

Annual Report

SAB Invest Multi-Assets Balanced Fund

2023

\* All reports are available upon request free of charge.

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## (a) Fund Information

### 1- Fund Name

SAB Invest Multi-Assets Balanced Fund

### 2- Investment Objectives and Policies

The Fund is an open multi-assets growth holding fund that mainly aims at achieving balance between maintaining capital and achieving growth over the long term by investing in stock exchanges by 55% as a maximum of the Fund assets through distribution of its assets at different rates in investment funds that invest in the shares of companies listed in local, regional and international markets and in cash and debt markets.

### 3- Income & Gains Distribution Policy

No income shall be distributed, but rather the investment income and gains shall be added to the fund's assets so that the income and gains shall be reinvested and reflected on the unit price.

### 4- Description of the Fund's Benchmark

The fund's performance is measured against the performance of SAB Invest Saudi Multi-Assets Balanced Fund Index.

## (b) Fund Performance

- Fund Performance During the Past Three Years (SAR)

	2021	2022	2023
Net Asset Value at the end of the year	599,398,724	578,049,975	788,634,941
Net Asset Value per Unit at the end of the year	23.0238	23.2022	28.6576
Highest Net Asset Value per Unit	23.2021	25.2894	28.6576
Lowest Net Asset Value per Unit	13.7077	23.0897	23.2354
Number of Issued Units at the end of the Year	26,033,912	24,913,622	27,519,213
Value of Distributed Dividends per unit (if any)	-	-	-
Expense Ratio	0.52%	0.52%	0.56%
Percentage of Assets Borrowed from the Asset Value, Exposure Period and Maturity Date	-	-	-

- **Fund Returns**

	One Year	Three Years	Five Years	Since Inception
Fund Returns	23.51%	13.02%	11.77%	5.69%
Benchmark Returns	13.79%	7.29%	8.81%	N/A

  

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund Returns	5.10%	-5.80%	1.26%	6.51%	1.98%	11.64%	8.23%	15.98%	0.77%	23.51%

- **Fees and Expenses**

Type of Expenses or Commission (Including VAT, if any)	Value in SAR	Percentage according to Fund Asset Average
Fund Management Fees	3,248,505	0.52%
Administrator fees	188,878	0.03%
Custodian fees	32,242	0.0051%
Auditor's Fees	17,354	0.0028%
Independent Board Members' Remuneration	6,987	0.0011%
CMA Fees	3,144	0.0005%
Tadawul Fees	2,410	0.0004%
Borrowing Fees	-	-
Refund of Expected Credit Losses Provision	-	-
Other Expenses	27,341	0.0043%

### 3- Material changes that affected the Fund performance

There were no material changes affecting Fund's performance during the year 2023.

### 4- Annual Voting Practices

None

### 5- Fund Board of Directors' Annual Report

#### (A) Names and Types of Membership of the Board Members:

- Hamad Ibrahim Al-Washmi, Chairman of the Board of Directors, (a non-independent Board member);
- Tariq Saad Abdul Aziz Al-Tuwaijri, (an independent Board member);
- Ali Saleh Al-Othaim, (an independent Board member)\*;
- Abdulrahman Al-Mudaimigh, (an independent Board member); and

- Rehab Saleh Al-Khudair, (a non-independent Board member)\*\*.

\* Member of the Board of Directors, Ali Saleh Ali Al-Othaim - an independent member, was removed as of 01/05/1445 AH, corresponding to 07/23/2023 AD.

\*\* Member of the Board of Directors, Rehab Saleh Al-Khudair - a non-independent member, resigned as of 02/15/1445 AH, corresponding to 08/31/2023 AD.

Names of Members of the Fund's Board of Directors	Experience and qualifications	Current position
<p><b>Hamad Ibrahim Al-Washmi (Chairman of the Board of Directors – Non-Independent Member)</b></p>	<ul style="list-style-type: none"> <li>- Chief Risk and Compliance Officer, HSBC Saudi Arabia (2021)</li> <li>- Member of Audit Committee, Najm Insurance Co. (2020)</li> <li>- Head of Compliance, HSBC Saudi Arabia (2018)</li> <li>- Head of Customer Experience, SABB Customer Experience Department, SABB Bank (2016)</li> <li>- International Assignment with the Global Compliance Department, HSBC Holdings PLC, London, United Kingdom (2016)</li> <li>- Head of RBWM Compliance, Compliance Department, SABB (2014)</li> <li>- Senior Manager, Business Performance &amp; Planning – Retail Banking &amp; Wealth Management, SABB (2010)</li> <li>- Manager Business Performance &amp; Planning, SABB (2009)</li> <li>- Relationship Manager – Large Corporate and Government Entities, Arab National Bank (2003)</li> <li>- Consumer Loans Credit Officer, Arab National Bank (2002)</li> <li>- Recommendation &amp; Call Verification Units Supervisor, Arab National Bank (2002)</li> <li>- Package Account Unit Supervisor, Arab National Bank (2002)</li> <li>- Showroom Manager, Jarir Bookshop (2000)</li> <li>- MBA, University of San Diego, School of Business Administration, San Diego (2009)</li> <li>- Bachelor of Science in Business Administration (2000)</li> </ul>	<p>Chief Compliance Officer, Al Rajhi Bank (2023)</p>
<p><b>Rehab Alkhudair (Non-Independent Member)</b></p>	<ul style="list-style-type: none"> <li>- Chief Operating Officer Asset Management in HSBC Saudi Arabia (2020)</li> <li>- Senior Investment Performance Analysis Manager– Asset Management Department, HSBC Saudi Arabia (2019)</li> <li>- Performance Analyst – Asset Management Department, HSBC Saudi Arabia (2016)</li> <li>- Assistant Performance Analyst – Asset Management Department, HSBC Saudi Arabia (2014)</li> <li>- Assistant Manager, Regulatory Compliance, HSBC Saudi Arabia (2014)</li> <li>- Assistant Financial Analyst - Treasury &amp; Investments, Riyad Bank (2012)</li> </ul>	<p>Chief Operating Officer Asset Management, SAB Invest (2022)</p>

