

Annual Report

(Alawal Invest Saudi Industrial Companies
Equity Fund)

2022

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

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(a) Fund Information

1. Fund Name

Alawal Invest Saudi Industrial Companies Equity Fund

2. Investment Objectives and Policies

The Fund is an open investment fund that aims to achieve capital appreciation over the medium to long-term by investing in a portfolio of equities of the industrial companies listed on Tadawul (Saudi Stock Exchange Market) and compliant with Sharia standards.

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 performance is measured against the performance of Saudi Industrial Companies Equity Index.

(b) Fund Performance

Fund performance during the past three years (SAR)

	2020	2021	2022
Fund Net Asset Value at the end of the year	117,925,793	101,755,026	90,799,176
Asset Net Value per Unit at the end of the year	8.9201	11.6691	10.9119
Highest Asset Value per Unit	9.0334	12.8346	13.9819
Lowest Asset Value per Unit	6.0934	5.5281	10.5230
Number of Issued Units at the end of the Year	13,220,225	8,720,013	8,321,144
Value of Distributed Dividends per unit (if any)	-	-	-
Expenses Ratio	2.05%	2.15%	2.12%
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	-6.49%	34.76%	37.10%	9.12%
Benchmark Returns	-11.40%	20.21%	16.90%	-20.67%

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fund Returns	34.27%	34.27%	-8.98%	-21.74%	2.10%	2.08%	-2.74%	10.16%	30.82%	-6.49%

- **Fees and Expenses**

Type of Expenses or Commission (Including VAT, if any)	Value in SAR	Percentage according to Fund Asset Average
Fund Management Fees	2,038,794	1.94%
Custodian Fees	39,817	0.04%
Administrative Services Fees	59,964	0.06%
Auditor's Fees	36,362	0.03%
Independent Board Members' Remuneration	20,000	0.02%
CMA Fees	7,500	0.01%
Index License Fees	15,525	0.01%
Tadawul Fees	5,750	0.01%
Sharia Review	6,000	0.01%
Other Expenses	1,121	0.001%

5. Material changes that affected the Fund performance

No material changes affected the Fund performance in 2022.

6. Annual Voting Practices

The Fund Manager has exercised voting rights, for more details kindly refer to the “Exercising of voting right Annex”.

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).

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

	<ul style="list-style-type: none"> - Performance Analyst – Asset Management Department, HSBC Saudi Arabia (2016) - Assistant Performance Analyst – Asset Management Department, HSBC Saudi Arabia (2014) - Assistant Manager, Regulatory Compliance, HSBC Saudi Arabia (2014) - Assistant Financial Analyst - Treasury & Investments, Riyadh Bank (2012) - Master Degree in Finance Management, Durham University, United Kingdom (2013) - BBA, Finance (with honors degree), Al Yamamah University, Saudi Arabia (2010) 	(2022)
Tariq Saad Abdul-Aziz Al-Tuwaijri (Independent Member)	<ul style="list-style-type: none"> - Director of Equity Investments at Nessel Holding Company (2010) - Deputy General Executive President of Mediation at Wasatah Capital Company (2008) - Senior Mediator at Al Jazeera Capital (2004) - Relations Director - Banking Services of Samba Financial Group (1998) - Bachelor of Business Administration from the Open Arabian University (2015) - General Institute of Technical Education and Vocational Training, Diploma of Business Administration (2010) 	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)
Ali Saleh Ali Al-Othaim (Independent Member)	<ul style="list-style-type: none"> - Member of the Board Directors of Al Khair Capital (2012) - Member of the Board of Directors of the Chamber of Commerce and Industry, Riyadh (2003) - Member of the Board of Directors of Al Othaim Commercial Group (1998) - Deputy President of Al Othaim Jewelry (formerly) (1994) - Bachelor of Business Administration, Major: Financial Management, King Saud University (1998) 	Businessman
Abdulrahman Ibrahim Al-Mudaimigh (Independent Member)	<ul style="list-style-type: none"> - Board member of National Building and Marketing Company (2019) - Chairman of Future Ceramics (2019) - Board member of National Gypsum Company (2019) - Board member of Impact Capital Company (2019) - Board member of FIPCO (2019) - Board member of AL Maather REIT Fund (2017) - CEO of Watar Partners for Business Trading Company (2017) - Acting CEO of Bawan Company (2016) - Deputy President of Business Development for Bawan Company (2011) - Founding partner, General Manager of Bina Holding Company (2007) - Senior credit analyst for the Industrial Development Fund (2004) - MBA from London Business School (2018) - Bachelor degree in Financial Management from Prince Sultan 	Executive partner of Watar Partners for Business Trading Company (2017)

