



صندوق دراية المرن للأسهم السعودية

صندوق استثماري مفتوح

(مُدار من قبل شركة دراية المالية)

التقرير السنوي

2022

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معلومات صندوق الاستثمار

(1) اسم صندوق الاستثمار

صندوق دراية المرن للأسهم السعودية

(2) أهداف وسياسات الاستثمار وممارساته

يهدف الصندوق إلى تنمية رأس المال على المدى الطويل من خلال الاستثمار بشكل أساسي في الشركات المدرجة في سوق الأوراق المالية السعودية ("تداول")، و في السوق الموازي ("نمو")، و أسهم حقوق الأولوية و الطروحات الأولية الصادرة داخل المملكة العربية السعودية. كما أن للصندوق الأستثمار في الأسواق المالية في الدول الأخرى ("عالمياً"). كما سيقوم مدير الصندوق بالاستثمار في الصناديق العقارية المتداولة و في صناديق المؤشرات المتداولة. يجب أن تكون كافة استثمارات الصندوق متوافقة مع المعايير الشرعية المعتمدة من اللجنة الشرعية الخاصة بالصندوق.

(3) سياسة توزيع الدخل والأرباح

يعمل مدير الصندوق على إعادة استثمار الإيرادات المحققة من استثمارات الصندوق في الصندوق نفسه، ولا يتم توزيع أي دخل أو أرباح على مالكي الوحدات.

(4) تقارير الصندوق متاحة عند الطلب وبدون مقابل، ويمكن الحصول على نسخة من التقرير من خلال الموقع الإلكتروني لشركة دراية

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أداء الصندوق

(1) أصول الصندوق

السنة	صافي قيمة أصول الصندوق	سعر الوحدة	أعلى سعر وحدة خلال السنة	أقل سعر وحدة خلال السنة	عدد الوحدات	نسبة المصروفات
2016	5,006,918.57	10.5034	10.5534	8.1745	476,695.89	%3.24
2017	10,110,133.17	11.0061	11.2627	10.1434	918,596.45	%3.20
2018	11,778,918.36	12.1501	12.7985	11.0407	969,443.73	%3.11
2019	12,219,984.64	15.1750	15.1750	12.1108	805,270.51	%2.74
2020	23,796,089.03	18.1774	18.3230	11.2307	1,309,101.07	%1.83
2021	58,388,488.56	23.9188	25.0935	17.9367	2,441,112.76	%1.16
2022	103,137,508.17	25.4070	29.9511	23.9175	4,059,420.58	%1.48

(2) سجل الأداء

(أ) العائد الإجمالي للصندوق

الفترة الزمنية	عائد الصندوق
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منذ سنة	6.22%
منذ ثلاث سنوات	67.43%
منذ خمس سنوات	131.07%
منذ التأسيس	154.07%

(ب) العائد الإجمالي السنوي منذ التأسيس

السنة	عائد الصندوق
2016	5.03%
2017	4.68%
2018	10.50%
2019	24.90%
2020	19.79%
2021	31.59%
2022	6.22%

(ج) مقابل الخدمات والعمولات والأتعاب التي تحملها الصندوق على مدار العام

صافي أصول الصندوق	103,137,508.17
عدد الوحدات الصادرة	4,059,420.58
سعر الوحدة	25.4070
أتعاب الإدارة	1,115,802.16
ضريبة القيمة المضافة من أتعاب الإدارة	167,370.32
أتعاب المحاسب القانوني	30,000.00
مصاريف إدارية أخرى	33,912
مصاريف أمين الحفظ	99,040.86
مصاريف أمين الحفظ المستقل	6,964.87
مصاريف بنكية	0
رسم السوق المالية السعودي (تداول)	5,000.00
رسوم أعضاء اللجنة الشرعية	26,250.00
مصاريف المؤشر الإستراتيجي	5,625.00
ضريبة القيمة المضافة من المصاريف الأخرى	25,932.12

40,000.00	رسوم أعضاء مجلس إدارة الصندوق
7,500.00	رسوم هيئة السوق المالية السنوية
1.48%	نسبة إجمالي المصاريف لصافي الأصول
0.56%	نسبة مصاريف التعامل لمتوسط صافي أصول الصندوق
2.06%	نسبة إجمالي المصاريف لمتوسط صافي أصول الصندوق

- يتم احتساب أتعاب الإدارة ورسوم الحفظ كنسب مئوية في كل يوم تقويم ولا يتم خصمها من الصندوق إلا عند نهاية كل شهر ميلادي.
- يتم احتساب الأتعاب والرسوم الأخرى كمالغ على وحدات الصندوق في كل يوم تقويم ولا يتم خصمها من الصندوق إلا عند نهاية السنة الميلادية.

