

**TAKAFUL ENDOWMENT FUND
AN OPEN-ENDED MUTUAL FUND
(MANAGED BY AL RAJHI CAPITAL COMPANY)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT**

**TAKAFUL ENDOWMENT FUND
AN OPEN-ENDED MUTUAL FUND
(MANAGED BY AL RAJHI CAPITAL COMPANY)
FOR THE YEAR ENDED 31 DECEMBER 2025**

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INDEPENDENT AUDITORS' REPORT

To the Unitholders

Takaful Endowment Fund

(An Open-Ended Mutual Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Takaful Endowment Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in (net assets) equity attributable to the Unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2025, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") 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 "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' 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 (the "Code"), that are 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 Matter

The financial statements of the Fund for the for the period from 07 January 2024 to 31 December 2024 were audited by another auditor who expressed an unmodified audit opinion on those statements on 26 Ramadan 1446H (corresponding to 26 March 2025).

Other Information

The Management is responsible for the other information. The other information consists of the information included in the Fund's 2025 Annual Report, other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

**Independent Auditor's Report
To the Unitholders
Takaful Endowment Fund (continued)**

Other Information (continued)

In connection with our audit of the financial statement, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's Terms and Conditions, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

**Independent Auditor's Report
To the Unitholders
Takaful Endowment Fund (continued)**

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

- 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, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte and Touche & Co.
Chartered Accountants



Abdulrahman Alsuwaigygh
Certified Public Accountant
License number 461

(12 Shawwal 1447H)
(31 March 2026)

**TAKAFUL ENDOWMENT FUND
AN OPEN-ENDED MUTUAL FUND
(MANAGED BY AL RAJHI CAPITAL COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

	<i>Notes</i>	31 December 2025	31 December 2024
<u>ASSETS</u>			
Cash and cash equivalents	5	123,220	625,989
Investments at fair value through profit or loss ("FVTPL")	6	28,980,252	28,835,080
Advance against allotment of securities	7	-	369,773
Accrued special commission income		234,613	80,522
Dividend receivable		13,272	-
Total assets		29,351,357	29,911,364
<u>LIABILITIES</u>			
Management fee payable	8, 11	4,773	53,265
Accrued expenses	9	83,822	102,838
Total liabilities		88,595	156,103
Net assets (equity) attributable to the Unitholders		29,262,762	29,755,261
Units in issue (numbers)		30,589,779	30,312,062
Net assets (equity) attributable to each unit (ﷲ) - IFRS	18	0.96	0.98
Net assets (equity) attributable to each unit (ﷲ) - Dealing	18	0.96	0.98

The accompanying notes 1 to 20 form an integral part of these financial statements.

**TAKAFUL ENDOWMENT FUND
AN OPEN-ENDED MUTUAL FUND
(MANAGED BY AL RAJHI CAPITAL COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

	<i>Notes</i>	31 December 2025	For the period from 07 January 2024 to 31 December 2024
<u>INCOME</u>			
Net realized loss on investments at FVTPL		(409,382)	(591,479)
Net unrealized loss on investments at FVTPL	6	(1,035,938)	(373,967)
Dividend income		951,757	1,064,518
Special commission income		737,260	519,841
Other income		11,752	-
Total income		255,449	618,913
<u>EXPENSES</u>			
Management fee	8, 11	(4,505)	(53,265)
Other expenses	10	(67,545)	(137,020)
Total expenses		(72,050)	(190,285)
Net income for the year/ period		183,399	428,628
Other comprehensive income for the year/ period		-	-
Total comprehensive income for the year/ period		183,399	428,628

The accompanying notes 1 to 20 form an integral part of these financial statements.

**TAKAFUL ENDOWMENT 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 2025
(AMOUNTS IN ￼)**

	<i>Notes</i>	31 December 2025	For the period from 07 January 2024 to 31 December 2024
Net assets (equity) attributable to the Unitholders at beginning of the year/ period		29,755,261	-
Net income for the year/ period		183,399	428,628
Other comprehensive income for the year/ period		-	-
Total comprehensive income for the year/ period		183,399	428,628
Proceeds from issuance of units during the year/ period		272,229	30,305,590
Distributions to the unitholders	19	(948,127)	(978,957)
Net assets (equity) attributable to the Unitholders at end of the year/ period		29,262,762	29,755,261
		31 December 2025	For the period from 07 January 2024 to 31 December 2024
Units in issuance at beginning of the year/ period		30,312,062	-
Issuance of units during the year/ period		277,717	30,312,062
Units in issuance at end of the year/ period		30,589,779	30,312,062

The accompanying notes 1 to 20 form an integral part of these financial statements.