	University (2004)	
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(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. The Fund will 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:

Fund Name	Hamad Al-Washmi	Rehab Al-Khudair	Tariq Al-Tuwaijri	Ali Saleh Al-Othaim	Abdulrahman Al-Mudaimigh
Alawwal Invest Saudi Riyal Murabaha Fund	√	√	√	√	√
Alawwal Invest US Dollar Murabaha Fund	√	√	√	√	√
Alawwal Invest Saudi Equity Fund	√	√	√	√	√
Alawwal Invest Saudi Equity Income Fund	√	√	√	√	√
Alawwal Invest Saudi Financial Institutions Equity Fund	√	√	√	√	√
Alawwal Invest Saudi Companies Equity Fund	√	√	√	√	√
Alawwal Invest Saudi Industrial Companies Equity Fund	√	√	√	√	√
Alawwal Invest Saudi Construction and Cement Equity Fund	√	√	√	√	√
Alawwal Invest Global Equity Index Fund	√	√	√	√	√
Alawwal Invest GCC Equity Fund	√	√	√	√	√
Alawwal Invest China and India Equity Freestyle Fund	√	√	√	√	√
Alawwal Invest Multi-Assets Defensive Fund	√	√	√	√	√
Alawwal Invest Multi-Assets Balanced Fund	√	√	√	√	√
Alawwal Invest Multi-Assets Growth Fund	√	√	√	√	√
Alawwal Invest Saudi Freestyle Equity Fund	√	√	√	√	√
Alawwal Invest MSCI Tadawul 30 Saudi ETF	√	√	√	√	√
Alawwal Invest Sukuk Fund	√	√	√	√	√
Alawwal Invest GCC Equity Income Fund	√	√	√	√	√

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

Subject	Approval Description	Meeting Date
Fund management Migration	Updating the fund's board of directors with the process of transferring the fund's management from HSBC Saudi Arabia to Alawal Invest.	20 March 2022
Fund performance	Discussed fund performance in comparison with other competitors.	20 March 2022
Changes in Terms and Conditions	The fund's board of directors approved changes in the terms and conditions.	20 March 2022
Financial Statement preparation	The fund's board of directors approved to continue with Ernst & Young as fund auditor.	17 November 2022
Service Providers Assessment	The Fund's Board of Directors approved the Service Providers post assessment.	17 November 2022
Risk Procedures	The fund's board of directors has approved risk procedures to manage non-financial risks	17 November 2022

C) Fund Manager

Alawwal Invest

1. Address

Head Office, Olaya Street
Riyadh 11431-1467,
Kingdom of Saudi Arabia,
Unified Number: +966114163133
Fax: +966 112169102
Website: www.Alawwalinvest.com

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

Not applicable

3. Investment activities during the period

During 2022, the Fund increased its exposure to the materials, building and construction, Food and pharmaceutical sectors while maintained its position in energy and consumer services.

4. Report on the fund performance during the period

TASI closed 2022 with a decline of 7.1%, equivalent to 804 points, closing at 10,478 points, compared to its closing at 11,282 points at the end of 2021. TASI was affected during the year 2022, by the state of uncertainty regarding the global economic recession and the repercussions of raising interest rates, in addition to Oil price fluctuations.

The year 2022 witnessed many events that affected the Saudi stock market, most notably the following:

- The Russian-Ukrainian crisis that resulted in the uncertainty of oil markets and the global economy.
- The Central Bank of Saudi Arabia raised interest rates 7 times, coinciding with the Federal Reserve's decision, bringing the "reverse repo" rate to 450 basis points, and the "repo" to 500 basis points.
- Brent crude oil recorded its highest price during the year at \$139 a barrel, while it recorded its lowest price near \$75 a barrel.
- Lifting the precautionary and preventive measures related to combating the pandemic and social distancing measures in all indoor & outdoor activities.