(3) تغيرات جوهرية حدثت خلال الفترة

لم تحدث أي تغييرات جوهرية تؤثر على أداء الصندوق.

(4) ممارسات التصويت السنوية

لم تتم أي ممارسات تصويت خلال العام.

(5) تقرير مجلس إدارة الصندوق

اجتمع مجلس إدارة الصندوق خلال عام 2022م مرتين وناقش المواضيع التالية:

- مناقشة أداء الصندوق مع مدير الصندوق.
- الاجتماع مع مدير المطابقة والالتزام لمراجعة التزام الصندوق بجميع القوانين والأنظمة واللوائح ذات العلاقة.
- مناقشة تأخر نشر سعر وحدة الصندوق في تداول بسبب مشكلة فنية حدثت موقع تداول. و قد تم التواصل مع تداول وتسجيل طلب لحل المشكله. تم الاعلان عن سعر الوحدة بعد يوم واحد وتم إبلاغ هيئة السوق المالية بذلك.

مدير الصندوق

(1) اسم وعنوان مدير الصندوق

شركة دراية المالية

الرياض ، شارع العليا العام ، مركز العليا، الدور الثاني

ص.ب 286546 الرياض 11323، المملكة العربية السعودية

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(2) أنشطة الاستثمار خلال الفترة

واصل اقتصاد المملكة العربية السعودية تعافيه بعد كوفيد-19 في عام 2022 بقيادة قطاع النفط مع إلغاء تخفيضات أوبك + مما أدى إلى زيادة الإنتاج. حافظ القطاع غير النفطي على مسار نموه الإيجابي ، وإن كان بوتيرة أبطأ قليلاً حيث بدأ التأثير الأساسي المنخفض في التلاشي. واصل كل من القطاعين الخاص والحكومي التوسع في عام 2022. لامست أسعار النفط الخام أعلى مستوياتها منذ عام 2008 وسط مخاوف من الطلب والعرض بسبب التوترات الجيوسياسية.

تشير التقديرات الأولية إلى نمو إجمالي الناتج المحلي الحقيقي بنسبة 8.5٪ لعام 2022 (2021: 3.2٪) ، ويرجع ذلك في الغالب إلى انتعاش إنتاج النفط. من المتوقع أن يرتفع إجمالي الناتج المحلي غير النفطي بنسبة 5.9٪ (2021: 6.1٪). يقدر معدل التضخم لعام 2022 بنحو 2.6٪ (2021: 3.1٪) ، ويبقى أقل بكثير من نظيره في الاقتصادات العالمية الرئيسية الأخرى.

كان التوسع في الناتج المحلي الإجمالي غير النفطي مدعوماً بزيادة الإنتاج الصناعي والصادرات غير النفطية. علاوة على ذلك ، أدى الإنفاق الاستهلاكي القوي والانتعاش الناجم لموسم الحج إلى تعزيز ثقة المستهلك (كما يتضح من زيادة مستويات معاملات نقاط البيع). ومن المتوقع أن يسهل هذا النمو في تجارة الجملة والتجزئة والمطاعم والفنادق وقطاعات النقل وما إلى ذلك.

كما أكملت الحكومة بنجاح موسم حج 2022 حيث زار 900 ألف حاج (780 ألف من الخارج) مدينتي مكة المكرمة والمدينة المنورة. يمثل هذا العام الأول بعد كوفيد-19 مع هذا العدد الكبير من الحجاج الأجانب، ونعتقد أن الأنشطة ستعود بالكامل إلى مستوى ما قبل الوباء بحلول عام 2024. كما تتخذ الحكومة مبادرات لزيادة عدد السياح (المتدينين وغير ذلك) بما يتماشى مع الأهداف التي حددتها رؤية السعودية 2030.

من المتوقع أن توفر أسعار النفط المرتفعة التمويل اللازم لتطوير المشاريع الضخمة والعملاقة. يشير تدفق الأخبار الأخيرة إلى التقدم المحرز في تطوير هذه المشاريع التي تعتبر حاسمة لتوفير مصدر بديل للإيرادات في دورات انخفاض أسعار السلع الأساسية. أعلنت وزارة المالية عن الميزانية العامة للدولة لعام 2023 ، بإيرادات تقدر بـ 1.130 تريليون ريال سعودي. وكان من المتوقع أن تبلغ النفقات 1.114 تريليون ريال سعودي ، مما يدل على وجود فائض متوقع قدره 16 مليار ريال سعودي ، وسجل الاقتصاد السعودي أعلى معدلات النمو بين دول مجموعة العشرين هذا العام.

