

## Albilad MSCI Saudi Growth ETF

### A) Investment Fund Information

#### 1) Name of investment fund:

Albilad MSCI Saudi Growth ETF.

#### 2) Investment objectives, policies and polices:

The Investment objectives of the investment fund: The Fund seeks through a Passive Management of a Basket of small and medium caps companies that selected based on the growth factor, and listed in the Saudi stock market (Main Market and Parallel Market "Nomu"), also these companies are Shariah-complaint, to achieve a performance level that mimicking the performance of the Benchmark Index before calculating any dividends, and expenses.

#### 3) Distribution of income and gain policy:

A statement relating to the policy of distribution of income and gains, including details of the unclaimed distributions: The Fund Manager will reinvest the dividends resulting from investing in the Fund's Assets. Accordingly, the Fund will not distribute any periodic dividends to the unitholders.

#### 4) the fund's Reports are available upon request free of charge.

#### 5) Description of the fund's benchmark and the service provider's website (if any):

"MSCI SAUDI ARABIA SMID ISLAMIC GROWTH SELECT INDEX". It created through selecting the small and medium market cap companies by applying growth factor from the main index which is "MSCI Saudi Arabia SMID index". The index was chosen for its suitability to the fund's strategy and investment objectives in an effort to reflect the performance for a list of small and medium companies listed in the Saudi Market that selected based on the growth factor according to a set of historical, current, and future indicators/financial ratios that followed by the index provider, the index also applies, exclusion policy for securities that do not comply with Shariah standards based on two type of standards: the main activities for the companies and the financial ratios derived from the total assets of the issuer. [www.msci.com](http://www.msci.com)

### B) Fund Performance

#### 1) Comparative table covering the last 3 financial years (or since inception):

|                                                                                                                     | 2024   | 2025    |
|---------------------------------------------------------------------------------------------------------------------|--------|---------|
| the fund net assets value at the end of each financial year (In Thousands)                                          | 17,056 | 274,750 |
| the fund net assets value per unit at the end of each financial year                                                | 10.66  | 7.93    |
| highest net asset value per unit for each financial year.                                                           | 11.44  | 11.05   |
| lowest net asset value per unit for each financial year.                                                            | 9.89   | 7.78    |
| the number of units in issue at the end of each financial year (In Thousands)                                       | 1,600  | 34,650  |
| income distribution per unit                                                                                        | -      | -       |
| expense ratio.                                                                                                      | 0.60%  | 0.62%   |
| Percentage of borrowed assets from the total asset value, the period of their exposure period and due date (if any) | -      | -       |
| Results of comparing the performance of the benchmark with the performance of the fund                              | 0.14%  | -0.78%  |

\* Trading date for the fund was Jan 2024

#### For more information contact us at:

Asset Management  
Telephone: +966 11 2039888  
Fax: +966 11 2039899  
Website: <http://www.albilad-capital.com/En/AssetManagement>

#### Albilad Capital Headquarters:

Telephone: +966 920003636  
Fax: +966 11 2906299  
PO Box: Riyadh 12313 - 3701, Saudi Arabia



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## 2. Performance Record

-Trading date for the fund was Jan 2024

The total return for one year, three years and five years (and since inception where applicable):

| Item         | 1Year   | 3 Years | 5 Years | Since Inception |
|--------------|---------|---------|---------|-----------------|
| Total return | -25.62% | -       | -       | -20.71%         |

The Annual total return for each of the last 10 financial years or since inception:

| Year                | 2024  | 2025    | Since Inception |
|---------------------|-------|---------|-----------------|
| Annual total return | 6.60% | -25.62% | -20.71%         |

A table showing actual fees and fund expenses paid by the investment fund during the year. The Total Expense Ratio should also be clearly disclosed. If there are any circumstances in which a fund manager may elect to waive or rebate any fees, this must also be disclosed\*

|                           | Net Value | Expenses Ratio to Average NAV |
|---------------------------|-----------|-------------------------------|
| Subscription Fees         | -         | -                             |
| Management Fees           | 258,797   | 0.53%                         |
| Purification Fees         | -         | 0.00%                         |
| Audit Fees                | -         | 0.00%                         |
| Custody Fees              | -         | 0.00%                         |
| Board Member Remuneration | -         | 0.00%                         |
| Publishing Fees           | -         | 0.00%                         |
| Regulatory Fees           | -         | 0.00%                         |
| Benchmark Fees            | -         | 0.00%                         |
| VAT                       | 38,819    | 0.08%                         |
| Dealing Expenses          | -         | 0.00%                         |
| Fund Administration Fees  | -         | 0.00%                         |
| Other Expenses            | 6,743     | 0.01%                         |
| Operating fee             | -         | 0.00%                         |
| Edaa Expenses             | -         | 0.00%                         |
| Listing Fees              | -         | 0.00%                         |
| Total Expenses            | 304,360   | 0.62%                         |

\*Fund Manager did not waive any fees during 2025.

3. If there were material changes that occurred during the period and that affected the performance of the fund, these changes must be clearly disclosed:

Not applicable.

4. Disclosure of the exercise of annual voting rights and it must include the issuer's name and the date of the General Assembly and the subject of the vote and the decision to vote (agree / disagree / abstain from voting):

Not applicable.

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## Albilad MSCI Saudi Growth ETF

5) The fund's board annual report including but not limited to:

A) Names of the fund board members, and indicating membership type:

|                                      |                                                    |
|--------------------------------------|----------------------------------------------------|
| 1- Zaid bin Muhammad Saad Al-Mufraih | non-independent Chairman of the Board of Directors |
| 2- Haytham bin Sulaiman Al-Suhaimi   | non-independent member of the Board of Directors   |
| 3- Waleed Bin Ateeq                  | independent member of the Board of Directors       |
| 4- Omar Ali Bassal                   | independent member of the Board of Directors       |

B) A brief about the fund board member's qualifications:

### 1. Mr. Zaid bin Muhammad Saad Al-Mufraih (Chairman of the Board of Directors)

Country Chief Financial Officer, more than 15 years of experience in the financial markets. He previously held several leadership positions in the banking and financial services sector in the Kingdom, through which he gained experience to lead investment organizations through the tasks and responsibilities assigned to him professionally and professionally.

### 2. Mr. Haytham bin Sulaiman Al-Suhaimi (non-independent member of the Board of Directors)

He holds a master's degree in investment science and financing risks from the University of Westminster in London, United Kingdom, held several positions in management work at SAPIN UAE, and subsequent experiences since 2015 in Jadwa Investment and then Albilad Capital as a financial analyst in investment banking, private equity and business development. (Member of the Board of Directors and Vice President of Business Development at Albilad Capital).

### 3. Waleed Bin Ateeq (independent member of the Board of Directors)

Masters in finance from Saint Mary's University in Canada, and Bachelors in Economics with a Minor in Business Administration from The Ohio State University in the United States of Albilad MSCI US Tech ETF 46 America. More than 16 years of experience in finance, investment, insurance and risk management. He held several positions as Insurance Supervisor at the Saudi Central Bank (SAMA), Senior Investment Performance Analyst at the Saudi Central Bank (SAMA), Chief Financial Officer at Allianz Saudi Fransi Cooperative Insurance Company, and currently serves as Deputy Chief Financial Officer at Saudi Re Cooperative Reinsurance Company.

### 4. Mr. Omar Ali Bassal (independent member of the Board of Directors)

Master of Business Administration, Financial Management and Statistics, with honours, Mr. Omar has more than ten years of experience in the financial field and is currently the Director of Asset Management at the Mohammed Ibrahim Al-Subaie & Sons Company.