In terms of sectors, all sectors of the market recorded a decline during 2022 except for the healthcare, applications, and technology services sectors, which increased by 25%, followed by the public utilities sector, which increased by 21%. The pharmaceutical sector led the declining sectors by 45%, then the consumer discretionary sector by 33%, and the capital goods sector declined by 31%. The banking and energy sectors recorded a decrease of 6% and 2%, respectively, and the basic materials sector declined by 14%.

During 2022, the fund achieved a negative return of 6.49%, while the benchmark (Alawwal Invest Industrial Shariah Index) achieved a negative return of 11.40%.

5. Changes made to the terms and conditions of the fund during the period

Date	Change
3-Mar-22	Update of the terms and conditions to comply with annex (1) of the Investment Funds Regulations.
18-Sep-22	Change the fund manager from HSBC Saudi Arabia to Alawwal Invest Company.

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)

Not Applicable

8. Special commission received by fund manager during the period

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

Five Years

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

Not Applicable

(D) Custodian

Albilad Capital Company

1. Address

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

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

Alawal Invest

1- Address

Head Office, Olaya Street
Riyadh 11431-1467,
Kingdom of Saudi Arabia,
Unified Number: +966114163133
Fax: +966 112169102
Website: www.Alawwalinvest.com

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

As 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 these Terms and Conditions;
- Conclude the subscription and redemption procedures provided for under the 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

Annex - Exercised Voting Rights

General Assembly of Saudi Industrial Investment Group Company held on 10 April 2022				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	To vote on the Auditor's Report for the fiscal year ending on 31-12-2021G	×		
2	To vote on the Financial Statements for the fiscal year ending on 31-12-2021G.	×		
3	To vote on the Board Report for the fiscal year ending on 31-12-2021G.	×		
4	To vote on the absolution of the members of the Board of Directors from liability for the fiscal year ending on 31-12-2021G.			×
5	To vote on the disbursement of SAR 1.8 million as remuneration for the members of the Board of Directors, SAR 200 thousand for each member for the fiscal year ending on 31-12-2021G.	×		
6	To vote on the appointment of the SIIG's auditors from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the second, third, fourth quarter, and annual financial statements for 2022 and the first quarter of 2023, and to determine their fees.			×
7	To vote on the delegation of the Board of Directors to declare the distribution of the interim dividends, semi-annual or quarterly, during the 2022 fiscal year.	×		
8	To vote on the resolution of the Board of Directors to appoint Eng. Khalil bin Ibrahim Alwatban as a non-executive member, starting from the date of his appointment on 1-7- 2021G to complete the term of the Board of Directors until the end of the current term on 30-6-2024G. (Resume attached).			×
9	To vote on the amendment of Article (1) of the bylaws, which relates to incorporation (attached).	×		
10	To vote on the amendment of Article (2) of the bylaws, which relates to the company's name (attached).			
11	To vote on the amendment of Article (3) of the bylaws, which relates to the company's objects (attached).	×		
12	To vote on the amendment of Article (6) of the bylaws, which relates to the company's term.	×		
13	To vote on the amendment of Article (21) of the bylaws,	×		

	which relates to the powers of the Board of Directors.			
14	To vote on the amendment of Article (23) of the bylaws, which relates to the powers of the CEO, Deputy CEO, and secretary of the Board of Directors.	×		
15	<p>To vote on the increase in SIIG's share capital from (SAR 4,500,000,000) to (SAR 7,548,000,000) by issuing (304,800,000) ordinary shares with a nominal value of (SAR 10) per share (the "Capital Increase") for the purpose of acquiring all the issued shares in the National Petrochemical Company ("Petrochem") which are not owned by SIIG, in accordance with Article (26) of the Merger and Acquisition Regulations issued by the board of the Capital Market Authority, through the issuance of (1.27) share in SIIG for each share in Petrochem (the "Transaction") per the terms and conditions set out in the implementation agreement entered into between Petrochem and SIIG on 21-3-1443H (corresponding to 27-10-2021G) ("Implementation Agreement"), including to vote on the following matters related to the Transaction:</p> <p>a. vote on the terms of the Implementation Agreement.</p> <p>b. vote on the Capital Increase for the purpose of the acquisition by SIIG of all the shares issued in Petrochem that are not owned by SIIG, being (240,000,000) shares representing (50%) of Petrochem's capital, in accordance with the terms and conditions of the Implementation Agreement, provided that such increase shall take effect upon the approval of the respective EGM of both SIIG and Petrochem on the Transaction as per the provisions of the Implementation Agreement.</p> <p>c. vote on the proposed amendments to SIIG's Bylaws related to the Transaction in the form attached, which shall take effect upon the approval of the EGM of both SIIG and Petrochem on the Transaction as per the provisions of the Implementation Agreement; and vote on the authorization of SIIG's board of directors, or any person authorized by the board of directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions.</p>	×		