وفي نهاية العام 2022 أغلق مؤشر تداول العام (تداول) عند مستوى 10,478.46 نقطة مقابل 11,281.71 نقطة للعام السابق ، فاقداً 803.25 نقطة بنسبة 7.12٪. تأثر المؤشر بحالة عدم اليقين بشأن الركود الاقتصادي العالمي وتداخيات ارتفاع أسعار الفائدة. هذا إلى جانب تقلبات أسعار النفط. رفع البنك المركزي السعودي (ساما) أسعار الفائدة سبع مرات بعد قرارات رفع أسعار الفائدة المتتالية لمجلس الاحتياطي الفيدرالي الأمريكي. رفعت مؤسسة النقد العربي السعودي أسعار إعادة الشراء وإعادة الشراء العكسي إلى 500 و450 نقطة أساس على التوالي. وشهدت البورصة السعودية (تداول) الاكتتابات العامة الأولية لـ 17 شركة خلال عام 2022.

وفيما يلي ملخص للقيمة السوقية لمحفظه الاستثمارات حسب القطاع في نهاية عام 2022م:

القطاع	القيمة السوقية
أسهم قطاع البنوك	5,158,562.30
أسهم قطاع المواد الأساسية	27,196,517.10
أسهم المرافق العامة	2,891,676.80
أسهم قطاع التأمين	4,457,782.98
أسهم الخدمات التجارية والمهنية	6,469,425.00

3,100,742.50	أسهم الاتصالات
5,548,246.30	أسهم تجزئة السلع الكمالية
4,559,796.90	أسهم قطاع الطاقة
18,074,577.52	أسهم الخدمات الإستهلاكية
7,409,122.40	أسهم التطبيقات وخدمات التقنية
2,446,681.20	أسهم في قطاع الرعاية الصحية
3,019,767.10	أسهم في قطاع الصناعة
2,923,629.35	أسهم الأغذية
2,001,331.20	أسهم في قطاع العقار والتطوير العقاري

(3) تقرير أداء الصندوق خلال الفترة

أداء المؤشر منذ التأسيس	أداء الصندوق منذ التأسيس
%121.12	%154.07
أداء المؤشر خلال العام	أداء الصندوق خلال العام
%6.99-	%6.22

(4) تغييرات حدثت في شروط وأحكام الصندوق

- تغيير أمين الحفظ من شركة الإنماء للاستثمار الى شركة البلاد المالية وعليه تم تغيير الرسوم.

(5) استثمارات الصندوق في صناديق أخرى

ليس للصندوق أي استثمارات في صناديق أخرى.

(6) العمولات الخاصة

لم يتلق مدير الصندوق أي عمولات خاصة خلال الفترة.

أمين الحفظ

(1) اسم وعنوان أمين الحفظ

شركة البلاد المالية

8162 طريق الملك فهد-العلياء، الرياض

المملكة العربية السعودية

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(2) واجبات ومسؤوليات أمين الحفظ

هي الجهة التي تكون مسؤولة عن حفظ أصول الصندوق والقيام بالخدمات الإدارية التي تتعلق بحفظ السجلات وإصدار المراكز المالية وتقييم صافي قيمة الأصول وإصدار صافي قيمة الأصول لوحدة الصندوق.

(3) بيان أمين الحفظ

حيث أن شركة البلاد المالية هي أمين الحفظ لصندوق دراية المرن للأسهم السعودية فإنها ترى أن إصدار و نقل و استرداد الوحدات تم بموجب أحكام لائحة صناديق الاستثمار وشروط وأحكام الصندوق ومذكرة المعلومات وكذلك تم تقييم وحساب سعر الوحدات بموجب أحكام لائحة صناديق الاستثمار و شروط وأحكام الصندوق ومذكرة المعلومات، ولم تسجل أي مخالفات لقيود الاستثمار.

المحاسب القانوني

(1) اسم وعنوان المحاسب القانوني

اللحيد و يحيى محاسبون قانونيون (ACA)

حي التعاون- طريق أبو بكر الصديق

ص . ب 6888 الرياض 12475

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(2) بيان المحاسب القانوني

بيان المحاسب القانوني مرفق مع التقرير السنوي للقوائم المالية للصندوق كما في نهاية 2022-12-31م.

القوائم المالية

تم إعداد القوائم المالية لفترة المحاسبة السنوية لصندوق دراية المرن للأسهم السعودية وفقاً للمعايير المحاسبية الصادرة عن الهيئة السعودية للمحاسبين القانونيين. مرفق مع هذا التقرير السنوي للقوائم المالية للصندوق كما في نهاية 2022-12-31م.