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**C) Description of the roles and responsibilities:**

The responsibilities of the fund's board members include, but are not limited to the following:

- Approval of all substantial contracts, decisions and reports to which the fund is a party, including, but not limited to, approval of contracts for the provision of management services to the fund and custody services contracts. This does not include contracts concluded in accordance with investment decisions regarding any investments made or to be made by the fund. In the future.
- Adopting a written policy regarding voting rights related to the fund's assets.
- Approval of the appointment of the fund's external auditor to be nominated by the fund manager.
- Supervising and, when appropriate, approving and approving any conflicts of interest disclosed by the fund manager.
- Meeting at least twice annually with the Fund Manager's Compliance and Compliance Committee or its Compliance Officer to review the fund's compliance with all relevant laws, regulations and regulations.
- Ensuring the probability and accuracy of the terms and conditions of the fund, the information memorandum, and any other document (whether it is a contract or otherwise) that includes disclosures related to the fund, the fund manager and its management of the fund, in addition to ensuring that the foregoing is consistent with the provisions of the investment funds regulations.
- Ensure that the fund manager carries out his responsibilities in the interest of unit holders in accordance with the provisions of the investment funds regulations, the fund's terms and conditions and the information memorandum.
- Ensure that the fund manager is committed to disclosing material information for unit holders and other stakeholders.
- Acting with honesty, good faith, concern, skill, diligence and diligence for the benefit of the fund and the unit holders. The duties of fund include the duty of sincerity, attention and reasonable diligence.
- Record meeting minutes showing the proceedings of the meetings and the decisions taken by the council.

**D) Details on the remuneration of the fund board members:**

All independent board members of the fund board shall be granted a remuneration of SAR 40,000 annually maximum . (SAR 20,000 per independent member) for all meetings attended during the year for funds' managed by Albilad Capital, distributed equally on all mutual funds except Real estate funds. Remuneration shall be calculated on every valuation date cumulatively and will be deducted and paid once a year.

**E) A statement of any conflict or potential conflict of interest between the interests of a fund board member and the interests of the fund:**

There are no practical activities or interests of the fund manager or members of its board of directors that are likely to conflict with their responsibilities or performance towards the fund, and if any, they will be disclosed.

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F) A statement showing all the funds boards that the relevant board member is participating in:

| Fund Name                                    | Zaid Al-mufarih                | Haytham Al-Suhaimi             | Waleed Bin Ateeq   | Omar Bassal        |
|----------------------------------------------|--------------------------------|--------------------------------|--------------------|--------------------|
| Albilad Pure Saudi Equity Fund               | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad SAR Murabaha Fund                    | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad Saudi Income Fund                    | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad GCC Income Fund                      | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad Fund of REIT Funds                   | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Nusaned Fund                                 | -                              | Non-independent member         | -                  | -                  |
| Albilad Saudi Sovereign Sukuk ETF            | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad Gold ETF                             | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad Diversified SAR Fund                 | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad MSCI US Equity ETF                   | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad MSCI US TEC ETF                      | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad Multi Assets Balanced Fund           | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad Freestyle Saudi Equity Fund          | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad MSCI Saudi Growth ETF                | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad Sukuk Fund                           | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad CSOP MSCI Hong Kong China Equity ETF | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Albilad MSCI Saudi Equity ETF                | Chairman of Board of Directors | Non-independent member         | Independent member | Independent member |
| Ensan Endowment Investment Fund              | Chairman of Board of Directors | -                              | Independent member | -                  |
| Dahia Investment Fund                        | -                              | Chairman of Board of Directors | -                  | -                  |
| The Second Commercial Complex Fund           | -                              | Chairman of Board of Directors | -                  | -                  |
| Safa Najd Fund                               | -                              | Chairman of Board of Directors | -                  | -                  |

G) The topics discussed and issued resolutions, as well as the fund performance and fund achievement of its objective:

The Fund Board Meetings for 2025 were duly held, the first meeting took place on 17 July 2025 , followed by the second meeting on 17 December 2025. The key matter discussed during these meeting included:

- The latest developments in the local and the global markets.
- Fund performance.
- Fund board evaluation.

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### C) Fund Manager

#### 1) Name and address of the fund manager:

Al-Bilad Investment Company "Al-Bilad Capital".

8162 King Fahad Branch Road - Olaya, Riyadh 12313-3701

Saudi Arabia.

Phone: 8001160002

Website: [www.albilad-capital.com](http://www.albilad-capital.com)

#### 2) Names and addresses of sub-manager and/or investment advisor (if any):

Not applicable.

#### 3) Review of the investment activities during the period:

Not applicable.

#### 4) A report of investment fund performance during the period:

The benchmark's performance during the period was better than the fund's performance by 0.78%. Where the fund achieved -25.62% in comparison with the benchmark's performance which achieved -24.83%

#### 5) Details of any material changes to the Fund's Terms and Conditions:

- Add more clarification regarding the purification.
- Updating certain clauses in accordance with the amended Investment Funds Regulations by the Board of the Capital Market Authority Resolution Number 1-54-2025 Dated 23/11/1446H Corresponding to 21/5/2025G, in addition to some non-fundamental changes in the Fund's terms and conditions.

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## Albilad MSCI Saudi Growth ETF

6) Any other information that would enable unitholders to make an informed judgement about the fund's activities during the period:

Not applicable.

7) Any other information that would enable unitholders to make an informed judgment about the fund's activities during the period:

Not applicable.

8) A statement on any special commission received by the fund manager during the period, clearly identifying what they are and the manner in which they were utilized:

Not applicable.

9) Any other data and other information required by these Regulations to be included in this report:

Not applicable.

10) Period for the management of the person registered as fund manager:

Since January 2024.

11) A disclosure of the expense ratio of each underlying fund at the end of year and the weighted average ratio of all underlying funds that invested in:

Not applicable.

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#### D) Custodian

##### 1) Name and address of custodian:

Riyad Capital company.

3128 Financial Boulevard, 6671 Al Aqeeq Dist.

Saudi Arabia.

Phone: +4865898/ 966114865866

Email: rcss@riyadcapital.com

##### 2) Brief description of its duties and responsibilities:

- The custodian is responsible for his obligations in accordance with the provisions of the Investment Funds Regulations, whether he performs his responsibilities directly or entrusts them to a third party under the provisions of the Investment Funds Regulations and the Saudi Stock Exchange Institutions Regulations. The custodian is responsible towards the fund manager and unit holders for the losses of the fund resulting from its fraud, negligence, misconduct or intentional default.
- The custodian is responsible for preserving and protecting the fund's assets for the benefit of the unit holders, and he is also responsible for taking all necessary administrative procedures in relation to preserving the fund's assets.
- The custodian is responsible for preserving and protecting the fund's assets for the benefit of the unit holders, and he is also responsible for taking all necessary administrative procedures in relation to preserving the fund's assets. The fund's assets are owned by the fund's unit holders collectively, and it is not permissible for the fund manager, sub-fund manager, custodian, sub custodian, counselor or distributor to have any interest in the fund's assets or any claim therein, unless the fund manager or manager is The sub-fund, the custodian, the sub-custodian, the advising provider, or the distributor is the owner of the fund's units, within the limits of its ownership, or these claims were permitted under the provisions of the investment funds regulations and to be disclosed in the terms and conditions and the information memorandum. With the exception of the fund units owned by the fund manager, sub-fund manager, custodian, sub-custodian, counselor or distributor, and within the limits of what the debtor owns, the creditors of the fund manager, sub-fund manager, custodian or custodian may not have any Subcontractor, counselor or distributor has no right to any claim or dues in the fund's money or assets.

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## E) Fund Operator

### 1) Name and address of Fund Operator:

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8162 King Fahad Branch Road - Olaya, Riyadh 12313-3701

Saudi Arabia.

Phone: 8001160002

Website: [www.albilad-capital.com](http://www.albilad-capital.com)

### 2) Brief description of its duties and responsibilities:

- Ensure that the Unit issuance and Redemption are completed.
- Offer and publish the constituents of the Stock Basket and the Cash Items, if any.
- Ensure that the Index-related information is published.
- Operate the Fund's operations, including the administrative services provided to the Fund.
- Notify the Fund's Board of Directors of any violations stipulated in the Investment Funds Regulations.