General Assembly of Sabic Company held on 10 April 2022				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Voting on the auditors' report for the fiscal year ended 31/12/2021.	×		
2	Voting on the financial statements for the fiscal year ended 31/12/2021.	×		
3	Voting on the report of the Board of Directors for the	×		

	fiscal year ended 31/12/2021.			
4	Voting on the appointment of an external auditor, from among nominees recommended by the Audit Committee, to audit the quarterly (Q2, Q3 and Q4) and annual financial statements for 2022, in addition to Q1 2023 financial statements, as well as determining their fees.			×
5	Voting on the recommendation of the Board of Directors to distribute cash dividends to the shareholders for the second half of 2021 amounting to SR 6,750,000,000 at (SR 2.25) per share representing 22.5% of the nominal value per share. The eligibility will be to the shareholders at the end of trading on the day of the General Assembly registry at the Depository Center (Edaa Center) at the end of the second trading day following Eligibility day, the distribution day will start on Monday 25/04/2022.	×		
6	Voting on the discharge of the members of the Board of Directors for the fiscal year ended 31/12/2021.			×
7	Voting on the election of the Board of Directors' members for the next Board term of three years starting on 10/04/2022 and ending on 09/04/2025, It should be noted that if the voting results do not enable the Company (SABIC) to appoint the Classification: General Business Use minimum number of independent members in the Board according to the regulatory requirements, that minimum should be achieved by replacing the necessary number of non-independent members with independent members according to their order based on the number of votes they obtained.			×
8	Voting on the formation of the Audit Committee, defining its duties, working procedure and members' remuneration for the new term of three years – starting on 10/04/2022 and ending on 09/04/2025.			×
9	Voting on the Board of Directors' delegation to distribute quarterly or semi[1]annual dividends for the fiscal year 2022, and to determine the maturity and disbursement dates in accordance with the regulatory rules and procedures issued pursuant to the Companies Law, and commensurate the Company's financial position, cash flows and expansion and investment plans.	×		

General Assembly of Sipchem Company held on 18 April 2022				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Voting on the Board of Director's report for the fiscal year ending on 31/12/2021.	×		
2	Voting on the financial statements for the year ended 31/12/2021.	×		
3	Voting on the auditors' report for the year ended as of 31/12/2021.	×		

4	Voting to absolve the members of the Board of Directors from their liability for the past year 31/12/2021.			×
5	Voting on the disbursement of (4,560,714) four million and five hundred sixty thousand seven hundred fourteen Riyals as a remuneration of the Board of Directors for the fiscal year 31/12/2021.	×		
6	Voting to appoint the Company auditor from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second, third quarter and the annual of the fiscal year 2022 AD and the first quarter of the fiscal year 2023 AD and to determine its fees			×
7	Voting to authorize the Board of Directors to distribute interim quarterly (quarter/ half) annual profits for the fiscal year 2022.	×		
8	Voting on the company's purchase of a number of its shares and a maximum of (66,347,931) shares and keep them as treasury shares, as the Board of Directors considers that the share price in the market is less than its fair value, and the purchase will be financed from the company's own resources, and authorizing the Board of Directors to complete the process Purchase within a maximum period of twelve months from the date of the decision of the extraordinary general assembly, and the company will keep the purchased shares for a maximum period of (5) years from the date of approval of the extraordinary general assembly, and after the expiry of this period, the company will follow the procedures and controls stipulated in the relevant laws and regulations (attached).	×		
9	Voting on Vote on the Board of Directors' recommendation to appoint Mr. Ahmed Saad Al-Siyari (independent member) as of 01/12/1442 corresponding to 11/07/2021G on the Board of Directors until the end date of the current session on 09/12/2022 instead of Mr. Item bin Ali Masoudi, the resigned member representing the General Organization for Social Insurance. (attached)			×

General Assembly of Saudi Arabian Oil Co Company held on 12 May 2022				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Voting on the Board of Directors Report for the Financial Year ended December 31, 2021.	×		
2	Voting on the Board of Director's recommendation to increase the Company's capital by way of granting bonus shares through the capitalization of 15,000,000,000 Saudi Riyals from the Company's retained earnings.	×		

