675,357,378</b>	<b>39.90</b>	361,162,798	29.87
Bahrain Dinar (BHD)	<b>91,424,137</b>	<b>5.40</b>	59,765,795	4.95
Omani Riyal (OMR)	<b>77,540,938</b>	<b>4.58</b>	--	--
Kuwaiti Dinar (KWD)	<b>61,540,951</b>	<b>3.64</b>	73,296,689	6.06
	<b>905,863,404</b>	<b>53.52</b>	73,296,689	40.88

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### 17. RISK MANAGEMENT POLICIES (CONTINUED)

#### *Market risk (continued)*

#### *Currency risk (continued)*

#### Sensitivity analysis

	<i>Increase / decrease in currency rate</i>	<i>Effect on net assets (equity) attributable to the Unitholders</i>	
		<u>2024</u> (SAR)	<u>2023</u> (SAR)
<b>Currencies</b>			
Arab Emirates Dirham (AED)	5%	33,767,869	18,058,140
Bahrain Dinar (BHD)	5%	4,571,207	2,988,290
Omani Riyal (OMR)	5%	3,877,047	--
Kuwaiti Dinar (KWD)	5%	3,077,048	3,664,834

#### *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

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

The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management team of the Fund Manager. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - periodic assessment of operational risks faced
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance if this is effective

### 18. EVENTS OCCURRING AFTER REPORTING DATE

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

## **AL RAJHI MONTHLY DISTRIBUTION FUND**

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### **19. LAST VALUATION DAY**

The Capital Market Authority (CMA), through its circular dated 10 Rabi Al Thani 1439H (corresponding to 28 December 2017), has approved the Dual NAV approach for investment funds. In accordance with the circular, IFRS 9 will be applied for accounting and reporting purposes and dealing NAV will remain unaffected until further notice.

The last valuation day of the year was 31 December 2024 (For the period from 01 September 2022 to 31 December 2023: 31 December 2023) and in lieu of the above circular from CMA, the dealing net assets (equity) value on this day was SAR 10.41 per unit (31 December 2023: SAR 10.65 per unit). The IFRS net assets (equity) value per unit on 31 December 2024 was SAR 10.41 per unit (31 December 2023: SAR 10.65 per unit). Net assets (equity) per unit as per IFRS and dealing net assets (equity) value per unit remained the same due to immaterial ECL provisions under IFRS 9.

### **20. DISTRIBUTION TO THE UNITHOLDERS**

During the year ended 31 December 2024, the Fund distributed SAR 142,742,676 (For the period from 01 September 2022 to 31 December 2023: SAR 91,441,645) as dividend to the Unitholders.

### **21. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Fund's Board of Directors on 14 Ramadan 1445H (corresponding to 24 March 2024).