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#### E) Auditor

1) Name and address of auditor:

PricewaterhouseCoopers

Kingdom of Saudi Arabia P.O. B. 8282 Riyadh 11482

Phone: +966112110400

Website: [www.pwc.com](http://www.pwc.com)

#### F) Financial Statements

Financial statements for the annual accounting period of the investment fund has been prepared in accordance with SOCPA standards. (Financial Statements attached).

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**ALBILAD MSCI SAUDI GROWTH ETF  
(AN OPEN-ENDED EXCHANGE TRADED FUND  
MANAGED BY ALBILAD INVESTMENT COMPANY)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025  
AND INDEPENDENT AUDITORS REPORT  
TO THE UNITHOLDERS AND THE FUND MANAGER**

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT**  
**COMPANY)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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## *Independent auditor's report to the Unitholders and the Fund Manager of Albilad MSCI Saudi Growth ETF*

### *Report on the audit of the financial statements*

#### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Albilad MSCI Saudi Growth ETF (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, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

#### **What we have audited**

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of income and other comprehensive income for the year then ended;
- the statement of changes in equity attributable to the Unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Fund and the Fund Manager in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

#### *Our audit approach*

##### **Overview**

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|                   |                                                                             |
|-------------------|-----------------------------------------------------------------------------|
| Key Audit Matters | Valuation of investments at fair value through statement of income ("FVSI") |
|-------------------|-----------------------------------------------------------------------------|

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## *Independent auditor's report to the Unitholders and the Fund Manager of Albilad MSCI Saudi Growth ETF (continued)*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Fund Manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | How our audit addressed the Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Valuation of investments at FVSI</i></p> <p>As at 31 December 2025, the Fund held investments in listed instruments amounting to Saudi Riyals 274.5 million which have been classified as FVSI. These investments are carried at fair value with the corresponding fair value change recognised in the statement of income. The fair value of these investments is determined through obtaining market observable prices, as these are actively traded.</p> <p>The valuation of the Fund's investments is considered a key audit matter due to the significance of such investments to the Fund's financial statements.</p> <p>Refer to Note 2.6 to the accompanying financial statements for the accounting policy of investments and Note 5 for related disclosure of investments held at FVSI.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"><li>• Compared the carrying value of investments to the underlying list of investments;</li><li>• Obtained market price of investments held as at 31 December 2025 from external sources, recalculated the fair value of investments as at 31 December 2025 and compared these to the values included in the list of investments; and</li><li>• Assessed the adequacy of the disclosures in the financial statements.</li></ul> |



## *Independent auditor's report to the Unitholders and the Fund Manager of Albilad MSCI Saudi Growth ETF (continued)*

### *Other information*

The Fund Manager is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do 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.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Fund Manager and the Fund Board 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 issued by SOCPA, and the applicable requirements of the Investment Funds Regulations issued by the Capital Market Authority 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.

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.

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



## *Independent auditor's report to the Unitholders and the Fund Manager of Albilad MSCI Saudi Growth ETF (continued)*

### *Auditor's responsibilities for the audit of the financial statements*

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

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism 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 Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the 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 to the Unitholders and the Fund Manager of Albilad MSCI Saudi Growth ETF (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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **PricewaterhouseCoopers**

Mufaddal A. Ali  
License No. 447

31 March 2026



**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT**  
**COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
(All amounts in Saudi Riyals ‘000’ unless otherwise stated)

|                                                                     | <b>Note</b> | <b>As at 31 December</b> | <b>As at 31 December</b> |
|---------------------------------------------------------------------|-------------|--------------------------|--------------------------|
|                                                                     |             | <b>2025</b>              | <b>2024</b>              |
| <b>Assets</b>                                                       |             |                          |                          |
| Cash and cash equivalents                                           | 4           | 471                      | 260                      |
| Investments held at fair value through statement of income (“FVSI”) | 5           | 274,455                  | 16,838                   |
| <b>Total assets</b>                                                 |             | <b>274,926</b>           | <b>17,098</b>            |
| <b>Liabilities</b>                                                  |             |                          |                          |
| Accrued management fee                                              | 6           | 89                       | 40                       |
| Accruals and other liabilities                                      | 6           | 87                       | 2                        |
| <b>Total liabilities</b>                                            |             | <b>176</b>               | <b>42</b>                |
| <b>Equity attributable to the Unitholders</b>                       |             | <b>274,750</b>           | <b>17,056</b>            |
| <b>Units in issue in thousands</b>                                  |             | <b>34,650</b>            | <b>1,600</b>             |
| <b>Equity per unit in Saudi Riyals</b>                              |             | <b>7.9293</b>            | <b>10.6600</b>           |

The accompanying notes from 1 to 16 form an integral part of these financial statements.

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT**  
**COMPANY)**  
**STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME**  
(All amounts in Saudi Riyals '000' unless otherwise stated)

|                                                                                             |      | For the year<br>ended 31<br>December 2025 | For the period<br>from 31 January<br>2024 (date of<br>commencement<br>of operation) to<br>31 December<br>2024 |
|---------------------------------------------------------------------------------------------|------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------|
|                                                                                             | Note |                                           |                                                                                                               |
| <b>(Loss) / income</b>                                                                      |      |                                           |                                                                                                               |
| Net (loss) / gains from investments held at fair value through statement of income ("FVSI") | 5.1  | (25,218)                                  | 1,438                                                                                                         |
| Dividend income                                                                             |      | 409                                       | 243                                                                                                           |
| <b>Total (loss) / income</b>                                                                |      | <b>(24,809)</b>                           | <b>1,681</b>                                                                                                  |
| <b>Expenses</b>                                                                             |      |                                           |                                                                                                               |
| Management fee                                                                              | 6    | (165)                                     | (50)                                                                                                          |
| Other expenses                                                                              | 7    | (279)                                     | (109)                                                                                                         |
| <b>Total expenses</b>                                                                       |      | <b>(444)</b>                              | <b>(159)</b>                                                                                                  |
| <b>Net (loss) / income for the year / period</b>                                            |      | <b>(25,253)</b>                           | <b>1,522</b>                                                                                                  |
| Other comprehensive income for the year / period                                            |      | -                                         | -                                                                                                             |
| <b>Total comprehensive (loss) / income for the year / period</b>                            |      | <b>(25,253)</b>                           | <b>1,522</b>                                                                                                  |
| <b>Earnings per unit</b>                                                                    |      |                                           |                                                                                                               |
| Weighted average number of units in issue in thousands                                      |      | 3,877                                     | 1,530                                                                                                         |
| Earnings per unit in Saudi Riyals (basic and diluted)                                       |      | <b>(6.5135)</b>                           | <b>0.9948</b>                                                                                                 |

The accompanying notes from 1 to 16 form an integral part of these financial statements.