DERAYAH FREESTYLE SAUDI EQUITY FUND
(Managed by Derayah Financial Company)

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2022

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

FINANCIAL STATEMENTS

31 December 2022

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

Opinion

We have audited the accompanying financial statements of Derayah Freestyle Saudi Equity Fund (the "Fund") being managed by Derayah Financial Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements taken as a whole, present fairly, in all material respects, the financial position of the Fund as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

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

Other information

The Fund Manager is responsible for the other information. The other information comprises information included in the Fund's 2022 Annual Report, but does not include the financial statements and our auditor's report thereon, which 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.

In connection with our audit of the financial statements, 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 2022 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 the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by SOCPA, and the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA") and the Fund's terms and conditions, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (continued)
To the Unitholders of Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

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

In preparing the financial statements, the Fund Manager 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 the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

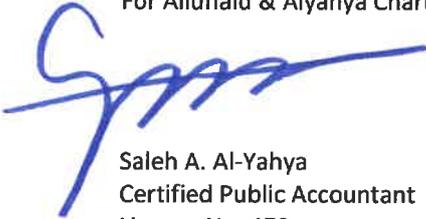
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

INDEPENDENT AUDITOR'S REPORT (continued)
To the Unitholders of Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

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

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

For Alluhaid & Alyahya Chartered Accountants



Saleh A. Al-Yahya
Certified Public Accountant
License No. 473

Riyadh: 6 Ramadan 1444 H
(28 March 2023)



Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 SR	2021 SR
ASSETS			
Cash and cash equivalents		8,194,151	4,772,539
Dividend receivable		11,093	-
Financial assets at fair value through profit or loss ("FVTPL")	5	95,257,859	53,224,492
Advances for acquisition of financial asset at FVTPL	7	-	631,550
TOTAL ASSETS		103,463,103	58,628,581
LIABILITIES			
Management fee payable	6	132,561	83,505
Accrued expenses		193,034	156,588
TOTAL LIABILITIES		325,595	240,093
EQUITY			
Net assets attributable to unitholders of redeemable units		103,137,508	58,388,488
TOTAL LIABILITIES AND EQUITY		103,463,103	58,628,581
Redeemable units in issue (numbers)		4,059,421	2,441,113
Net assets value attributable to per unit (SR)		25.41	23.92

The attached notes 1 to 11 form an integral part of these financial statements.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	2022 SR	2021 SR
INCOME			
Net gains from financial assets at FVTPL	5	2,328,309	10,780,390
Dividend income		1,575,082	859,888
TOTAL INCOME		3,903,391	11,640,278
EXPENSES			
Management fee	6	(1,283,172)	(744,095)
Custody fees		(64,875)	(37,342)
Directors' fees	6	(40,000)	(40,000)
Other operating expenses		(144,127)	(207,826)
Foreign currency exchange losses		-	(150,254)
TOTAL OPERATING EXPENSES		(1,532,174)	(1,179,517)
NET INCOME FOR THE YEAR		2,371,217	10,460,761
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,371,217	10,460,761

The attached notes 1 to 11 form an integral part of these financial statements.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 SR	2021 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	2,371,217	10,460,761
Adjustments for:		
Unrealised loss from financial assets at FVTPL	4,593,196	560,268
Dividend income	(1,575,082)	(859,888)
	<u>5,389,331</u>	<u>10,161,141</u>
Changes in operating assets and liabilities:		
(Increase) decrease in dividend receivable	-	25,155
Decrease in advances to the Fund Manager	-	134,239
Increase in financial assets at FVTPL	(46,626,563)	(30,156,800)
Decrease (increase) in advances for acquisition of financial assets at FVTPL	631,550	(631,550)
Increase in management fee payable	49,056	83,505
Increase in accrued expenses	36,446	22,349
	<u>(40,520,180)</u>	<u>(20,361,961)</u>
Cash flows used in operations	(40,520,180)	(20,361,961)
Dividend received	<u>1,563,989</u>	<u>859,888</u>
Net cash flows used in operating activities	<u>(38,956,191)</u>	<u>(19,502,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	71,711,994	41,736,055
Payments against redemption of units	(29,334,191)	(17,604,417)
	<u>42,377,803</u>	<u>24,131,638</u>
Net cash flows from financing activities	42,377,803	24,131,638
Net increase in cash and cash equivalents	3,421,612	4,629,565
Cash and cash equivalents at the beginning of the year	<u>4,772,539</u>	<u>142,974</u>
Cash and cash equivalents at the end of the year	<u>8,194,151</u>	<u>4,772,539</u>