	<ul style="list-style-type: none"> <li>- Master Degree in Finance Management, Durham University, United Kingdom (2013)</li> <li>- BBA, Finance (with honors degree), Al Yamamah University, Saudi Arabia (2010)</li> </ul>	
<b>Tariq Saad Abdul-Aziz Al-Tuwaijri (Independent Member)</b>	<ul style="list-style-type: none"> <li>- Director of Equity Investments at Nessel Holding Company (2010)</li> <li>- Deputy General Executive President of Mediation at Wasatah Capital Company (2008)</li> <li>- Senior Mediator at Al Jazeera Capital (2004)</li> <li>- Relations Director - Banking Services of Samba Financial Group (1998)</li> <li>- Bachelor of Business Administration from the Open Arabian University (2015)</li> <li>- General Institute of Technical Education and Vocational Training, Diploma of Business Administration (2010)</li> </ul>	<p>Head of the Nomination and Compensation Committee, Non-Independent Member of the Board of Directors of Thoub Al Asil Company and Member of the Saudi Economics Association (2018)</p>
<b>Ali Saleh Ali Al-Othaim (Independent Member)</b>	<ul style="list-style-type: none"> <li>- Member of the Board Directors of Al Khair Capital (2012)</li> <li>- Member of the Board of Directors of the Chamber of Commerce and Industry, Riyadh (2003)</li> <li>- Member of the Board of Directors of Al Othaim Commercial Group (1998)</li> <li>- Deputy President of Al Othaim Jewelry (formerly) (1994)</li> <li>- Bachelor of Business Administration, Major: Financial Management, King Saud University (1998)</li> </ul>	<p>Businessman</p>
<b>Abdulrahman Ibrahim Al-Mudaimigh (Independent Member)</b>	<ul style="list-style-type: none"> <li>- Board member of National Building and Marketing Company (2019)</li> <li>- Chairman of Future Ceramics (2019)</li> <li>- Board member of National Gypsum Company (2019)</li> <li>- Board member of Impact Capital Company (2019)</li> <li>- Board member of FIPCO (2019)</li> <li>- Board member of AL Maather REIT Fund (2017)</li> <li>- CEO of Watar Partners for Business Trading Company (2017)</li> <li>- Acting CEO of Bawan Company (2016)</li> <li>- Deputy President of Business Development for Bawan Company (2011)</li> <li>- Founding partner, General Manager of Bina Holding Company (2007)</li> <li>- Senior credit analyst for the Industrial Development Fund (2004)</li> <li>- MBA from London Business School (2018)</li> <li>- Bachelor degree in Financial Management from Prince Sultan University (2004)</li> </ul>	<p>Executive partner of Watar Partners for Business Trading Company (2017)</p>

## **(b) Roles and Responsibilities of the Fund Board of Directors**

Responsibilities of the Fund Board Members include without limitation:

- Approving all contracts, decisions and material reports to which the Fund is a party.
- Approving a written policy with regard to the voting rights in respect of Fund assets.
- Supervising and, where appropriate, approving any conflict of interest disclosed by the Fund Manager pursuant to Article (13) of the IFR.
- Holding, twice a year at least, a meeting with the Conformity and Compliance Committee at the Fund Manager, or the officer in charge of Conformity and Compliance at the Fund Manager, in order to review compliance by the Fund with all relevant laws and regulations.
- Recognizing any recommendation raised by the liquidator, in case a liquidator is appointed.
- Ensuring completion and accuracy of the Fund Terms and Conditions and any other document involving disclosures in connection with the Fund and the Fund Manager as well as its management of the Fund and the amended Investment Funds Regulations.
- Ensuring that the Fund Manager is fulfilling its responsibilities in a way realizing the interests of the Unitholders pursuant to the Fund Terms and Conditions, and the amended provisions of the Investment Funds Regulations.
- Working honestly, in good faith, and exerting diligence, skill and care, and in a way realizing the interests of the Unitholders.
- Recording the minutes of meetings showing all the occurrences affecting the meetings and decisions taken by the Board.
- Approving delegating the powers and authorities of the Fund Manager to other financial institutions in order to function as adviser, sub-manager, custodian, agent or mediator after having obtained the approval by CMA.
- Approving the appointment of the Auditor.
- Approving the services authorized by the Manager in respect of keeping the books, subscription, redemption, sale and purchase and financial transfers, confirmation and information affecting the investments in response to the subscribers' inquiries. Assuming the tasks of follow-up and control of the Fund's performance, and ensuring that the Fund Manager carries out its responsibilities in a way realizing the interests of the Unitholders, pursuant to the Terms and Conditions of the Fund, the Information Memorandum, the relevant documentation and the provisions of the Investment Fund Regulations.