General Assembly of Herfy Food Service Co held on 28 March 2022 A.D			
Voting Subject		Action Taken	
		Approval	Disapproval
		Abstention	
1	Voting on the amendment of (Article 4) of the Company's bylaws relating to (partnership and merger).	×	
2	Voting on the amendment of (Article 8) of the Company's bylaws relating to (premium shares).	×	
3	Voting on the amendment of (Article 9) of the Company's bylaws relating to (bonds).	×	
4	Voting on the amendment of (Article 19) of the Company's bylaws relating to (vacant position in the board).		×
5	Voting on the amendment of (Article 20) of the Company's bylaws relating to (the board powers).		×
6	Voting on the amendment of (Article 21) of the Company's bylaws relating to (the board chairman, Managing Director, and the secretary). Attached		×
7	Voting on the amendment of (Article 23) of the Company's bylaws relating to (the board meetings quorum and decisions).	×	
8	Voting on the amendment of (Article 25) of the Company's bylaws relating to (the board members remunerations).	×	
9	Voting on the amendment of (Article 29) of the Company's bylaws relating to (general assembly's call for a meeting).	×	
10	Voting on the amendment of (Article 31) of the Company's bylaws relating to (quorum of the ordinary general assembly).	×	
11	Voting on the amendment of the title of part five of the Company's bylaws relating to (the company accounts and profits distribution) which will be part six (the company accounts and profits distribution).	×	
12	Voting on the amendment of (Article 41) of the Company's bylaws relating to (profits distribution).	×	
13	Voting on the Board of Directors' decision to appoint Eng. Hussein Ali Al-Asmari - an independent member of the Board of Directors - as a member of the Audit Committee, starting from 21/06/2021 AD until the end of the current committee's period on 30/04/2024 AD, instead of the previous committee member MR: Isam Majed Al Muhaidib – Non Executive , the appointment will start from the date of the recommendation decision issued on 21/06/2021AD, and this appointment accompany in accordance with the work regulations of the Audit Committee .		×

14	Voting on the termination of a member of the board of directors, Mr. Khaled Ahmed Al-Saeed, in accordance with Article (90) of the Companies Law, based on the submitted request from one of the shareholders who own more than (5%) of the company's capital.		×	
15	Voting on the termination of the Chairman of the board of directors, Eng./ Moataz Qusai Al-Azzawi, in accordance with Article (90) of the Companies Law, based on the submitted request from one of the shareholders who own more than (5%) of the company's capital.		×	
16	Voting on the termination of a member of the board of directors, Eng. / Ahmed Mohamed El-faleh, in accordance with Article (90) of the Companies Law, based on the submitted request from one of the shareholders who own more than (5%) of the company's capital.		×	

General Assembly of Maaden on 30 May 2022 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Vote to approve the Consolidated Financial Statements for the fiscal year ended on 31 December 2021.	×		
2	Vote to approve the External Auditors report for the fiscal year ended on 31 December 2021.	×		
3	Vote to approve the Board of directors' report for the fiscal year ended on 31 December 2021.	×		
4	Vote to approve the Board of Directors recommendation to not distribute cash dividends for the fiscal year ended on 31 December 2021.	×		
5	Vote on the discharge of Board of Directors members from liabilities for their management of the company during the financial period ended 31 December 2021.			×
6	Vote to pay the amount (SAR 5,430,781) as remuneration of the Board of Directors members & the Committees for the fiscal year ended on 31 December 2021.	×		
7	Vote on the Board of Directors' Resolution to appoint Mr. Robert Wilt as an Executive Director, board member starting from the date of his appointment on 01/02/2022 to complete the Board term until the end of the current Board term on 24/10/2023, succeeding the former member Eng. Mosaed AlOhali (Executive Director).			×
8	Vote on the Board of Directors recommendation to increase the Company's capital by granting bonus shares.	×		