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT**  
**COMPANY)**  
**STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS**  
(All amounts in Saudi Riyals '000' unless otherwise stated)

|                                                           | For the year<br>ended 31<br>December 2025 | For the period<br>from 31 January<br>2024 (date of<br>commencement<br>of operation) to<br>31 December<br>2024 |
|-----------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Equity at the beginning of the year / period</b>       | <b>17,056</b>                             | -                                                                                                             |
| Total comprehensive (loss) / income for the year / period | <b>(25,253)</b>                           | 1,522                                                                                                         |
| <b>Changes from unit transactions</b>                     |                                           |                                                                                                               |
| Proceeds from issuances of units                          | <b>282,947</b>                            | 23,508                                                                                                        |
| Payment against redemptions of units                      | -                                         | (7,974)                                                                                                       |
| <b>Net change from unit transactions</b>                  | <b>282,947</b>                            | 15,534                                                                                                        |
| <b>Equity at the end of the year / period</b>             | <b>274,750</b>                            | 17,056                                                                                                        |

|                                                | For the year<br>ended 31<br>December 2025 | For the period<br>from<br>31 January 2024<br>(date of<br>commencement<br>of operation) to<br>31<br>December 2024<br>Units '000' |
|------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Units at beginning of the year / period</b> | <b>1,600</b>                              | -                                                                                                                               |
| Units issued                                   | <b>33,050</b>                             | 2,300                                                                                                                           |
| Units redeemed                                 | -                                         | (700)                                                                                                                           |
| <b>Net change in units</b>                     | <b>33,050</b>                             | 1,600                                                                                                                           |
| <b>Units at the end of the year / period</b>   | <b>34,650</b>                             | 1,600                                                                                                                           |

The accompanying notes from 1 to 16 form an integral part of these financial statements.

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)**  
**STATEMENT OF CASH FLOWS**  
(All amounts in Saudi Riyals '000' unless otherwise stated)

|                                                                                |      | For the year<br>ended 31<br>December 2025 | For the period<br>from 31 January<br>2024 (date of<br>commencement<br>of operation) to<br>31 December<br>2024 |
|--------------------------------------------------------------------------------|------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------|
|                                                                                | Note |                                           |                                                                                                               |
| <b>Cash flows from operating activities</b>                                    |      |                                           |                                                                                                               |
| Net (loss)/income for the year/period                                          |      | (25,253)                                  | 1,522                                                                                                         |
| Adjustments for:                                                               |      |                                           |                                                                                                               |
| - Unrealised loss / (gains) on re-measurement of investments held at FVSI, net | 5    | 22,602                                    | (205)                                                                                                         |
| - Dividend income                                                              |      | (409)                                     | (243)                                                                                                         |
|                                                                                |      | (3,060)                                   | 1,074                                                                                                         |
| <b>Net changes in operating assets and liabilities</b>                         |      |                                           |                                                                                                               |
| Investments held at FVSI                                                       |      | (280,219)                                 | (16,633)                                                                                                      |
| Accrued management fee                                                         |      | 49                                        | 40                                                                                                            |
| Accruals and other liabilities                                                 |      | 85                                        | 2                                                                                                             |
| Cash used in operating activities                                              |      | (280,085)                                 | (16,591)                                                                                                      |
| Dividend received                                                              |      | 409                                       | 243                                                                                                           |
| <b>Net cash used in operating activities</b>                                   |      | (282,736)                                 | (15,274)                                                                                                      |
| <b>Cash flows from financing activities</b>                                    |      |                                           |                                                                                                               |
| Proceeds from issuances of units                                               |      | 282,947                                   | 23,508                                                                                                        |
| Payment against redemptions of the units                                       |      | -                                         | (7,974)                                                                                                       |
| <b>Net cash generated from financing activities</b>                            |      | 282,947                                   | 15,534                                                                                                        |
| <b>Net change in cash and cash equivalents</b>                                 |      | 211                                       | 260                                                                                                           |
| Cash and cash equivalents at the beginning of the year/period                  |      | 260                                       | -                                                                                                             |
| <b>Cash and cash equivalents at the end of the year/period</b>                 | 4    | 471                                       | 260                                                                                                           |

The accompanying notes from 1 to 16 form an integral part of these financial statements.

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in Saudi Riyals '000' unless otherwise stated)

**1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Albilad MSCI Saudi Growth ETF (the "Fund") is an open-ended exchange traded fund established and managed by Albilad Investment Company (the "Fund Manager"), a subsidiary of Bank Albilad (the "Bank") for the benefit of the Fund's Unitholders (the "Unitholders"). The objective of the Fund is to achieve long-term growth and capital gains through the Passive Management of a Basket of Saudi stocks that comply with the Shariah Supervisory Committee Standards and are listed in the Saudi Market and concentrated in various sectors, seeking to achieve a high performance level that simulates the performance of the Benchmark Index before calculating any dividends, fees or expenses.

The activities of the Fund conform to the rules and controls set by the Sharia Board.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. The management of the Fund is the responsibility of the Fund Manager.

Riyad Capital is the "Custodian" of the Fund.

In August 2023, the Capital Market Authority (CMA) approved Albilad Investment Company's request to offer and register "Albilad MSCI Saudi Growth ETF" units on Tadawul as Exchange Traded Fund (ETF). The Fund started trading on Tadawul as an ETF on 19 Rajab 1445AH (corresponding to 31 January 2024, with the symbol 9408).

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the Board of the Capital Market Authority (CMA) pursuant to its Resolution Number 1 - 219 - 2006 on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) and new amendment number 2-22-2021 by resolution of the Board of the CMA on 12 Rajab 1442H (corresponding to 24 February 2021) effective from 19 Ramadan 1442H (corresponding to 1 May 2021) by the New Investment Fund Regulations ("Amended Regulations") published by the Capital Market Authority on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. During the year ended 31 December 2025, CMA has issued another amendment to the regulation via amendment number 1-54-2025 issued on 23 Dhul Qidah 1446H (corresponding to 21 May 2025) which is effective from 14 Muharram 1442H (corresponding to 9 July 2025).

The registered office of the Fund is Albilad Investment Company, P.O. Box 8162, Riyadh 12313 – 3701, Kingdom of Saudi Arabia.

**1.1 Primary market operation (issuance and redemption of units)**

The primary market operations are only carried out by the Fund Manager who is also the authorised Market Maker Albilad Investment Company. The Issuance and Redemption activities are done on the basis of blocks of exchange traded fund (ETF) units (for the Fund, one block equals 50,000 ETF Units), referred to Issuance and Redemption of Units respectively. The process of issuance and redemption of ETF units is on an in-kind basis whereby the Market Maker interexchange ETF Units of the Fund and the basket of assets, through the Custodian, for the purpose of issuance and redemption of ETF units. The issued units are then freely floated on Tadawul for public trading.

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT**  
**COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
 (All amounts in Saudi Riyals '000' unless otherwise stated)

## **2 MATERIAL ACCOUNTING POLICIES**

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

### **2.1 Basis of preparation**

These financial statements of the Fund have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with the applicable requirements of the Investment Funds Regulations issued by the Capital Market Authority and the Fund's Terms and Conditions.

The financial statements have been prepared on the historical cost convention, except for fair valuation of investment held at fair value through statement of income (FVSI).

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 liquidity.

The Fund can recover or settle all its assets and liabilities within 12 months from the reporting date.

### **2.2 Significant accounting estimates and judgements**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. There are no areas of significant judgment or critical assumption used in the preparation of these financial statements.

### **2.3 Changes in accounting policies and disclosures**

Based on the adoption of new standards, the following accounting policies are applicable effective 1 January 2025 replacing, amending, or adding to the corresponding accounting policies set out in 2024 annual financial statements.