## **(D) Particulars of the Fund Board Members' Remuneration**

Remuneration of the Board independent members shall be paid by the Fund Manager.

The Fund will not pay any expenses of the Fund Board of Directors.

## **(E) Statement of any real or potential conflict of interest between the interests of a Fund board member and those of the Fund:**

There is no real or potential conflict between the interest of any Board member and the interests of the Fund.

(F) All Fund Boards of Directors in which the relevant Board Member participates:

<b>Fund Name</b>	<b>Hamad Al-Washmi</b>	<b>Rehab Al-Khudair</b>	<b>Tariq Al-Tuwajri</b>	<b>Ali Saleh Al-Othaim</b>	<b>Abdulrahman Al-Mudaimigh</b>
SAB Invest Saudi Riyal Murabaha Fund	√	√	√	√	√
SAB Invest US Dollar Murabaha Fund	√	√	√	√	√
SAB Invest Saudi Equity Fund	√	√	√	√	√
SAB Invest Saudi Equity Income Fund	√	√	√	√	√
SAB Invest Saudi Financial Institutions Equity Fund	√	√	√	√	√
SAB Invest Saudi Companies Equity Fund	√	√	√	√	√
SAB Invest Saudi Industrial Companies Equity Fund	√	√	√	√	√
SAB Invest Saudi Construction and Cement Equity Fund	√	√	√	√	√
SAB Invest Global Equity Index Fund	√	√	√	√	√
SAB Invest GCC Equity Fund	√	√	√	√	√
SAB Invest China and India Equity Freestyle Fund	√	√	√	√	√
SAB Invest Multi-Assets Defensive Fund	√	√	√	√	√
SAB Invest Multi-Assets Balanced Fund	√	√	√	√	√
SAB Invest Multi-Assets Growth Fund	√	√	√	√	√
SAB Invest Saudi Freestyle Equity Fund	√	√	√	√	√



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

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

**C) Fund Manager**

SAB Invest Saudi Arabia

**1- Address**

Head Office, Olaya Street  
Riyadh 11431-1467,  
Kingdom of Saudi Arabia,  
Unified Number: +966114163133  
Fax: +966 112169102  
Website: [www.sabinvest.com](http://www.sabinvest.com)

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

Not Applicable

**3- Investment activities during the period**

During the year 2023, the SAB Invest Multi[1]Assets Balanced Fund primarily had exposure to SAB Invest SAR Murabaha Fund, SAB Invest Enhanced Murabaha Fund and SAB Invest Sukuk Fund; whereas, in Equity Mutual Funds space the Fund primarily had exposure to SAB Invest Global Equity Index Fund, SAB Invest Saudi Companies Equity Fund, HSBC Emerging Market ETF, iShares MSCI US Islamic ETF, SAB

Invest GCC Equity Fund. The fund initiated a position in Gold ETF during the year. The fund exited from SNB Emerging Markets Index fund during the year.

**4- Report on the fund performance during the period**

All the underlying Mutual funds held by the Fund, at the end of year, posted positive returns during the year of 2023. With respect to the underlying Mutual Funds held by the Fund at the end of the year, the top three Mutual Funds in terms of 2023 performance were SAB Invest Saudi Companies Equity Fund, SAB Invest GCC Equity Fund and SAB Invest Global Equity Index Fund with their respective performances being 49.33%, 46.25% and 32.07%. During 2023, the SAB Invest Multi-Assets Balanced Fund recorded a return of 23.51%, as opposed to benchmark gain of 13.79%

**5- Any changes made to the terms and conditions of the fund during the period**

Changes Details	Effective Date
Apply the new brand and new identity of the SAB Invest	4-Apr-23
Redrafting some of the T&C article	1-Aug-23
Amendment to the fee and expense of the Fund	
Adding the tasks assigned by the fund operator to the sub-fund operator assigned to the fund	
Amendment to the Shariah Board of the Fund	
Add the fund' tax advisor information	
Adding GCC IPOs to investable universe	

**6- Any additional information that may enable unit holders to make informed decisions that are based on sufficient information about the fund activities during the period**

None

**7- Percentage of management fees calculated on the fund itself and other funds that the fund is investing in (if the fund is substantially investing in other investment funds)**

<b>Funds</b>	<b>Fees</b>
SAB Invest Saudi Companies Equity Fund	1.70%
SAB Invest Saudi Riyal Murabaha Fund	0.70%
SAB Invest Global Equity Index Fund	1.55%
SAB Invest Sukuk Fund	0.75%
SAB Invest GCC Equity Fund	2.30%
SAB Invest Enhanced Murabaha Fund	0.50%
HSBC MSCI Emerging Markets Islamic ESG UCITS ETF	0.35%
Invesco Physical Gold ETC	0.12%
iShares MSCI USA Islamic UCITS ETF	0.35%