General Assembly of Savola held on 16 May 2022 A.D

Voting Subject		Action Taken		
		Approval	Disapproval	Abstention

1	Voting on the Auditors' Report for the fiscal year that ended 31 December 2021.	×		
2	Voting on the consolidated Financial Statements for the fiscal year that ended 31 December 2021.	×		
3	Voting on the Board of Directors' Report for the fiscal year that ended 31 December 2021.	×		
4	Voting on the absolving the Board of Directors from their liabilities pertaining to the management of the Company for the fiscal year that ended 31 December 2021			×
5	Voting on the payment of SAR 2,200,000 as remuneration to the Board of Directors for the fiscal year that ended 31 December 2021.	×		
6	<p>Voting on the recommendation of the Board of Directors to distribute cash dividends to the Shareholders for the year 2021 with a total amount of SAR 106.8 Million at SAR 0.20 per share, which represents 2 % of the nominal value of the share; where the eligibility will be to the Shareholders owning shares on the General Assembly Meeting date, and are registered in the Company's share registry at the Depository Center at the end of the second trading day following the due date.</p> <p>The dividend will be distributed on 06/06/2022 (through bank transfers to shareholder bank accounts linked to their investment portfolios via Al Rajhi Bank. In case a shareholder did not receive the dividends at the stipulated period that shareholders may visit any Branch of Al Rajhi Bank or contact the Shareholders Affairs Department at Savola Group on :0122687800, Email: share@savola.com. or Fax:0122687844.</p>	×		
7	<p>Voting on the transactions and contracts of purchasing food products which will be executed between Panda Retail Co. (a subsidiary of Savola), Almarai Co. (34.52% owned by Savola Group) and its subsidiaries, in which two of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Bader Abdullah Al Issa) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 731.42 million. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
8	<p>Voting on the transactions and contracts of selling sugar which will be executed between United Sugar Company (a subsidiary of Savola Foods Co.), Almarai Co (34.52% owned by Savola Group), and its subsidiaries, where two</p>	×		

	of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Bader Abdullah Al Issa) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 56.74 Million. Those are continuing and existing contracts, that take place in the normal course of business and in accordance with the prevailing commercial terms without any preferential treatment.			
9	Voting on the transactions and contracts of selling specialty fats and margarine products which will be executed between International Foods Industries Co. (a subsidiary of Savola Foods Co.) and Almarai Co. (34.52% owned by Savola Group) where two of Savola's Directors (Mr. Sulaiman A. Al- Muhaidib, and Mr. Bader Abdullah Al Issa) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 50.85 Million. Those are continuing and existing contracts, that take place in the normal course of business and in accordance with the prevailing commercial terms without any preferential treatment.	×		
10	Voting on the transactions and contracts of purchasing food products which will be executed between Panda Retail Co. (a subsidiary of Savola) and Mayar Foods Co. (a subsidiary of Abdulkader Al-Muhaidib & Sons Co., which in turn owns 8.23% of Savola shares) where two of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to 114.04 Million. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.	×		
11	Voting on the transactions and contracts of purchasing food products which will be executed between Panda Retail Co. (a subsidiary of Savola) and Del Monte Saudi Arabia (a subsidiary of Abdulkader Al-Muhaidib & Sons Co., which in turn owns 8.23% of Savola shares) where two of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 95.55 Million. Those are continuing and existing contracts, that take place in the normal course of business and in accordance with the prevailing commercial terms without any preferential treatment.	×		
12	Voting on the transactions and contracts of leasing spaces for selling foods products inside Panda Shopping Centers which will be executed between Panda Retail Co. (a subsidiary of Savola) and Del Monte Saudi Arabia (a	×		

	<p>subsidiary of Abdulkader Al-Muhaidib & Sons Co., which in turn owns 8.23% of Savola's shares) where two of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 683 thousand. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.</p>			
13	<p>Voting on the transactions and contracts of purchasing food products which will be executed between Panda Retail Co. (a subsidiary of Savola), Nestle Saudi Arabia Ltd., and its subsidiaries (in which Abdulkader Al-Muhaidib & Sons Co. owns major stake, which in turn owns 8.23% of Savola's shares), where two of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 343.70 Million. Those are continuing and existing contracts, that take place in the normal course of business and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
14	<p>Voting on the transactions and contracts of purchasing products which will be executed between Panda Retail Co. (a subsidiary of Savola) and Manhal Water Factory Co. Ltd. (in which Abdulkader Al-Muhaidib & Sons Co. owns major stake, which in turn owns 8.23% of Savola's shares), where two of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 6.86 Million. Those are continuing and existing contracts, that take place in the normal course of business and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
15	<p>Voting on the transactions and contracts of leasing sites which will be executed between Panda Retail Co. (a subsidiary of Savola) and Abdulqader Al-Muhaidib & Sons Co. (owns 8.23% of Savola shares), where two of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 266 Thousand. Those are continuing and existing contracts, that take place in the normal course of business and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
16	<p>Voting on the transactions and contracts of leasing spaces for selling food products inside Panda Shopping Centers,</p>	×		