**TAKAFUL ENDOWMENT FUND
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

	<i>Notes</i>	31 December 2025	For the period from 07 January 2024 to 31 December 2024
Cash flows from operating activities			
Net income for the year/ period		183,399	428,628
Adjustments for:			
Net realized loss on investments at FVTPL		409,382	591,479
Net unrealized loss on investments at FVTPL	6	1,035,938	373,967
Dividend income		(951,757)	(1,064,518)
Net changes in operating assets and liabilities			
Purchase of investments at FVTPL		(15,636,089)	(57,116,444)
Proceeds from sale of investments at FVTPL		14,045,597	27,315,918
Decrease / (increase) in advance against allotment of securities		369,773	(369,773)
Increase in accrued special commission income		(154,091)	(80,522)
(Decrease) / increase in management fee payable		(48,492)	53,265
(Decrease) / increase in accrued expenses		(19,016)	102,838
Cash used in operations		(765,356)	(29,765,162)
Dividend received		938,485	1,064,518
Net cash generated from / (used in) operating activities		173,129	(28,700,644)
Cash flows from financing activities			
Proceeds from issuance of units		272,229	30,305,590
Distributions to the unitholders	19	(948,127)	(978,957)
Net cash flows (used in)/ generated from financing activities		(675,898)	29,326,633
Net (decrease) / increase in cash and cash equivalents		(502,769)	625,989
Cash and cash equivalents at the beginning of the year/ period		625,989	-
Cash and cash equivalents at the end of the year/ period	5	123,220	625,989

The accompanying notes 1 to 20 form an integral part of these financial statements.

**TAKAFUL ENDOWMENT FUND
AN OPEN-ENDED MUTUAL FUND
(MANAGED BY AL RAJHI CAPITAL COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(AMOUNTS IN ﷲ)**

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Takaful Endowment 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 aims to encourage voluntary community participation in supporting non-profit development investment and effective contribution under the concept of social solidarity to participate in supporting Takaful around the Kingdom of Saudi Arabia to develop and invest its assets in the fund for the purpose of enhancing their value and developing their capital, which will benefit the programs of the Takaful Charity Association for the care of Orphans and their Mothers, which include health, social, educational, empowerment, cultural and recreational support, and housing support. The Fund will distribute to the "Charity Association for Orphan Care in Madinah" in the amount of not less than 50% of net distributable profits annually (from distributed profits and / or capital gains.

The Fund was established on 28 Rabi Al-Akhar 1445H (corresponding to 12 November 2023) as per notification to the Capital Market Authority (CMA) and commenced its operations on 25 Jumada Al-Akhirah 1445H (corresponding to 07 January 2024).

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 Regulation was further amended through Resolution of the Board of the Capital Market Authority Number 1-54-2025 Dated 23/11/1446H (Corresponding to 21 May 2025). These amended regulations were effective from 09 July 2025.

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 (IASB) ("IFRS") 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.

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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 are 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 (“ﷲ”), which is also the functional currency of the Fund. All financial information presented has been rounded to the nearest ﷲ.

3.4 Use of estimates and judgments

The preparation of these financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) 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 2025 and accordingly adopted by the Fund, as applicable:

Standard, interpretation, 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.	1 January 2025

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

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(AMOUNTS IN ﷲ)**

3. BASIS OF PREPARATION (CONTINUED)

3.5 New standards and regulations (continued)

New standards not yet effective

Standard, interpretation, 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
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
Contracts referencing Nature dependent Electricity Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	1 January 2026
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.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: 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.	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.

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NOTES TO THE FINANCIAL STATEMENTS
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4. MATERIAL ACCOUNTING POLICIES

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

A. Cash and cash equivalents

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

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 interest 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 interest 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 2025, the Fund's financial assets are cash and cash equivalent, investments measured at FVTPL, dividend receivables 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.