**8- Any special commissions received by fund manager during the period (if any)**

Not Applicable

**9- Any other data or information that shall be included in this report according to investment fund regulations**

None

**10- Management term of the person recorded as the fund manager**

Ten Years

**11- Expense ratio of each underlying fund at the end of the year and weighted average expense ratio of all underlying funds**

<b>Underlying Fund Name</b>	<b>Expense Ratio</b>
SAB Invest Saudi Companies Equity Fund	2.06%
SAB Invest Saudi Riyal Murabaha Fund	0.48%
SAB Invest Global Equity Index Fund	1.89%
SAB Invest Sukuk Fund	0.91%
SAB Invest GCC Equity Fund	2.77%
SAB Invest Enhanced Murabaha Fund	0.50%
HSBC MSCI Emerging Markets Islamic ESG UCITS ETF	0.35%
Invesco Physical Gold ETC	0.12%
iShares MSCI USA Islamic UCITS ETF	0.30%

Simple Average Expense Ratio of all underlying funds is 1.28%

## **(D) Custodian**

### **1- Address**

Albilad Capital Company  
Albilad Capital, Head Office  
King Fahd Road, P.O. Box: 140, Riyadh 11411,  
Kingdom of Saudi Arabia  
Uniform No. 920003636  
Fax: +966112906299  
Website: [www.albilad-capital.com](http://www.albilad-capital.com)

### **(2) Concise Description of the Custodian's main roles and responsibilities**

- Take custody of the assets of the Investment Fund;
- Open a separate account under its name with a local bank in favor of the Fund;
- Segregate the Fund's assets and register Fund securities under its name for the benefit of the Investment Fund;
- Maintain all necessary documents to support the performance of its contractual responsibilities towards the Fund.
- Deposit all cash belonging to the Fund into the relevant bank account; and
- Manage the Fund cash i.e. deduct the investment amounts and Fund expenses in accordance with the Fund's Terms and Conditions and the Information Memorandum.
- The Custodian shall be liable to the Fund Manager and Unitholders for its obligations pertaining to any losses caused to the Investment Fund due to the Custodian fraud, negligence, willful misconduct or default.
- The Custodian shall be liable for taking custody of, and protecting the Fund's assets on behalf of Unitholders.
- The Custodian shall be liable for taking all necessary administrative measures in relation to the custody of the Fund's assets.

## **(E) Fund Operator**

### **1- Address**

SAB Invest  
Head Office, Olaya Street  
Riyadh 11431-1467,  
Kingdom of Saudi Arabia,  
Unified Number: +966114163133  
Fax: +966 112169102  
Website: [www.sabinvest.com](http://www.sabinvest.com)

### **(2) Concise Description of the Fund Operator main roles and responsibilities**

- The Fund Operator shall be responsible for operating the Fund; the Fund Operator shall:
- Keep the books and records related to the Fund operation;
- Prepare and update the unit subscribers record and maintain it in the Kingdom according to the Investment Fund Regulations;

- Be liable for the distribution of dividends, if any, according to the distribution policy provided for under the Terms and Conditions;
- Conclude the subscription and redemption procedures provided for under these Terms and Conditions; and
- Fully and fairly evaluate the Fund assets and calculate the Fund unit price.

**(F) Auditor**

Ernst & Young & Co.  
Olaya Street, 14th Floor, Al Faisaliah Office Tower, Riyadh,  
P.O. Box 12212,  
Kingdom of Saudi Arabia  
Telephone: + 9662159898

**(G) Financial Statements**

Attached

**SAB Invest Multi-Assets Balanced Fund**  
**(Managed by SAB Invest)**

**FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITOR'S REPORT**

**31 DECEMBER 2023**



**ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)**  
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## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SAB INVEST MULTI-ASSETS BALANCED FUND (MANAGED BY SAB INVEST)**

### **Opinion**

We have audited the financial statements of SAB Invest Multi-Assets Balanced Fund (the "Fund") managed by SAB Invest (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity attributable to the unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, 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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

### **Basis for Opinion**

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

### **Other Information included in the Fund's 2023 Annual Report**

The Fund manager is responsible for the other information in the Fund's annual report. Other information consists of the information included in the Fund's 2023 annual report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund's terms and conditions and the Information Memorandum, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF SAB INVEST MULTI-ASSETS BALANCED FUND  
(MANAGED BY SAB INVEST) (continued)**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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





**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF SAB INVEST MULTI-ASSETS BALANCED FUND  
(MANAGED BY SAB INVEST) (continued)**

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

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

for Ernst & Young Professional Services



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

Riyadh: 18 Ramadan 1445H  
(28 March 2024)

# SAB INVEST MULTI-ASSETS BALANCED FUND

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
<b>ASSETS</b>			
Cash and cash equivalents		<b>12,905,158</b>	23,221,828
Financial assets at fair value through profit or loss (FVTPL)	5	<b>776,278,126</b>	541,118,937
Financial assets at fair value through other comprehensive income (FVOCI)	6	-	7,111,876
Dividend receivable		<b>727,479</b>	497,956
Receivable from sold securities		-	10,783,905
<b>TOTAL ASSETS</b>		<b>789,910,763</b>	582,734,502
<b>LIABILITIES</b>			
Management fee payable	7	<b>246,202</b>	334,133
Accrued expenses		<b>117,667</b>	-
Redemption payable		<b>911,952</b>	4,350,393
<b>TOTAL LIABILITIES</b>		<b>1,275,821</b>	4,684,526
<b>EQUITY</b>			
Net assets attributable to unitholders of redeemable units		<b>788,634,942</b>	578,049,976
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>789,910,763</b>	582,734,502
Redeemable units in issue		<b>27,519,214</b>	24,913,622
Net asset value attributable to each per unit		<b>28.66</b>	23.20

The accompanying notes 1 to 13 form an integral part of these financial statements.