#### **(i) New standards interpretations and amendments adopted by the Fund**

The International Accounting Standard Board (IASB) has issued the following new accounting standards and amendments, which were effective for periods on or after 1 January 2025. The Fund Manager has assessed that the new standards and amendments have no material impact on the Fund's financial statements.

| <b>Standard / Interpretation</b>               | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                         | <b>Effective from periods beginning on or after the following date</b> |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Amendments 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                                                         |

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in Saudi Riyals '000' unless otherwise stated)

**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.3 Changes in accounting policies and disclosures (continued)**

**(ii) Standards issued but not yet effective and not early adopted**

The listing of standards and interpretations issued which are applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective. The Fund Manager is in the process of assessing the impact of these new and amended standards and interpretations on the Fund's financial statements.

| <b>Standard/<br/>interpretation</b>                                                                                     | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Effective from<br/>periods<br/>beginning on or<br/>after</b> |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 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 recognised 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.<br>The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system.                                                                                                                                                                                                               | 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:<br><ul style="list-style-type: none"> <li>• IFRS 1 First-time Adoption of International Financial Reporting Standards;</li> <li>• IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;</li> <li>• IFRS 9 Financial Instruments;</li> <li>• IFRS 10 Consolidated Financial Statements; and</li> <li>• IAS 7 Statement of Cash Flows</li> </ul>                 | 1 January 2026                                                  |
| IFRS 18, Presentation and Disclosure in Financial Statements                                                            | IFRS 18 provides guidance on items in the 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                                                  |

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
(All amounts in Saudi Riyals '000' unless otherwise stated)

**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.3 Changes in accounting policies and disclosures (continued)**

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

| <b>Standard/<br/>interpretation</b>                              | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                | <b>Effective from<br/>periods<br/>beginning on or<br/>after</b> |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 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. | 1 January 2027                                                  |

**2.4 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). These financial statements are presented in Saudi Riyals ("SR") which is the Fund's functional and presentation currency. All financial information presented in SR has been rounded to the nearest thousand.

*Transactions and balances*

Foreign currency transactions are translated into SR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SR using the exchange rates prevailing at the reporting date. Foreign exchange gains and losses, if any, arising from translation are included in the statement of income.

**2.5 Cash and cash equivalents.**

Cash and cash equivalents of the Fund comprise balance held in a custodian account with Riyadh Capital and have original maturity date of no more than three months and are available for use by the Fund unless otherwise stated. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

**2.6 Financial instruments**

Financial instruments are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument.

**2.6.1 Measurement methods**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument i.e. Trade date.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through statement of income (FVSI), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVSI are expensed in the statement of income. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which may result in an impairment loss being recognised in the statement of income when an asset is newly originated.

**ALBILAD MSCI SAUDI GROWTH ETF**  
**(AN OPEN-ENDED EXCHANGE TRADED FUND MANAGED BY ALBILAD INVESTMENT COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
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**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.6.2 Classification and measurement of financial instruments**

The Fund classifies its equity instruments at FVSI and other financial assets at amortised cost. The classification requirements for equity and debt instruments are described below:

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's equity.

The Fund classifies its investments as held at FVSI. The Fund subsequently measures all equity investments at FVSI, except where the Fund Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income (FVOCI). The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of income when the Fund's right to receive dividend is established.

The subsequent unrealised revaluation gains / loss on investment held at FVSI is recognised in the statement of income. Currently the Fund's investments in shares is classified as FVSI.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

- The Fund's business model for managing the asset; and
- The cash flow characteristics of the asset.

**Business model:** The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVSI.

Factors considered by the Fund in determining the business model for a group of assets include:

- past experience on how the cash flows for these assets were collected;
- how the asset's performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- how managers are compensated.

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

Debt securities held for trading, if any, are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVSI.

**SPPP:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the "SPPP" test). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVSI.

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**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.6 Financial instruments (continued)**

**2.6.2 Classification and measurement of financial instruments (continued)**

Debt instruments (continued)

Based on the business model and cash flow characteristics, the debt financial assets can be classified as held at amortised cost, FVSI and FVOCI:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPPP), and that are not designated at FVSI, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 2.6.3. Profit earned if any from these financial assets is recognised in the statement of income using the effective commission rate method.

**Fair value through statement of income (FVSI):** If the debt instrument's cash flows do not represent solely SPPP or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated at FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI is recognised in the statement of income, within "Net gain / (loss) in investments mandatorily measured at FVSI", in the year in which it arises. A gain or loss from debt instruments that were designated at fair value or which are not held for trading are presented separately from debt investments that are mandatorily measured at fair value through profit or loss, within "Net gain / (loss) in investments at FVSI".

**Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVSI, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of income.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting year following the change. Such changes are expected to be very infrequent and none occurred during the year.

The Fund has classified its investments in equity at fair value through the statement of income (FVSI).

**2.6.3 Impairment of financial assets measured at amortised cost**

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt financial assets carried at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Under IFRS 9, loss allowances are measured on either of the following bases:

- (a) 12-month ECLs: these ECLs that result from possible default events within the 12 months after the reporting date; and
- (b) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

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**2. MATERIAL ACCOUNTING POLICIES (continued)**

**2.6 Financial instruments (continued)**

**2.6.4 De-recognition of financial instruments**

A financial asset is derecognised, when the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for de-recognition. In instances where the Fund is assessed to have transferred a financial asset, the asset is derecognised if the Fund has transferred substantially all the risks and rewards of ownership. Where the Fund has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognised only if the Fund has not retained control of the financial asset. The Fund recognises separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability is derecognised only when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expired.

**2.6.5 Financial liabilities**

All financial liabilities are initially recognised at fair value less transaction cost except for financial liabilities measured at FVSI where transaction cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income. The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVSI.

**2.7 Trade date accounting**

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

**2.8 Offsetting of financial instruments**

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 realise the asset and settle the liability simultaneously.

**2.9 Accruals and other liabilities**

Liabilities are recognised for amounts to be paid for goods or serviced received whether or not billed to the Fund. Accruals and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

**2.10 Equity attributable to the Unitholders**

Equity attributable to Unitholders is equity and is made up of units issued and retained earnings.

**(a) Redeemable Units**

The Fund classifies its redeemable units as an equity instrument if the redeemable units have all of the following features:

- It entitles the holder to a pro rata share of the Fund's equity in the event of the Fund's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata shares of the Fund's equity.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the statement of income, the change in the recognised equity or the change in the fair value of the recognised and unrecognised equity of the Fund over the life of the instrument.

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**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.10 Equity attributable to the Unitholders (continued)**

**(a) Redeemable Units (continued)**

In addition - in order to classify instruments as equity - 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 equity or the change in the fair value of the recognised and unrecognised equity of the Fund.
- The effect of substantially restricting or fixing the residual return to the instrument holders.

The Fund's redeemable participating units meet the definition of puttable instruments classified as equity instruments under IAS 32.16 A-B and accordingly, are classified as equity instruments.

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have any of the features or meet all the conditions set out in paragraphs 16A and 16B of IAS 32, 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 equity attributable to Unitholders. If the redeemable units subsequently have all the features and meet the conditions set out in paragraphs 16A and 16B of IAS 32, 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 subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.

The Fund's distributions, if any, are classified as dividends paid in the statement of changes in equity attributable to the Unitholders.

**(b) Trading in the units**

Units of the Fund are available for purchasing only in the Kingdom of Saudi Arabia at Tadawul by natural and corporate persons. The equity value of the Fund is determined on every day from Sunday to Thursday ("Valuation Days") by dividing the net value of assets (fair value of total assets minus liabilities) by the total number of outstanding units on the relevant Valuation Day.

**2.11 Taxation**

Taxation is the obligation of the Unitholders and therefore, no provision for such liability is made in these financial statements.

**2.12 Zakat**

Zakat is the obligation of the Unitholders and therefore, no provision for such liability is made in these financial statements.

**2.13 Income recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured, regardless of when payment is being made. Income is measured at the fair value of the consideration received, excluding discounts, taxes and rebates.

Net gains/(losses) on investments are presented on a net basis in the statement of income and comprise both realised and unrealised components.

Realised gains and losses are recognised on derecognition of an investment and are determined as the difference between the disposal proceeds and the weighted average (actual) cost of the investment, in accordance with the Fund's cost determination methodology, as at the date of disposal.

Unrealised gains and losses represent changes in the fair value of investments measured at fair value through statement of income ("FVSI") and are calculated as the difference between the fair value of the investments at the reporting date and their carrying amount at the beginning of the period or at initial recognition, as applicable.

Dividend income is recognised in the statement of income when the Fund's right to receive payment is established (generally on the ex dividend date). Dividend income is recorded on a gross basis, with any withholding tax deducted at source recognised as an expense in the period in which the related dividend income is recognised.