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(AMOUNTS IN ￼)**

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

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.

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 amortised cost unless it has designated liabilities at FVTPL.

Derecognition

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 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.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

B. Financial assets and liabilities (continued)

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 International Financial Reporting Standards (IFRS) 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.

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 12.

C. Subscription in units

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

D. 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.

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NOTES TO THE FINANCIAL STATEMENTS
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(AMOUNTS IN ￼)**

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

E. Revenue recognition

Net gain or loss on financial assets at FVTPL

Net gains or losses on financial assets at FVTPL are changes in the fair value of financial assets 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 opening carrying amount and disposal amount.

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 profit method. The effective profit 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 profit 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 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.

F. Fee and other expenses

Management fee

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

Other expenses

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

G. 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.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

H. 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/ period, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting zakat information declaration in due course.

I. Advance against allotment of securities

Advances paid by the fund towards the allotment of securities in an Initial Public Offering (IPO) are recognised as financial assets under "Advances for Securities Allotment" in the statement of financial position. These advances are recorded at cost. Upon allotment of securities, the advance is adjusted against the cost of the securities acquired. If the securities are not allotted, the advance is refunded and accordingly derecognised.

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.

	31 December 2025	31 December 2024
Cash with custodian	2,484	606,737
Cash with bank – current account	120,736	19,252
Total	123,220	625,989

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

Investments at FVTPL comprise the following investments as at the reporting date:

	31 December 2025			
	Cost (٢٤)	Fair value (٢٤)	% of Fair value	Unrealised gain/ (loss) (٢٤)
<i>Investments:</i>				
Equity securities (note 6.1)	13,345,461	11,880,581	41.00	(1,464,880)
Units of mutual funds (note 6.2)	5,250,415	5,162,310	17.81	(88,105)
Sukuk (note 6.3)	11,794,281	11,937,361	41.19	143,080
Total	30,390,157	28,980,252	100.00	(1,409,905)

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

	31 December 2024			
	Cost (￼)	Fair value (￼)	% of Fair value	Unrealised gain/ (loss) (￼)
<i>Investments:</i>				
Equity securities (note 6.1)	14,144,380	13,636,188	47.29	(508,192)
Units of mutual funds (note 6.2)	6,364,667	6,498,892	22.54	134,225
Sukuk (note 6.3)	8,700,000	8,700,000	30.17	-
Total	<u>29,209,047</u>	<u>28,835,080</u>	<u>100.00</u>	<u>(373,967)</u>

Movement of unrealised gain/ (loss) for the year/ period is as follows:

	31 December 2025	31 December 2024
Fair value as at 31 December	28,980,252	28,835,080
Cost as at 31 December	<u>(30,390,157)</u>	<u>(29,209,047)</u>
Unrealized (loss)/gain as at 31 December	<u>(1,409,905)</u>	<u>(373,967)</u>
Unrealized gain as at 1 January	373,967	-
Unrealized (loss)/gain for the year	<u>(1,035,938)</u>	<u>(373,967)</u>

6.1 The composition of the Fund’s equity securities investment portfolio by industry sector is as follows:

	31 December 2025			
	Cost (￼)	Fair value (￼)	% of Fair value	Unrealised gain/(loss) (￼)
<u>Investments (by sectors)</u>				
Financial	2,402,171	2,036,342	17.14	(365,829)
Material	1,317,537	1,078,317	9.08	(239,220)
Energy	2,250,780	2,025,110	17.05	(225,670)
Information Technology	577,622	487,696	4.10	(89,926)
Telecommunication Service	1,384,238	1,507,718	12.69	123,480
Industrial	709,373	776,654	6.54	67,281
Utilities	606,829	511,970	4.31	(94,859)
Healthcare	408,244	362,170	3.05	(46,074)
Real Estate	3,591,167	3,029,548	25.50	(561,619)
Consumer Staples	1,882	981	0.01	(901)
Consumer Discretionary	95,618	64,075	0.54	(31,543)
Total	<u>13,345,461</u>	<u>11,880,581</u>	<u>100.00</u>	<u>(1,464,880)</u>