# SAB INVEST MULTI-ASSETS BALANCED FUND

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Note</i>	<b>2023</b> <b>SR</b>	<b>2022</b> <b>SR</b>
<b>INCOME</b>			
Net movement in unrealised gain/(loss) on financial assets at FVTPL		<b>102,313,885</b>	(42,261,031)
Net realised gain on disposal of financial assets at FVTPL		<b>39,411,802</b>	46,310,018
Net realised loss on disposal of financial assets at FVOCI		<b>(139,901)</b>	-
Dividend income		<b>2,279,837</b>	2,176,542
Special commission income from financial assets at FVOCI		<b>111,664</b>	393,505
Net exchange (loss) gain		<b>(26,389)</b>	(7,926)
Other income		<b>10,385</b>	-
<b>TOTAL INCOME</b>		<b>143,961,283</b>	6,611,108
<b>EXPENSES</b>			
Management fees	7	<b>3,248,505</b>	3,236,739
Other expenses		<b>278,356</b>	9,926
Impairment charge for expected credit losses	6	<b>(53,731)</b>	(21,012)
<b>TOTAL EXPENSES</b>		<b>3,473,130</b>	3,225,653
<b>NET INCOME FOR THE YEAR</b>		<b>140,488,153</b>	3,385,455
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent years:</i>			
Net movement in unrealised (loss) gain on financial assets at FVOCI		<b>172,300</b>	(292,496)
Movement in allowance for expected credit losses on investments at FVOCI – debt instrument	6	<b>(53,731)</b>	(21,012)
		<b>118,569</b>	(313,508)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>140,606,722</b>	3,071,947

The accompanying notes 1 to 13 form an integral part of these financial statements.

# SAB INVEST MULTI-ASSETS BALANCED FUND

## STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO UNIHOLDERS

For the year ended 31 December 2023

	<i>2023</i> <i>SR</i>	<i>2022</i> <i>SR</i>
<b>EQUITY AT THE BEGINNING OF THE YEAR</b>	<b>578,049,976</b>	599,398,724
Net income for the year	<b>140,488,153</b>	3,385,455
Net movement in unrealised gain on investments at FVOCI – debt instrument	<b>172,300</b>	(292,496)
Movement in fair value / allowance for expected credit losses on investments at FVOCI – debt instrument	<b>(53,731)</b>	(21,012)
Total comprehensive income for the year	<b>140,606,722</b>	3,071,947
Issue of units during the year	<b>197,326,808</b>	157,655,743
Redemption of units during the year	<b>(127,348,564)</b>	(182,076,438)
Net changes from unit transactions	<b>69,978,244</b>	(24,420,695)
<b>EQUITY AT THE END OF THE YEAR</b>	<b>788,634,942</b>	578,049,976
	<i>Units</i>	<i>Units</i>
<b>REDEEMABLE UNIT TRANSACTIONS</b>		
Transactions in redeemable units during the year are summarised as follows:		
<b>UNITS AT THE BEGINNING OF THE YEAR</b>	<b>24,913,622</b>	26,033,912
Issue of units during the year	<b>7,646,470</b>	6,523,396
Redemption of units during the year	<b>(5,040,878)</b>	(7,643,686)
Net changes in units	<b>2,605,592</b>	(1,120,290)
<b>UNITS AT THE END OF THE YEAR</b>	<b>27,519,214</b>	24,913,622

The accompanying notes 1 to 13 form an integral part of these financial statements.

# SAB INVEST MULTI-ASSETS BALANCED FUND

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 SR	2022 SR
<b>OPERATING ACTIVITIES</b>		
Net income for the year	<b>140,488,153</b>	3,385,455
<i>Adjustments to reconcile net income to net cash flows from operating activities:</i>		
Net movement in unrealised (loss) / gain on financial assets at FVTPL	<b>(102,313,885)</b>	42,261,031
Impairment charge for expected credit losses	<b>(53,731)</b>	(21,012)
Dividend income	<b>(2,279,837)</b>	(2,176,542)
	<b>35,840,700</b>	43,448,932
<i>Working capital changes:</i>		
Financial assets at FVTPL	<b>(132,845,304)</b>	5,199,482
Financial assets at FVOCI	<b>7,284,176</b>	-
Receivable from sold securities	<b>10,783,905</b>	(9,574,660)
Accrued expenses	<b>117,667</b>	-
Management fee payable	<b>(87,931)</b>	300,179
Cash flows generated (used in) / from operating activities	<b>(78,906,787)</b>	39,373,933
Dividends received	<b>2,050,314</b>	2,105,406
Net cash flows (used in) / from operating activities	<b>(76,856,473)</b>	41,479,339
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	<b>197,326,808</b>	157,655,743
Payment on redemption of units	<b>(130,787,005)</b>	(188,661,292)
Net cash flows from / (used in) financing activities	<b>66,539,803</b>	(31,005,549)
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>(10,316,670)</b>	10,473,790
Cash and cash equivalents at the beginning of the year	<b>23,221,828</b>	12,748,038
<b>Cash and cash equivalents at the end of the year</b>	<b>12,905,158</b>	23,221,828
<b><u>Operational cash flows from special commission income:</u></b>		
Special commission income received	<b>148,785</b>	393,505