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**2 MATERIAL ACCOUNTING POLICIES (continued)**

**2.13 Income recognition (continued)**

In accordance with the Shariah Board's resolutions, income prohibited by Shariah received by the Fund is excluded from the determination of income and is recorded as other liabilities in the statement of financial position. Such amount is determined based on the information available to the Fund Manager on the nature of earnings of investees upon the preparation of these financial statements. Income prohibited by Shariah is paid to charities on a quarterly basis.

**2.14 Management fee**

Management fee is calculated at rate mentioned in Terms and Conditions of the Fund and is payable quarterly in arrears.

**2.15 Other expenses**

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

**2.16 Equity value per unit**

The Equity value per unit as disclosed in the statement of financial position is calculated by dividing the equity of the Fund by the number of units outstanding at year end.

**2.17 Related Party transactions**

Related parties are defined as persons or entities that are related to the Fund in accordance with IAS 24 Related Party Disclosures. A related party is a person or entity that has control, joint control or significant influence over the Fund, or is a member of its key management personnel, or an entity that is controlled, jointly controlled or significantly influenced by such a person or entity.

For the purposes of these financial statements, related parties of the Fund include: the Fund Manager, Albilad Investment Company, in its capacity as provider of key management and administrative services to the Fund members of the Fund Board, as key management personnel of the Fund; Bank Albilad, being the parent company of the Fund Manager and the Fund's banker; and other entities within the Bank Albilad group to the extent that the Fund enters into transactions with them (for example, bank balances, Murabaha placements or investments in sukuk issued by Bank Albilad or its subsidiaries).

Other investment funds managed by the Fund Manager are regarded as related parties only where:

- the Fund holds an interest in such fund that gives it control or significant influence (typically where the Fund's holding represents 20% or more of the units or otherwise confers significant influence); or
- the Fund and such other fund are controlled, jointly controlled or significantly influenced by the same investor(s).

Service providers are not related parties under IAS 24 solely by virtue of providing services to the Fund. However, transactions and balances with such parties are disclosed as related party transactions if they meet the definition of a related party under IAS 24 (for example, where they are controlled by, or under common control with, a party that controls, jointly controls or has significant influence over the Fund).

**3 MANAGEMENT FEE AND OTHER CHARGES**

On each valuation day, the Fund Manager charges the Fund, a management fee at the rate of 0.55% per annum of the Fund's net assets value which includes custody fees 0.05% of the Fund's Net Asset Value of the listed and unlisted financial securities and Investment Fund Units and 0.03% of the Fund's Net Asset Value of the Money Markets, to be calculated on each Calendar Day and deducted on a monthly basis.

The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund such as audit and legal fees, and other similar charges.

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**4 CASH AND CASH EQUIVALENTS**

|                        | As at 31<br>December<br>2025 | As at 31<br>December<br>2024 |
|------------------------|------------------------------|------------------------------|
| Balance with custodian | 471                          | 260                          |

**5 INVESTMENT HELD AT FAIR VALUE THROUGH STATEMENT OF INCOME**

The Fund invests primarily in Saudi stocks that comply with the Shariah Supervisory Committee Standards and are listed in the Saudi Market. The sector-wise portfolio of investments held at FVSI is summarised as follows:

|                                    | As at 31<br>December<br>2025 | As at 31<br>December<br>2024 |
|------------------------------------|------------------------------|------------------------------|
| Consumer, non-cyclical             | 42,175                       | 1,861                        |
| Insurance                          | 36,370                       | 3,381                        |
| Real estate                        | 29,311                       | 1,055                        |
| Financial                          | 25,121                       | 955                          |
| Consumer, cyclical                 | 20,013                       | 852                          |
| Industrials                        | 16,271                       | 357                          |
| Health care                        | 16,124                       | 867                          |
| Communications                     | 16,106                       | 932                          |
| Transport & logistics              | 13,198                       | 1,200                        |
| Basic materials                    | 10,824                       | 801                          |
| Energy                             | 10,454                       | 1,598                        |
| Software & Services                | 9,516                        | -                            |
| Publishing                         | 7,938                        | 931                          |
| Commercial & Professional Services | 5,735                        | -                            |
| Food & beverages                   | 5,689                        | 477                          |
| Advertisement                      | 3,845                        | 546                          |
| Building materials                 | 2,897                        | 383                          |
| Infrastructure Construction        | 1,528                        | -                            |
| Steel producers                    | 1,340                        | 304                          |
| Education                          | -                            | 338                          |
|                                    | <b>274,455</b>               | <b>16,838</b>                |

The movement of investment held at FVSI during the year/period is as follows:

|                                                                            | As at 31<br>December<br>2025 | As at 31<br>December<br>2024 |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| Balance at the beginning of the year / period                              | 16,838                       | -                            |
| Purchase of investments                                                    | 322,395                      | 37,036                       |
| Sale of investments                                                        | (42,176)                     | (20,403)                     |
| Unrealised (loss) / gain on re-measurement of investment held at FVSI, net | (22,602)                     | 205                          |
| Balance at the end of the year / period                                    | <b>274,455</b>               | <b>16,838</b>                |

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**5 INVESTMENT HELD AT FAIR VALUE THROUGH STATEMENT OF INCOME** (continued)

5.1 Net (loss) / gains from investments held at fair value through statement of income ("FVSI")

|                                                                 | For the year ended 31 December 2025 | For the period from 31 January 2024 (date of commencement of operation) to 31 December 2024 |
|-----------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------|
| Realised (loss) / gain on sale of investments held at FVSI, net | (2,616)                             | 1,233                                                                                       |
| Unrealised (loss) / gain on investments held at FVSI, net       | (22,602)                            | 205                                                                                         |
|                                                                 | <b>(25,218)</b>                     | <b>1,438</b>                                                                                |

**6 RELATED PARTY TRANSACTIONS AND BALANCES**

**Transactions with related parties**

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are in accordance with the Terms and Conditions of the Fund. All the related party transactions are approved by the Fund Board.

Following table contains the details of transactions with related parties:

| Related party              | Nature of relationship    | Nature of transaction          | Note | For the year ended 31 December 2025 | For the period from 31 January 2024 (date of commencement of operation) to 31 December 2024 |
|----------------------------|---------------------------|--------------------------------|------|-------------------------------------|---------------------------------------------------------------------------------------------|
| Albilad Investment Company | The Fund Manager          | Management fee (as per note 3) |      | 165                                 | 50                                                                                          |
| Fund Board                 | Members of the Fund Board | Fund Board fee                 | 7    | 3                                   | 2                                                                                           |

**Balances with related parties**

Following table summarises the details of balances with related parties:

| Nature of Balance      | Related Party                                 | Note | As at 31 December 2025 | As at 31 December 2024 |
|------------------------|-----------------------------------------------|------|------------------------|------------------------|
| Accrued management fee | Albilad Investment Company – the Fund Manager |      | 89                     | 40                     |
| Fund Board fee payable | Members of the Fund Board                     |      | 3                      | 2                      |

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**7 OTHER EXPENSES**

|                |             | <b>For the year<br/>ended 31<br/>December 2025</b> | <b>For the period<br/>from 31 January<br/>2024<br/>(date of<br/>commencement<br/>of operation) to<br/>31 December<br/>2024</b> |
|----------------|-------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
|                | <b>Note</b> |                                                    |                                                                                                                                |
| Custodian fee  |             | <b>70</b>                                          | 45                                                                                                                             |
| Fund Board fee | 6           | <b>3</b>                                           | 2                                                                                                                              |
| Audit fees     |             | <b>55</b>                                          | 55                                                                                                                             |
| Other expenses |             | <b>151</b>                                         | 7                                                                                                                              |
|                |             | <b>279</b>                                         | 109                                                                                                                            |

**8 FINANCIAL RISK MANAGEMENT**

**8.1 Financial risk factors**

The objective of the Funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its Unitholders and to ensure reasonable safety to the Unitholders.