The attached notes 1 to 11 form an integral part of these financial statements.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	2022 SR	2021 SR
Net assets (Equity) attributable to the redeemable unitholders at the beginning of the year	58,388,488	23,796,089
Comprehensive income:		
Net income for the year	2,371,217	10,460,761
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>2,371,217</u>	<u>10,460,761</u>
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units	71,711,994	41,736,055
Payment against redemption of units	(29,334,191)	(17,604,417)
Net increase from unit transactions	<u>42,377,803</u>	<u>24,131,638</u>
Net assets (Equity) attributable to the redeemable unitholders at the end of the year	<u>103,137,508</u>	<u>58,388,488</u>

REDEEMABLE UNITS TRANSACTIONS

Transactions in redeemable units for the years ended 31 December are summarised as follows:

	2022 <i>Units</i>	2021 <i>Units</i>
UNITS AT THE BEGINNING OF THE YEAR	<u>2,441,113</u>	<u>1,309,101</u>
Units issued during the year	2,698,796	1,929,380
Units redeemed during the year	(1,080,488)	(797,368)
NET INCREASE IN UNITS DURING THE YEAR	<u>1,618,308</u>	<u>1,132,012</u>
UNITS AT THE END OF THE YEAR	<u>4,059,421</u>	<u>2,441,113</u>

The attached notes 1 to 11 form an integral part of these financial statements.

Derayah Freestyle Saudi Equity Fund (Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1 INCORPORATION AND ACTIVITIES

Derayah Freestyle Saudi Equity Fund (the "Fund") is an open-ended fund. The Fund aims to develop capital over the long-term by investing mainly in companies listed on the Saudi Stock Exchange ("Tadawul"), in the parallel market ("Nomu"), and tradeable rights and initial offerings in Saudi Arabia. The Fund can also invest in the financial markets of other countries (globally). All investments of the Fund shall be in accordance with Sharia standards approved by the Sharia Committee of the Fund. The Fund Manager will also invest in real estate traded funds and Exchange-Traded Funds ("ETFs"). The Fund will not distribute dividends to its unitholders, however all profits will be reinvested by the Fund.

The Fund is managed by Derayah Financial Company (the "Fund Manager"), a closed joint stock company licensed by the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") under license number 90810-27. Albilad Investment Company (the "Custodian") is appointed as the custodian of the Fund (2021: Alinma Investment Company).

The registered office address of the Fund Manager is P.O. Box 286546, Riyadh 11323, Kingdom of Saudi Arabia.

The Fund commenced its operations on 29 March 2016.

The last valuation of the year was 30 December 2022 (2021: 31 December 2021).

These financial statements were authorised for issue by the Board of Directors on 4 Ramadan 1444H (corresponding to 26 March 2023).

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the CMA detailing requirements for all investment funds within the Kingdom of Saudi Arabia.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 BASIS OF PREPARATION

These financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement that are endorsed by the Saudi Organisation for Chartered and Professional Accountants, collectively hereafter referred to as "IFRS as endorsed in the Kingdom of Saudi Arabia".

The financial statements have been prepared under the historical cost convention using the accrual basis of accounting except for financial assets held at FVTPL that are measured at fair value.

The Fund Manager has prepared the financial statements on the basis that it will continue to operate as a going concern.

The Fund presents its statement of financial position in order of liquidity based on the Fund Manager's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 9.

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires the Fund Manager to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.2 STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE 1 JANUARY 2022

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Fund has not early adopted any other standards, interpretations or amendment that has been issued but not yet effective.

Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Fund cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract

These amendments had no impact on the financial statements of the Fund as there were no onerous contract as of the reporting date.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the financial statements of the Fund as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the financial statements of the Fund.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Fund as it is not a first-time adopter.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards and amendments to existing standards effective 1 January 2022 (continued)

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the financial statements of the Fund as there were no modifications of the Fund’s financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Fund as it did not have assets in scope of IAS 41 as at the reporting date.

3.3 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE ON OR AFTER 1 JANUARY 2023 AND HAVE NOT BEEN EARLY ADOPTED

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

<u>Standards / amendments to standards / interpretations</u>	<u>Effective date</u>
<i>IFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to IAS 1: Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>Definition of accounting estimates (IAS 8)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i>	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)</i>	1 January 2023
<i>Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)</i>	1 January 2023
<i>Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendments to IAS 1)</i>	1 January 2023

In the opinion of the Fund Manager, these standards, amendments to standards and interpretations are not expected to impact the Fund.