The accompanying notes 1 to 13 form an integral part of these financial statements.

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 1. INCORPORATION AND ACTIVITIES

SAB Invest Multi-Assets Balanced Fund (the “Fund”) is an open-ended investment fund created by an agreement between SAB Invest (the “Fund Manager”) and investors (the “Unitholders”) in the Fund. The address of the Fund Manager is as follows:

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

The objective of the Fund is to seek long term appreciation, through investing in diversified Shariah-compliant investment funds.

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

The Fund is managed by the Fund Manager. Albilad Capital is the custodian of the Fund. The fund pays semi-annual dividends according to the terms and conditions.

### 2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the “CMA”) on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further Amended by Resolution of the Board of the Capital Market Authority Number 2-22-2021 Dated 12 Rajab 1442H. Corresponding to 24 February 2021G (the “Amended Regulations”). The amended regulations are effective from 19 Ramadan 1442, corresponding to 1 May 2021).

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

#### 3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in the KSA”) and the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund’s terms and conditions and the Information Memorandum.

#### 3.2 Basis of preparation

These financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for financial assets at FVTPL that are measured at fair value. These financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Fund’s functional currency. All financial information presented has been rounded to the nearest SR.

#### 3.3 Material accounting policies

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

##### *Cash and cash equivalents*

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

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

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

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

#### 3.3 Material accounting policies (continued)

##### *Financial instruments*

##### *(i) Classification*

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

##### Financial assets at amortised cost

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

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

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

##### Financial assets at FVOCI

##### Debt Instruments

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

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

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

##### Equity instruments

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

##### Financial assets at FVTPL

All other financial assets are classified as measured at FVTPL.

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

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

##### *(ii) Business model assessment*

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

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

#### 3.3 Material accounting policies (continued)

##### *Financial instruments (continued)*

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

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

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

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

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

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

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

##### *(iv) Classification of financial liabilities*

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

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

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



# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

#### 3.3 Material accounting policies (continued)

##### *Financial instruments (continued)*

##### *(v) Derecognition of financial instruments*

###### Financial assets

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

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

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

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

###### Financial liabilities

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

##### *(vi) Offsetting of financial instruments*

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

##### *(vii) Impairment of financial assets*

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

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

##### *Fair value measurement*

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

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

#### 3.3 Material accounting policies (continued)

##### *Financial instruments (continued)*

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

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

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

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

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

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

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

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

##### *Trade date accounting*

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

##### *Provisions*

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

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

##### *Accrued expenses*

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

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

#### 3.3 Material accounting policies (continued)

##### *Redeemable units*

Redeemable units are classified as equity instruments when:

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

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

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

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

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

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

##### *Net assets value per unit*

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

##### *Management fees*

Fund management fees are recognised on an accrual basis and charged to the statement of comprehensive income. Fund management fees are charged at agreed rates with the Fund Manager and as stated in the Terms and Conditions of the Fund.

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

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities classified or designated upon initial recognition as at FVTPL and exclude commission and dividend income and expenses.

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

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

#### 3.3 Material accounting policies (continued)

##### *Dividend income*

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

##### *Foreign currencies*

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

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses.

##### *Expenses*

Expenses are measured and recognised as expenses on an accrual basis in the year in which they are incurred.

##### *Zakat and income tax*

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

#### 3.4 New standards, interpretations and amendments adopted by the Fund

##### 3.4.1 New standards and amendments adopted by the Fund

The following new and amended IFRSs, are effective from annual reporting period beginning on 1 January 2023 and are adopted in these financial statements, however, they do not have any impact on the financial statements.

<b>Standard, interpretation and amendments</b>	<b>Description</b>	<b>Effective date</b>
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8/IFRS 1	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which previously permitted wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12-International tax reform – pillar two model rules-	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendment also introduce targeted disclosure requirements for affected companies	Annual period beginning on or after 1 January 2023

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

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

#### 3.4.2 Standards issued but not yet effective and not early adopted.

Standard, interpretation and amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	Annual periods beginning on or after 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 21	Lack of exchangeability – Amendments to IAS 21	Annual periods beginning on or after 1 January 2025

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

### *Fair value measurement*

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (closing price), without any deduction for transaction costs. The fair value for financial instruments (investment in funds) at the reporting date is based on their market price (closing prices) observable in market other than active market.