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

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

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

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

**(a) Market Risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, commission rate risk and price risk.

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 Tadawul.

**(i) Foreign currency risk**

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

All the Fund's transactions and balances are in Saudi Riyals and therefore the Fund is not exposed to foreign exchange risk.

**(ii) Commission rate risk**

Special commission rate risk arises from the possibility that changes in the market's special commission rates will affect future profitability or the fair value of financial instruments. The Fund is not subject to special commission rate risks, as it does not have any financial instruments that carry special commission.

**(iii) 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 has investment in equity which are classified as held at FVSI. The Fund Manager closely monitors

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**8 FINANCIAL RISK MANAGEMENT** (continued)

**8.1 Financial risk factors** (continued)

the price movement of its financial instruments listed at Saudi Exchange. The Fund manages the risk through diversification of its investment portfolio by investing in various industry sectors.

**(a) Market Risk** (continued)

(iii) Price risk (continued)

Industry concentration of the investment portfolio of the Fund, is disclosed in the table below:

| <b>Industry sector</b>             | <b>As at 31 December 2025</b>  |                     |
|------------------------------------|--------------------------------|---------------------|
|                                    | <b>% of total market value</b> | <b>Market value</b> |
| Consumer, non-cyclical             | 15.37%                         | 42,175              |
| Insurance                          | 13.26%                         | 36,370              |
| Real estate                        | 10.68%                         | 29,311              |
| Financial                          | 9.15%                          | 25,121              |
| Consumer, cyclical                 | 7.29%                          | 20,013              |
| Industrials                        | 5.93%                          | 16,271              |
| Health care                        | 5.87%                          | 16,124              |
| Communications                     | 5.86%                          | 16,106              |
| Transport & logistics              | 4.81%                          | 13,198              |
| Basic materials                    | 3.94%                          | 10,824              |
| Energy                             | 3.80%                          | 10,454              |
| Software & Services                | 3.47%                          | 9,516               |
| Publishing                         | 2.89%                          | 7,938               |
| Commercial & Professional Services | 2.09%                          | 5,735               |
| Food & beverages                   | 2.07%                          | 5,689               |
| Advertisement                      | 1.40%                          | 3,845               |
| Building materials                 | 1.06%                          | 2,897               |
| Infrastructure Construction        | 0.57%                          | 1,528               |
| Steel producers                    | 0.49%                          | 1,340               |
|                                    | <b>100.00%</b>                 | <b>274,455</b>      |

  

| <b>Industry sector</b> | <b>As at 31 December 2024</b>  |                     |
|------------------------|--------------------------------|---------------------|
|                        | <b>% of total market value</b> | <b>Market value</b> |
| Insurance              | 20.08%                         | 3,381               |
| Consumer, non-cyclical | 11.05%                         | 1,861               |
| Energy                 | 9.49%                          | 1,598               |
| Transport & logistics  | 7.13%                          | 1,200               |
| Real estate            | 6.27%                          | 1,055               |
| Financial              | 5.67%                          | 955                 |
| Communications         | 5.54%                          | 932                 |
| Publishing             | 5.54%                          | 931                 |
| Health care            | 5.15%                          | 867                 |
| Consumer, cyclical     | 5.06%                          | 852                 |
| Basic materials        | 4.76%                          | 801                 |
| Advertisement          | 3.24%                          | 546                 |
| Food & beverages       | 2.83%                          | 477                 |
| Building materials     | 2.27%                          | 383                 |
| Industrials            | 2.12%                          | 357                 |
| Education              | 2.01%                          | 338                 |
| Steel producers        | 1.80%                          | 304                 |
|                        | <b>100.00%</b>                 | <b>16,838</b>       |

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**8 FINANCIAL RISK MANAGEMENT** (continued)

**8.1 Financial risk factors** (continued)

**(a) Market Risk** (continued)

(iii) Price risk (continued)

The effect on the equity value (as a result of change in fair value of investments as at 31 December) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constant is as follows:

| <b>Industry sector</b>             | <b>As at 31 December 2025</b>                |                              |
|------------------------------------|----------------------------------------------|------------------------------|
|                                    | <b>Potential<br/>reasonable<br/>change %</b> | <b>Effect<br/>on<br/>NAV</b> |
| Consumer, non-cyclical             | +/-5                                         | 2,109                        |
| Insurance                          | +/-5                                         | 1,819                        |
| Real estate                        | +/-5                                         | 1,466                        |
| Financial                          | +/-5                                         | 1,256                        |
| Consumer, cyclical                 | +/-5                                         | 1,001                        |
| Industrials                        | +/-5                                         | 814                          |
| Health care                        | +/-5                                         | 806                          |
| Communications                     | +/-5                                         | 805                          |
| Transport & logistics              | +/-5                                         | 660                          |
| Basic materials                    | +/-5                                         | 541                          |
| Energy                             | +/-5                                         | 523                          |
| Software & Services                | +/-5                                         | 476                          |
| Publishing                         | +/-5                                         | 397                          |
| Commercial & Professional Services | +/-5                                         | 287                          |
| Food & beverages                   | +/-5                                         | 284                          |
| Advertisement                      | +/-5                                         | 192                          |
| Building materials                 | +/-5                                         | 145                          |
| Infrastructure Construction        | +/-5                                         | 75                           |
| Steel producers                    | +/-5                                         | 67                           |
|                                    |                                              | <b>13,723</b>                |

| <b>Industry sector</b> | <b>As at 31 December 2024</b>                |                              |
|------------------------|----------------------------------------------|------------------------------|
|                        | <b>Potential<br/>reasonable<br/>change %</b> | <b>Effect<br/>on<br/>NAV</b> |
| Insurance              | +/-5                                         | 169                          |
| Consumer, non-cyclical | +/-5                                         | 93                           |
| Energy                 | +/-5                                         | 80                           |
| Transport & logistics  | +/-5                                         | 60                           |
| Real estate            | +/-5                                         | 53                           |
| Financial              | +/-5                                         | 48                           |
| Communications         | +/-5                                         | 47                           |
| Publishing             | +/-5                                         | 47                           |
| Health care            | +/-5                                         | 43                           |
| Consumer, cyclical     | +/-5                                         | 43                           |
| Basic materials        | +/-5                                         | 40                           |
| Advertisement          | +/-5                                         | 27                           |
| Food & beverages       | +/-5                                         | 24                           |
| Building materials     | +/-5                                         | 19                           |
| Industrials            | +/-5                                         | 18                           |
| Education              | +/-5                                         | 17                           |
| Steel producers        | +/-5                                         | 14                           |
|                        |                                              | <b>842</b>                   |

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**8 FINANCIAL RISK MANAGEMENT** (continued)

**8.1 Financial risk factors** (continued)

**(b) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund is exposed to significant credit risk on the following:

|                           | <b>As at 31 December<br/>2025</b> | <b>As at 31 December<br/>2024</b> |
|---------------------------|-----------------------------------|-----------------------------------|
| Cash and cash equivalents | <b>471</b>                        | 260                               |
| <b>Total</b>              | <b>471</b>                        | 260                               |

Cash and cash equivalents are held with the financial institutions with investment grade credit rating, therefore the impact of expected credit losses on these balances is insignificant.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's Terms and Conditions provide for subscription and redemption of units on every Valuation Day and it is, therefore, exposed to the liquidity risk of meeting redemptions at any time. 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 settles its financial liabilities relating to accrued management fee and other expenses on quarterly basis.

The Fund Manager allows the redemption at the same business day after the request for redemption, if the day is not a business day then redemption will be executed on next business day.

The expected maturity of the assets and liabilities of the Fund is less than 12 months.