3.4 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Fund’s functional and presentation currency. All financial information presented has been rounded to the nearest SR.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash with a bank and other short-term highly liquid investments, if any, with maturities of three months or less from the purchase date.

3.6 FINANCIAL INSTRUMENTS

3.6.1 Financial Instruments - Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories

Financial assets held for trading

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

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

Held-for-trading assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Financial assets measured at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Fund's financial assets at amortised cost includes cash and cash equivalent and dividend receivables.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 FINANCIAL INSTRUMENTS (continued)

3.6.1 Financial Instruments - Initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Financial assets measured at fair value through profit or loss ("FVTPL")

Financial assets in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding;
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; and
- (c) The designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Fund had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit or loss when the right of payment has been established.

Derecognition

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

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

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Impairment

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Derayah Freestyle Saudi Equity Fund (Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

- 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
3.6 FINANCIAL INSTRUMENTS (continued)
3.6.1 Financial Instruments - Initial recognition and subsequent measurement (continued)
i) Financial assets (continued)

Impairment (continued)

For dividend receivable, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ii) *Financial liabilities*

Initial recognition and measurement

The Fund's financial liabilities include management fee payable and other payables. All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

Subsequent measurement

Financial liabilities at amortised cost

This is the category most relevant to the Fund. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to management fee payable and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) *Offsetting financial instruments*

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

3.7 FAIR VALUE MEASUREMENT

The Fund measures financial instruments such as equity instruments at fair value at each balance sheet date.

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

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 FAIR VALUE MEASUREMENT (continued)

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

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

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

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

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

At each reporting date, the Fund analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Fund also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in note 8.

3.8 ACCRUED EXPENSES

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

3.9 PROVISIONS

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 REDEEMABLE UNITS

Redeemable units are classified as equity instruments when:

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

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

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

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

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments

3.11 NET ASSETS VALUE PER UNIT

The net assets value per unit disclosed in the statement of financial position is calculated by dividing the net assets value of the Fund by the number of units in issue at the period end.

3.12 MANAGEMENT FEES, CUSTODY FEES AND OTHER EXPENSES

Management fees, custody fees and other expenses are charged at rates / amounts within limits mentioned in terms and conditions of the Fund.

3.13 ZAKAT AND INCOME TAX

Fund is not liable to pay any zakat or income tax which are considered to be the obligation of the Unitholders and are as such not provided in the accompanying financial statements.

3.14 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. Dividend income from equity securities designated as at FVTPL is recognised in the statement of comprehensive income in a separate line item.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Going concern

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

Fair value measurement

The Fund measures its investments in equity instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Fund measures financial instruments at fair value at each statement of financial position date. Fair values of those financial instruments are disclosed in Note 5.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

5 FINANCIAL ASSETS AT FVTPL

These represent investments in listed equity instruments and are classified as financial assets at fair value through profit or loss. Geographical exposure of these investments on the last valuation day is summarised below:

	<i>31 December 2022</i>		
	<i>Cost SR</i>	<i>Market Value SR</i>	<i>% of Market Value</i>
Kingdom of Saudi Arabia	98,407,843	95,257,859	100
	98,407,843	95,257,859	100
	<i>31 December 2021</i>		
	<i>Cost SR</i>	<i>Market Value SR</i>	<i>% of Market Value</i>
Kingdom of Saudi Arabia	40,095,347	40,688,445	76
Egypt	7,043,716	7,917,338	15
Qatar	4,642,217	4,618,709	9
	51,781,280	53,224,492	100

The sector wise exposure of financial assets at FVTPL on the last valuation day is summarised below:

	<i>31 December 2022</i>	
	<i>Market Value SR</i>	<i>% of Market Value</i>
Materials	27,196,517	29
Consumer services	18,074,578	19
Software and services	7,409,123	8
Commercial and professional services	6,469,425	7
Retailing	5,548,246	6
Banks	5,158,562	5
Energy	4,559,797	5
Insurance	4,457,783	5
Telecommunication services	3,100,743	3
Industrials	3,019,767	3
Transportation	2,923,629	3
Utilities	2,891,677	3
Health care equipment and services	2,446,681	2
Real estate management and development	2,001,331	2
	95,257,859	100

Derayah Freestyle Saudi Equity Fund
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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

5 FINANCIAL ASSETS AT FVTPL (continued)

	31 December 2021	
	Market Value SR	% of Market Value
Materials	12,760,180	24
Banks	7,568,366	14
Software and services	6,222,865	12
Insurance	4,367,831	8
Retailing	3,586,069	7
Utilities	3,473,359	7
Commercial and professional services	3,368,084	6
Consumer services	3,019,884	6
Health care equipment and services	2,837,269	5
Energy	1,706,005	3
Transportation	1,705,639	3
Telecommunication services	1,348,800	3
Real estate management and development	1,260,141	2
	<u>53,224,492</u>	<u>100</u>

Financial assets at FVTPL includes certain investments amounting to SR Nil which were held under the custody of the Fund Manager as at 31 December 2022 (2021: SR 10,977,369).