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

	31 December 2024			
	Cost (ﷲ)	Fair value (ﷲ)	% of Fair value	Unrealised gain/ (loss) (ﷲ)
<u>Investments (by sectors)</u>				
Financial	2,412,081	2,369,429	17.38	(42,652)
Material	2,605,437	2,149,434	15.76	(456,003)
Energy	1,920,143	1,904,881	13.97	(15,262)
Information Technology	861,117	1,083,780	7.95	222,663
Telecommunication Service	994,047	967,738	7.10	(26,309)
Industrial	638,090	683,933	5.02	45,843
Utilities	604,519	603,090	4.42	(1,429)
Healthcare	465,344	479,946	3.52	14,602
Real Estate	3,522,272	3,296,678	24.18	(225,594)
Consumer Staples	105,651	80,779	0.59	(24,872)
Consumer Discretionary	15,679	16,500	0.12	821
Total	14,144,380	13,636,188	100.00	(508,192)

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

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

	31 December 2025			
	Cost (ﷲ)	Fair value (ﷲ)	% of Fair value	Unrealised gain/(loss) (ﷲ)
<u>Name of Funds</u>				
Al Rajhi Awaeed Fund*	1,012,262	1,037,412	20.10	25,150
Al Rajhi Indirect Financing Fund*	689,067	690,177	13.37	1,110
Al Rajhi Indirect Financing Fund 2*	1,176,099	1,177,299	22.81	1,200
Al Rajhi Real Estate Monthly Distributions Fund*	894,987	779,422	15.10	(115,565)
Alra'idah Financing Fund	1,478,000	1,478,000	28.63	-
Total	5,250,415	5,162,310	100.00	(88,105)

* A fund managed by the Fund Manager.

	31 December 2024			
	Cost (ﷲ)	Fair value (ﷲ)	% of Fair value	Unrealised gain (ﷲ)
<u>Name of Funds</u>				
Al Rajhi Real Estate Monthly Distributions Fund*	2,676,896	2,806,513	43.18	129,617
Alra'idah Financing Fund	1,478,000	1,478,000	22.74	-
Al Rajhi Indirect Financing Fund*	1,117,517	1,117,517	17.20	-
Al Rajhi Awaeed Fund*	1,092,254	1,096,862	16.88	4,608
Total	6,364,667	6,498,892	100.00	134,225

* A fund managed by the Fund Manager.

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

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

<u>Description</u>	<u>Maturity date</u>	Fair value as at 31 December <u>2025</u>
ARABIAN CENTRES SUKUK III	6-Mar-29	3,987,361
RIYAD BANK TIER 1 SUKUK	5-Oct-27	3,750,000
Rawabi Holding Series 14	28-Jan-28	1,200,000
Bank AlJazira Sukuk AT1 - Issuance 2	15-Jan-30	1,000,000
SAB AT1 Sukuk - 2025	24-Jul-30	1,000,000
BSF AT1 Sukuk - 2025	13-Nov-30	1,000,000
		<u>11,937,361</u>

These carry profit rates ranging from 3.17% to 9.70% per annum.

<u>Description</u>	<u>Maturity date</u>	Fair value as at 31 December <u>2024</u>
Riyad Bank Tier 1 Sukuk	5-Oct-27	3,750,000
Rawabi Holding Sukuk Series 3	15-Mar-25	3,750,000
Rawabi Holding Series 14	28-Jan-28	1,200,000
Total		<u>8,700,000</u>

These carry profit rates ranging from 5.25% to 8.70% per annum.

7. 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 allotted to subscribers on 07 January 2025 and 08 January 2025 respectively.

8. MANAGEMENT FEE

The Fund pays the Fund Manager a management fee, subject to VAT charges of 15%, which is calculated as the lower of 0.4% per annum of the net assets value at each valuation day or 10% of the total annual return before fees and expense. The fee is intended to compensate the Fund Manager for the administration of the Fund.