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

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

#### *Allowance for expected credit losses*

The Fund recognises allowance for expected credit loss (ECL) on its Murabaha placements and Sukuk instruments. The Fund measures loss allowance at an amount equal to lifetime ECL, except for the following, for which they are measured at 12-month ECL.

#### *Allowance for expected credit losses (continued)*

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets on which credit risk has not increased significantly since their initial recognition

The Fund considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade' or certain unrated investment with no default in past. 12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

The composition of the financial assets at fair value through profit or loss on the last valuation day of the year end is summarised below:

	<i>31 December 2023</i>			
	<i>% of Market Value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain (loss) SR</i>
<i><u>Investments in Funds</u></i>				
SAB Invest Saudi Riyal Murabaha Fund*	28.4	209,527,131	220,345,571	10,818,440
SAB Invest Saudi Companies Equity Fund*	23.4	127,022,006	181,649,753	54,627,747
SAB Invest GCC Equity Fund*	13.6	55,144,228	105,143,868	49,999,640
SAB Invest Sukuk Fund*	12.0	99,970,519	93,497,669	-6,472,850
SAB Invest Enhanced Murabaha Fund*	8.3	61,999,147	64,649,847	2,650,700
SAB Invest Global Equity Index Fund*	7.3	38,981,956	56,910,548	17,928,592
HSBC MSCI Emerging Markets Islamic ESG UCITS ETF	3.0	21,907,882	23,653,484	1,745,602
Invesco Physical Gold ETC	2.5	18,370,024	19,010,406	640,382
iShares MSCI USA Islamic UCITS ETF	1.5	10,877,486	11,416,980	539,494
<b>Total</b>	<b>100.0</b>	<b>643,800,379</b>	<b>776,278,126</b>	<b>132,477,747</b>

	<i>31 December 2022</i>			
	<i>% of Market Value</i>	<i>Cost SR</i>	<i>Market value SR</i>	<i>Unrealised gain (loss) SR</i>
<i><u>Investments in Funds</u></i>				
SAB Invest Saudi Riyal Murabaha Fund*	37.8	198,429,372	204,660,044	6,230,672
SAB Invest Saudi Companies Equity Fund*	14.5	78,698,649	78,313,961	(384,688)
SAB Invest Sukuk Fund*	11.6	71,238,563	63,041,266	(8,197,297)
SAB Invest GCC Equity Fund*	10.8	38,244,228	58,187,459	19,943,231
SAB Invest Global Equity Index Fund*	10.0	47,685,352	54,157,116	6,471,764
SAB Invest Saudi Freestyle Equity Fund*	7.9	27,696,904	42,779,947	15,083,043
Snb Capital Emerging Markets Index Fund	4.0	29,888,562	21,633,217	(8,255,345)
Saudi Aramco Base Oil	2.3	13,073,445	12,281,115	(792,330)
SAB Invest Enhanced Murabaha Fund*	1.1	6,000,000	6,064,812	64,812
<b>Total</b>	<b>100.0</b>	<b>510,955,075</b>	<b>541,118,937</b>	<b>30,163,862</b>

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

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

\* These funds are also managed by SAB Invest (The Fund Manager). Hence, they are considered as related party balances.

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

### 6. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Debt Securities – Sukuks	-	7,074,755
Accrued special income	-	37,121
	<u>-</u>	<u>7,111,876</u>

The average special commission rate on investments as at the end of 2023 is Nil % p.a. (31 December 2022: 5.375% p.a.). The above debt securities are redeemable at par Sukuk investments.

The movement in the allowance for expected credit losses for debt securities (sukuk) is summarised as follows:

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Balance at beginning of the year	<b>53,731</b>	74,743
Charge for the year	<b>(53,731)</b>	(21,012)
Balance at the end of the year	<u>-</u>	<u>53,731</u>

The methodology and assumptions applied by the Fund in estimating the ECL on sukuk placements is based on using the Moody's rating scales which are then adjusted for country specific data based on where the sukuk's underlying assets / projects are, forward looking estimates and macroeconomic variables such as expected GDP growth, to determine the ECL as at the end of the reporting year.

### 7. TRANSACTIONS WITH RELATED PARTIES

#### A. Transactions and balances with Fund Manager

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

Related parties of the Fund comprise SAB Invest (being the Fund Manager, the Fund Board and administrator of the Fund), mutual funds managed by the Fund Manager (other SAB Invest Funds as listed in note 5) and The Saudi Awwal Bank ("SAB") (being significant shareholder of the Fund Manager).

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are governed by limits set by the regulations issued by CMA. All the related party transactions are undertaken at mutually agreed prices and approved by the Fund Manager. These transactions were carried out on the basis of approved terms and conditions of the Fund.

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 7. TRANSACTIONS WITH RELATED PARTIES (continued)

During the year, the Fund entered into the following transactions with related parties in the ordinary course of business:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>		<i>Balance</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
SAB Invest (Fund Manager)	Fund management fee (Including VAT)	3,248,505	3,236,739	246,202	334,133
	Administration fees	188,878	-	53,835	-
	Board meeting fees	6,987	-	6,987	-
Saudi Awwal Bank (Parent of Fund Manager)	Cash and cash equivalents			-	434,809

The Fund pays the Fund Manager a management fee calculated at an annual rate of 0.45% per annum calculated on the net asset value at each valuation date.