The gains (loss) of financial assets at fair value through profit or loss is as follows:

	2022 SR	2021 SR
Realised gain from disposal	6,921,505	11,340,658
Unrealised loss from net changes in fair value	(4,593,196)	(560,268)
	<u>2,328,309</u>	<u>10,780,390</u>

6 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Fund Manager and entities / persons related to Fund Manager are considered as related parties of the Fund. In the ordinary course of its activities, the Fund transacts business with its related parties. Related party transactions are governed by limits set under terms and conditions of the Fund. All the related party transactions are approved by the Board of Directors.

a) Management fee

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager charges management fee at the annual rate of 1.5% (2021: 1.5%) that is calculated on a daily basis based on the net value of the Fund's assets. The management fee charged for the year ended 31 December 2022 amounted to SR 1,283,172 (2021: SR 744,095) with SR 132,561 (2021: SR 83,505) was payable to the Fund Manager at the end of the year.

In addition, the Fund Manager charges subscription fee for one time at a maximum rate of 3% (2021: 3%) of the subscription value from the Fund's unitholders, however such fee is not considered in the financial statement of the Fund, as subscriptions proceeds are always received net of subscription fees.

Derayah Freestyle Saudi Equity Fund (Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

As at 31 December 2022 and 2021, the Fund Manager held 597,266 units (2021: Nil units).

As at 31 December 2022, the shareholders of the Fund Manager held 67,370 units (2021: 67,370 units).

As at 31 December 2022, close family members of board members of the Fund Manager held 27,817 units (2021: 27,817 units).

b) *Board of Directors remuneration*

The total remuneration fees paid to the directors in 2022 was SR 40,000 (2021: SR 40,000) and consisted of only fixed directors' fees.

7 ADVANCES FOR ACQUISITION OF FINANCIAL ASSETS AT FVTPL

Advances for acquisition of financial assets at FVTPL represent amount paid for the shares subscribed by the Fund in connection with the initial public offering of Jahez International Company for Information System Technology. The shares were then subsequently allotted to the Fund in January 2022. As at 31 December 2022, the Fund has made advances for acquisition of Financial Assets at FVTPL amounting to SR Nil (2021: SR 631,550).

8 FINANCIAL RISK MANAGEMENT

8.1 FINANCIAL INSTRUMENT RISK

The Fund's activities expose it to variety of financial risks: market risk (including currency risk, cash flow and fair value commission rate risk and price risk), credit risk and liquidity risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the Custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the Custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund Manager has in place policies and procedures to identify risks affecting the Fund's investments and to ensure that such risks are addressed as soon as possible, which include conducting a risk assessment at least once a year. The Fund Manager also applies a prudent spread of risk while taking into consideration the Fund's investment policies and the terms and conditions. Furthermore, the Fund Manager makes every effort to ensure that sufficient liquidity is available to meet any anticipated redemption request. The Board of Directors of the Fund play a role in ensuring that the Fund Manager fulfils its responsibilities to the benefit of the unitholders in accordance with the provisions of the Investment Funds Regulations and the terms and conditions.

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

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

8 FINANCIAL RISK MANAGEMENT (continued)

8.1 FINANCIAL INSTRUMENT RISK (continued)

8.1.1 Market risks

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Fund's financial assets, other than financial assets at fair value through profit or loss, and financial liabilities are denominated in Saudi Riyal and therefore the Fund is not exposed to any currency risks on these financial instruments. The Fund's investment portfolio is composed of investments in foreign equity and therefore is exposed to currency risk on those investments. Currency risk is managed through continuous monitoring of exposures.