9. ACCRUED EXPENSES

	<u>31 December 2025</u>	31 December <u>2024</u>
Fund Board fee	30,000	30,000
Benchmark fee	30,475	29,893
Professional fee	8,050	20,700
Zakat advisory fee	5,750	16,100
Others	9,547	6,145
	<u>83,822</u>	<u>102,838</u>

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10. OTHER EXPENSES

	31 December 2025	For the period from 07 January 2024 to 31 December 2024
Professional fee	11,500	34,500
Fund Board fee	30,000	30,000
Benchmark fee	797	29,893
Others	25,248	42,627
	67,545	137,020

11. 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:

<u>Related party</u>	<u>Nature of transaction / balance</u>	<u>Transactions for the year</u>	<u>Balance as at 31 December 2025</u>
Al Rajhi Capital Company – The Fund Manager	Management fee	<u>4,505</u>	<u>4,773</u>
The Fund Board	Fund Board fee to the members of the Board	<u>30,000</u>	<u>30,000</u>
		Transactions for the period from 07 January 2024 to 31 December 2024	Balance as at 31 December 2024
<u>Related party</u>	<u>Nature of transaction / balance</u>		
Al Rajhi Capital Company – The Fund Manager	Management fee	<u>53,265</u>	<u>53,265</u>
The Fund Board	Fund Board fee to the members of the Board	<u>30,000</u>	<u>30,000</u>

12. 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.

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12. FAIR VALUE MEASUREMENT (CONTINUED)

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.

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 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 2025				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments at FVTPL	<u>28,980,252</u>	<u>11,880,581</u>	<u>13,754,195</u>	<u>3,345,476</u>	<u>28,980,252</u>
Total	<u>28,980,252</u>	<u>11,880,581</u>	<u>13,754,195</u>	<u>3,345,476</u>	<u>28,980,252</u>

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12. FAIR VALUE MEASUREMENT (CONTINUED)

Valuation models (continued)

	31 December 2024				
	Carrying Value	Level 1	Level 2	Level 3	Total
Investments at FVTPL	28,835,080	13,636,188	12,603,375	2,595,517	28,835,080
Total	28,835,080	13,636,188	12,603,375	2,595,517	28,835,080

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

Other financial instruments such as cash and cash equivalents, accrued special commission income, advance against allotment of securities, management fee payable and accrued expenses are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value, because of the short-term nature and high credit quality of counterparties. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3.

13. 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:

31 December 2025	Amortised cost	FVTPL
<u>Financial assets</u>		
Cash and cash equivalents	123,220	-
Investments measured at FVTPL	-	28,980,252
Accrued special commission income	234,613	-
Dividend receivable	13,272	-
Total assets	371,105	28,980,252
<u>Financial liabilities</u>		
Management fee payable	4,773	-
Accrued expenses	83,822	-
Total liabilities	88,595	-
31 December 2024	Amortised cost	FVTPL
<u>Financial assets</u>		
Cash and cash equivalents	625,989	-
Investments measured at FVTPL	-	28,835,080
Advance against allotment of securities	369,773	-
Accrued special commission income	80,522	-
Total assets	1,076,284	28,835,080
<u>Financial liabilities</u>		
Management fee payable	53,265	-
Accrued expenses	102,838	-
Total liabilities	156,103	-

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14. 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
As at 31 December 2025			
Assets			
Cash and cash equivalents	123,220	-	123,220
Investments measured at FVTPL	17,042,891	11,937,361	28,980,252
Advance against allotment of securities	-	-	-
Accrued special commission income	234,613	-	234,613
Dividend receivable	13,272	-	13,272
Total assets	17,413,996	11,937,361	29,351,357
Liabilities			
Management fee payable	4,773	-	4,773
Accrued expenses	83,822	-	83,822
Total liabilities	88,595	-	88,595
	Within 12 months	After 12 months	Total
As at 31 December 2024			
Assets			
Cash and cash equivalents	625,989	-	625,989
Investments measured at FVTPL	23,885,080	4,950,000	28,835,080
Advance against allotment of securities	369,773	-	369,773
Accrued special commission income	80,522	-	80,522
Total assets	24,961,364	4,950,000	29,911,364
Liabilities			
Management fee payable	53,265	-	53,265
Accrued expenses	102,838	-	102,838
Total liabilities	156,103	-	156,103

15. 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.

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 securities of listed companies, mutual funds and sukus.

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15. RISK MANAGEMENT POLICIES (CONTINUED)

Risk management framework (continued)

The Fund 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 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, accrued special commission income and advance against allotment of securities. 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.