The Fund is not exposed to interest rate risk as it does not have any interest-bearing financial assets. Ultimate responsibility for liquidity risk management rests with the Fund Manager, which has established an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

| <b>At 31 December 2025</b>     | <b>Less than 7<br/>days</b> | <b>7 days to 1<br/>month</b> | <b>1-12<br/>months</b> | <b>More than 12<br/>months</b> | <b>Total</b> |
|--------------------------------|-----------------------------|------------------------------|------------------------|--------------------------------|--------------|
| <b>Financial assets</b>        |                             |                              |                        |                                |              |
| Cash and cash equivalents      | 471                         | -                            | -                      | -                              | 471          |
| Investments held at FVSI       | 274,455                     | -                            | -                      | -                              | 274,455      |
|                                | 274,926                     | -                            | -                      | -                              | 274,926      |
| <b>Financial liabilities</b>   |                             |                              |                        |                                |              |
| Accrued management fee         | 89                          | -                            | -                      | -                              | 89           |
| Accruals and other liabilities | 87                          | -                            | -                      | -                              | 87           |
|                                | 176                         | -                            | -                      | -                              | 176          |
| <b>Liquidity gap</b>           | 274,750                     | -                            | -                      | -                              | 274,750      |

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**8 FINANCIAL RISK MANAGEMENT** (continued)

**8.1 Financial risk factors** (continued)

**(c) Liquidity risk** (continued)

**Interest rate and liquidity risk management** (continued)

| <b>At 31 December 2024</b>   | <b>Less than 7 days</b> | <b>7 days to 1 month</b> | <b>1-12 months</b> | <b>More than 12 months</b> | <b>Total</b> |
|------------------------------|-------------------------|--------------------------|--------------------|----------------------------|--------------|
| <b>Financial assets</b>      |                         |                          |                    |                            |              |
| Cash and cash equivalents    | 260                     | -                        | -                  | -                          | 260          |
| Investments held at FVSI     | 16,838                  | -                        | -                  | -                          | 16,838       |
|                              | 17,098                  | -                        | -                  | -                          | 17,098       |
| <b>Financial liabilities</b> |                         |                          |                    |                            |              |
| Accrued management fee       | 40                      | -                        | -                  | -                          | 40           |
| Accrued expenses             | 2                       | -                        | -                  | -                          | 2            |
|                              | 42                      | -                        | -                  | -                          | 42           |
| <b>Liquidity gap</b>         | 17,056                  | -                        | -                  | -                          | 17,056       |

The table above presents the contractual maturities of recognised financial liabilities (primarily accrued fees and other payables). However, the principal liquidity risk faced by the Fund arises from its obligation to redeem units at the unitholders' option. Units are redeemable at Valuation Date and redemptions are funded primarily by cash and highly liquid investments. Accordingly, while the contractual maturity profile of accruals is short term and not significant in amount, the Fund's liquidity risk management focuses on maintaining adequate levels of cash and near-cash assets to meet potential redemptions.

**(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

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 Unitholders.

**8.2 Capital risk management**

The capital of the Fund is represented by the equity attributable to holders of redeemable units. The amount of equity 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 to monitor the level of subscriptions and redemptions relative to the assets it expects to be able to liquidate and adjust the amount of dividend distributions the Fund pays for redeemable units.

The Fund Board and the Fund Manager monitor capital on the basis of the value of equity attributable to redeemable Unitholders.

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**9 FAIR VALUE ESTIMATION**

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The estimated fair value of the Fund's financial assets and liabilities not carried at fair value, is not considered to be significantly different from their carrying values. The fair value of investments held at FVSI are based on quoted prices in active markets and are therefore classified within Level 1.

The following table analyses within the fair value hierarchy the Fund's financial assets and financial liabilities (by class) at 31 December 2025:

| As at 31 December 2025                                  | Carrying amount | Fair value     |          |            |                |
|---------------------------------------------------------|-----------------|----------------|----------|------------|----------------|
|                                                         |                 | Level 1        | Level 2  | Level 3    | Total          |
| <b>Financial asset not measured at fair value</b>       |                 |                |          |            |                |
| Cash and cash equivalents                               | 471             | -              | -        | 471        | 471            |
| <b>Financial asset measured at fair value</b>           |                 |                |          |            |                |
| Investments held at FVSI                                | 274,455         | 274,455        | -        | -          | 274,455        |
|                                                         | <b>274,926</b>  | <b>274,455</b> | <b>-</b> | <b>471</b> | <b>274,926</b> |
| <b>Financial liabilities not measured at fair value</b> |                 |                |          |            |                |
| Accrued management fee                                  | 89              | -              | -        | 89         | 89             |
| Accruals and other liabilities                          | 87              | -              | -        | 87         | 87             |
|                                                         | <b>176</b>      | <b>-</b>       | <b>-</b> | <b>176</b> | <b>176</b>     |

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) at 31 December 2024:

| As at 31 December 2024                                  | Carrying amount | Fair value    |          |            |               |
|---------------------------------------------------------|-----------------|---------------|----------|------------|---------------|
|                                                         |                 | Level 1       | Level 2  | Level 3    | Total         |
| <b>Financial asset not measured at fair value</b>       |                 |               |          |            |               |
| Cash and cash equivalents                               | 260             | -             | -        | 260        | 260           |
| <b>Financial asset measured at fair value</b>           |                 |               |          |            |               |
| Investments held at FVSI                                | 16,838          | 16,838        | -        | -          | 16,838        |
|                                                         | <b>17,098</b>   | <b>16,838</b> | <b>-</b> | <b>260</b> | <b>17,098</b> |
| <b>Financial liabilities not measured at fair value</b> |                 |               |          |            |               |
| Accrued management fee                                  | 40              | -             | -        | 40         | 40            |
| Accrued expenses                                        | 2               | -             | -        | 2          | 2             |
|                                                         | <b>42</b>       | <b>-</b>      | <b>-</b> | <b>42</b>  | <b>42</b>     |

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**10 FINANCIAL INSTRUMENTS BY CATEGORY**

All financial assets and financial liabilities for the year ended 31 December 2025 and period ended 31 December 2024 are classified under amortised cost category except for investment held at FVSI, which is classified and measured at fair value.

**11 SEGMENT REPORTING**

The Fund carries a portfolio of equity instruments of entities listed on Saudi Stock of Exchange. The Fund Manager periodically assesses the performance and allocates resources to the business as one unit and, as such, no separate operating segments were identified for financial reporting purposes. Consequently, segment reporting as required by IFRS 8 'Operating Segments' has not been disclosed.

**12 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at 31 December 2025 (2024: Nil).

**13 SUBSEQUENT EVENTS**

The Fund Manager has considered events occurring after the reporting date, including the ongoing geopolitical developments in the Middle East and any other relevant market or economic developments. Based on the information available to date, these events have not had a material impact on the Fund or on the fair value of its investments, nor has the Fund Manager identified any other subsequent events or transactions that would require adjustment to, or disclosure in, these financial statements. The Fund Manager continues to monitor the situation and its potential implications for the Fund as it evolves.

**14 LAST VALUATION DAY**

In accordance with the Terms and Conditions of the Fund, the last valuation day for the purposes of preparation of these financial statements was 31 December 2025 (2024: 31 December 2024).

**15 INFORMATIVE ZAKAT RETURN SUBMISSION**

Article 3 of Zakat Collection Rules for Investing in Investment Funds, stipulates that all investment funds approved to be established by the CMA after the effective date of the resolution (1 January 2023), must register with Zakat and Income Tax Authority (ZATCA) for Zakat purposes before the end of the first fiscal year from the date of the approval on their establishment and submit an informative zakat return within 120 days of fiscal year end. The Fund received its registration certificate no.102220005267670 from ZATCA on 20 December 2023.

The responsibility of paying zakat on investment in the Fund's units remains with the Unitholders and the Fund does not have the zakat obligation.

**16 APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved and authorised for issue by the Fund Board on 26<sup>th</sup> of March 2026.