Sensitivity analysis

The effect on the statement of comprehensive income (as a result of change in the exchange rates with respect to foreign currency exposure) due to 1% change in the foreign exchange rates, with all other variables held constant is SR Nil (2021: SR 125,360). This is due to the fact that all investments involving foreign exchange exposure have been disinvested during the current year.

b) Cash flow and fair value commission rate risk

Commission rate risk arises from the effects of fluctuations in the prevailing levels of markets commission rates on the fair value of financial assets and liabilities and future cash flow. The Fund is not subject to commission rate risk, as it does not have any commission-bearing financial instruments.

c) Price risk

Price risk is the risk that the value of the Fund's financial instruments 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 the financial instruments that the Fund holds. The Fund Manager closely monitors the price movement of its financial instruments listed at stock exchange markets. The Fund manages the risk through diversification of its investment portfolio by investing in various industry sectors. Geographical and sector wise concentration of the investment portfolio of the Fund is disclosed in Note 5.

Sensitivity analysis

The table below set outs the effect on profit or loss of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular foreign currency and commission rates, remain constant.

	31 December 2022		31 December 2021	
<i>Net gains (losses) on financial assets at fair value through profit or loss</i>	+5%	4,762,893	+5%	2,661,225
	-5%	(4,762,893)	-5%	(2,661,225)

8.1.2 Liquidity risk

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

The Fund's terms and conditions provide for subscriptions and redemptions of units throughout the week and the Fund is therefore, exposed to the liquidity risk of not meeting unitholder redemptions. The Fund's securities are considered to be readily realisable and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to ensure sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by obtaining financing from the related parties of the Fund.

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

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

8 FINANCIAL RISK MANAGEMENT (continued)

8.1 FINANCIAL INSTRUMENT RISK (continued)

8.1.3 Credit risk

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

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

	2022	2021
	SR	SR
Cash and cash equivalents	8,194,151	4,772,539
Dividend receivable	11,093	-
Total exposure to credit risk	8,205,244	4,772,539

All financial assets at amortised cost were considered for ECL as on 31 December 2022 and 31 December 2021. However, the impact of ECL on these assets was immaterial as the Fund is not exposed to significant credit risk and there is no history of default on recovery of these balances.

8.2 CAPITAL RISK MANAGEMENT

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net asset attributable to holders of redeemable units can change significantly on each valuation day, as the Fund is subject to subscriptions and redemptions at the discretion of unitholders on every valuation day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain the capital structure, the Fund's policy is not to distribute dividends to the redeemable unitholders, as the Fund is considered a capital growth fund where all profits are reinvested in the Fund. The reinvestment of these distributions and income is reflected in the unit price.

The Board of Directors and the Fund Manager monitor capital on the basis of the value of net assets attributable to redeemable unitholders.

8.3 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets consist of cash and cash equivalents, dividend receivable and financial assets at FVTPL. Financial liabilities consist of management fee payable. All financial assets and financial liabilities as at 31 December 2022 and 2021 were classified under amortised cost category except for financial assets at fair value through profit or loss which are classified as and measured at fair value.

Derayah Freestyle Saudi Equity Fund
(Managed by Derayah Financial Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

8.4 FAIR VALUE ESTIMATION

The Fund has investments at FVTPL which are measured at fair values and are classified within level 1 of the fair value hierarchy. Management believes that the fair value of all other financial assets and liabilities are classified as amortized cost and at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily realizable. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current year or prior year.

9 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

<i>As at 31 December 2022</i>	<i>Within 12 months (SR)</i>	<i>After 12 months (SR)</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	8,194,151	-	8,194,151
Dividend receivable	11,093	-	11,093
Financial assets at FVTPL	95,257,859	-	95,257,859
TOTAL ASSETS	103,463,103	-	103,463,103
LIABILITIES			
Management fee payable	132,561	-	132,561
Accrued expenses	193,034	-	193,034
TOTAL LIABILITIES	325,595	-	325,595
<i>As at 31 December 2021</i>			
	<i>Within 12 months (SR)</i>	<i>After 12 months (SR)</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	4,772,539	-	4,772,539
Financial assets at FVTPL	53,224,492	-	53,224,492
Advances for acquisition of financial asset at FVTPL	631,550	-	631,550
TOTAL ASSETS	58,628,581	-	58,628,581
LIABILITIES			
Management fee payable	83,505	-	83,505
Accrued expenses	156,588	-	156,588
TOTAL LIABILITIES	240,093	-	240,093

10 CONTINGENCIES

There are no contingencies as at the reporting date.

11 SUBSEQUENT EVENTS

The Ministry of Finance has issued a resolution ("MR") numbered 29791, dated 9 Jumada Al-Awwal 1444H (corresponding to 3 December 2022) publishing certain zakat filing rules to be complied by investment funds in the Kingdom of Saudi Arabia, applicable for the financial year 2023. According to the MR, the Fund is not subject to zakat or tax, however, will be required to file certain financial information with Zakat, Tax and Customs Authority.