The units in issue at 31 December 2023 include 187.23 units held by the employees of the Fund Manager (31 December 2022: zero units).

The Saudi Awwal Bank ("SAB") (parent of the Fund Manager) acts as the Fund's banker. The Fund has made investments with aggregate market value as at 31 December 2023 amounting to SR 722.2 million (31 December 2022: SR 507.2 million) in other funds managed by the Fund Manager.

### 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has investments at fair value through profit or loss which is measured at fair values and are classified within level 2 of the fair value hierarchy and the Fund's investments at FVOCI is measured at fair values and classified within level 2 of the fair value hierarchy. All other financial assets and liabilities are classified as amortised cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. There were no transfers between various levels of fair value hierarchy during the current period or prior year.

### 9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

<i>As at 31 December 2023</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>No Fixed Maturity SR</i>	<i>Total SR</i>
<b>ASSETS</b>				
Cash and cash equivalents	12,905,158	-	-	12,905,158
Financial assets at fair value through profit or loss (FVTPL)	-	-	776,278,126	776,278,126
Dividend receivable	727,479	-	-	727,479
<b>TOTAL ASSETS</b>	<b>13,632,637</b>	<b>-</b>	<b>776,278,126</b>	<b>789,910,763</b>
<b>LIABILITIES</b>				
Management fee payable	246,202	-	-	246,202
Accrued expenses	117,667	-	-	117,667
Redemption payable	911,952	-	-	911,952
<b>TOTAL LIABILITIES</b>	<b>1,275,821</b>	<b>-</b>	<b>-</b>	<b>1,275,821</b>



# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>As at 31 December 2022</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>No Fixed Maturity SR</i>	<i>Total SR</i>
<b>ASSETS</b>				
Cash and cash equivalents	23,221,828	-	-	23,221,828
Financial assets at fair value through profit or loss (FVTPL)	-	-	541,118,937	541,118,937
Financial assets at fair value through other comprehensive income (FVOCI)	-	7,111,876	-	7,111,876
Dividend receivable	497,956	-	-	497,956
Receivable from sold securities	10,783,905	-	-	10,783,905
<b>TOTAL ASSETS</b>	<u>34,503,689</u>	<u>7,111,876</u>	<u>541,118,937</u>	<u>582,734,502</u>
<b>LIABILITIES</b>				
Management fee payable	334,133	-	-	3,34,133
Redemption payable	4,350,393	-	-	43,50,393
<b>TOTAL LIABILITIES</b>	<u>4,684,526</u>	<u>-</u>	<u>-</u>	<u>4,684,526</u>

### 10. FINANCIAL RISK MANAGEMENT

#### *Introduction*

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

#### *Risk management*

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

#### *Risk measurement and reporting system*

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

#### *Risk mitigation*

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

#### *Concentration risk*

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

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 10. FINANCIAL RISK MANAGEMENT (continued)

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

#### *Credit risk*

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

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

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Cash and cash equivalents	<b>12,905,158</b>	23,221,828
Financial assets at fair value through other comprehensive income (FVOCI)	-	7,111,876
Dividend receivable	<b>727,479</b>	497,956
Receivable from sold securities	-	10,783,905
	<b><u>13,632,637</u></b>	<u>41,615,565</u>

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

#### *Liquidity risk*

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

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

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

#### *Market risk*

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

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

#### *Equity price risk*

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

# SAB INVEST MULTI-ASSETS BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2023

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### *Sensitivity analysis*

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

	<i>Change in equity price 2023 %</i>	<i>Effect on statement of comprehensive income 2023 SR</i>	<i>Change in equity price 2022 %</i>	<i>Effect on statement of comprehensive income 2022 SR</i>
Net impact financial assets at FVTPL	5%	38,813,906	+5%	27,055,947
	-5%	(38,813,906)	-5%	(27,055,947)

#### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Fund views the SR as its functional currency. The Fund's financial assets and liabilities are denominated in SR and the Fund is not exposed to significant currency risk.

#### *Special commission rate risk*

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

### 11. LAST VALUATION DAY

The last valuation day of the year was 31 December 2023 (2022: 31 December 2022).

### 12. ZAKAT

The Ministry of Finance, through Ministerial Resolution No. (29791) dated 9 Jumada-al-Awwal 1444 H (which corresponds to December 3, 2022), has approved the Zakat Rules for Investment Funds that are permitted by the CMA. These rules take effect from January 1, 2023, and require Investment Funds to register with the Zakat, Tax, and Customs Authority (ZATCA). The Rules also mandate Investment Funds to submit a zakat information declaration to ZATCA within 120 days after the end of their fiscal year, which should include audited financial statements, records of related party transactions, and any other data requested by ZATCA. According to the Rules, Investment Funds are not subject to Zakat if they do not engage in unstipulated economic or investment activities as per their CMA-approved Terms and Conditions. The Zakat collection will be applied to the Fund's Unitholders. During the current year, the Fund Manager has completed the registration of the Fund with ZATCA and will be submitting the zakat information declaration as required.

### 13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Fund's Board of Directors on 15 Ramadan 1445H (corresponding to 25 March 2024).