	31 December 2025	31 December 2024
Cash and cash equivalents	123,220	625,989
Investments at fair value through profit or loss ("FVTPL")	11,937,361	8,700,000
Advance against allotment of securities	-	369,773
Accrued special commission income	234,613	80,522
Dividend receivable	13,272	-
Total exposure to credit risk	12,308,466	9,776,284

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 is generally managed on the basis of external credit ratings of the counterparties.

Allowance for impairment

The Fund has investments in equity securities, units of mutual funds and Sukuk classified as FVTPL, therefore, no impairment allowance is recorded in these financial statements related to these investments. Moreover, cash and cash equivalents, advance against allotment of securities and accrued special commission income 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.

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15. RISK MANAGEMENT POLICIES (CONTINUED)

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 financial liabilities consist of management fee payable and accrued expenses including but not limited to management fee, the Fund Board fee, professional fee and other expenses, which exposes the Fund to liquidity risk. As at 31 December 2025, the Fund's cash and cash equivalents, investments measured at FVTPL, dividend receivable and accrued special commission income 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 sufficient 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>
<i>As at 31 December 2025</i>				
Cash and cash equivalents	-	-	123,220	123,220
Investments measured at FVTPL	-	11,937,361	17,042,891	28,980,252
Accrued special commission income	234,613	-	-	234,613
Dividend Receivable	13,272	-	-	13,272
Total financial assets	247,885	11,937,361	17,166,111	29,351,357
Management fee payable	4,773	-	-	4,773
Accrued expenses	83,822	-	-	83,822
Total financial liabilities	88,595	-	-	88,595
	<i>Within 12 months</i>	<i>After 12 months</i>	<i>No fixed maturity</i>	<i>Total</i>
<i>As at 31 December 2024</i>				
Cash and cash equivalents	-	-	625,989	625,989
Investments measured at FVTPL	3,750,000	4,950,000	20,135,080	28,835,080
Advance against allotment of securities	369,773	-	-	369,773
Accrued special commission income	80,522	-	-	80,522
Total financial assets	4,200,295	4,950,000	20,761,069	29,911,364
Management fee payable	53,265	-	-	53,265
Accrued expenses	102,838	-	-	102,838
Total financial liabilities	156,103	-	-	156,103

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 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.

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15. RISK MANAGEMENT POLICIES (CONTINUED)

Market risk (continued)

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 on investment in securities as mentioned in note 6.1.

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.

	31 December 2025		31 December 2024	
<i>Effect on net assets (equity) attributable to the Unitholders</i>	+ 4.06%	1,188,058	+ 4.58%	1,363,619
	- 4.06%	(1,188,058)	- 4.58%	(1,363,619)

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.

	31 December 2025		31 December 2024	
<i>Effect on net assets (equity) attributable to the Unitholders</i>	+ 4.08%	1,193,736	+ 2.92%	870,000
	- 4.08%	(1,193,736)	- 2.92%	(870,000)

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 other mutual funds as mentioned in note 6.2 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, in particular commission, remain constant.

	31 December 2025		31 December 2024	
<i>Effect on net assets (equity) attributable to the Unitholders</i>	+ 1.76%	516,231	+ 2.18%	649,889
	- 1.76%	(516,231)	- 2.18%	(649,889)

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15. RISK MANAGEMENT POLICIES (CONTINUED)

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 beneficiary.

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

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

17. 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.

18. 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 2025 and in lieu of the above circular from CMA, the dealing net assets (equity) value on this day was ﷲ 0.96 per unit (31 December 2024: ﷲ 0.98 per unit). The IFRS net assets (equity) value per unit on 31 December 2025 was ﷲ 0.96 per unit (31 December 2024: ﷲ 0.98 per unit). Net assets (equity) per unit as per IFRS and dealing net assets (equity) value per unit remained the same.

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19. DISTRIBUTION TO THE BENEFICIARY

During the year ended 31 December 2025, the Fund distributed ﷲ 948,127 (for the period from 07 January 2024 to 31 December 2024: ﷲ 978,957) to its beneficiary as per the Terms and Conditions of the Fund.

20. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Fund's Board of Directors on 16 March 2026.