	<p>which will be executed between Panda Retail Co. (a subsidiary of Savola) and Almejbaj Alshamiyah Trading Co. (a subsidiary of Abdulkader Al-Muhaidib & Sons Co., which in turn owns 8.23% of Savola shares), where two of Savola's Directors (Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib) have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 21.90 million. Those are continuing and existing contracts, that take place in the normal course of business and in accordance with the prevailing commercial terms without any preferential treatment.</p>			
17	<p>Voting on the transactions and contracts of selling carton scrap which will be executed between Panda Retail Co. (a subsidiary of Savola) and Waste Collection & Recycling Company, where two of Savola's Directors, Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib, have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 5.68 million. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
18	<p>Voting on the transactions and contracts of leasing spaces for selling products inside Panda Shopping Centers which will be executed between Panda Retail Co. (a subsidiary of Savola) and Zohoor Alreef Co. , where two of Savola's Directors, Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib, have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 184 thousand. Those are continuing and existing contracts, that take place in the normal course of business and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
19	<p>Voting on the transactions and contracts of purchasing food products which will be executed between Panda Retail Co. (a subsidiary of Savola) and AL Jazirah Dates & Food Factory in which two of Savola's Directors, Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib, have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 1 thousand. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		

20	<p>Voting on the transactions and contracts of selling products by Panda Retail Co., which was executed during 2021, and those to be will be executed between Panda Retail Co. (a subsidiary of Savola) and AL Abdulkader Al Muhaidib Charitable Foundation, in which two of Savola's Directors, (Mr. Sulaiman A. Al-Muhaidib, and Mr. Essam A. Al-Muhaidib), have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 351 thousand. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
21	<p>Voting on the transactions and contracts of leasing shops and retail purchases of food products which will be executed between Panda Retail Co. (a subsidiary of Savola) and Herfy Food Services Co (49% owned by Savola Group) ; where Savola's Director Eng. Mutaz Q. Alazawi have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 33.73 million. Those are continuing contracts and existing, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
22	<p>Voting on the transactions and contracts of selling edible oil products which will be executed between Afia International (a subsidiary of Savola) and Herfy Food Services Co. (49% owned by Savola Group) where Savola's Director Eng. Mutaz Q. Alazawi have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 4.82 million. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.</p>	×		
23	<p>Voting on the transactions and contracts of selling sugar to be executed between United Sugar Company (a subsidiary of Savola food Co.) and Herfy Food Services Co. (49% owned by Savola Group), where Savola's Director Eng. Mutaz Q. Alazawi have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 2.85 million. Those are</p>	×		

	continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.			
24	Voting on the transactions and contracts of selling specialty fats and margarine products, which will be executed between International Foods Industries Co. (a subsidiary of Savola food Co.) and Herfy Food Services Co. (49% owned by Savola Group), where Savola's Director Eng. Mutaz Q. Alazawi have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 4.37 million. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.	×		
25	Voting on the transactions and contracts of site leasing which will be executed between Panda Retail Co. (a subsidiary of Savola) and Dur Hospitality Co., where one of Savola's Directors (Mr. Bader Abdullah Al Issa), have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 10.5 million. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the prevailing commercial terms without any preferential treatment.	×		
26	Voting on the transactions and contracts of leasing sites which will be executed between Panda Retail Co. (a subsidiary of Savola) and Kinan International for Real Estate Development Co. (29.99% owned by Savola Group), where one of Savola's Directors, Mr. Mohammed Ibrahim Al-Issa, have indirect interest. Noting that the last year 2021 transactions and contracts were amounted to SAR 28.79 million. Those are continuing and existing contracts, that take place in the normal course of business, and in accordance with the general commercial terms without any preferential treatment.	×		
27	Voting on the participation of the Board member Mr. Suliman Abdulqader Al Muhaidib in a business that competing with the Company's business.			×
28	Voting on the participation of the Board member Mr. Esam Abdulqader Al Muhaidib in a business that competing with the Company's business.			×
29	Voting on the election of the Board members from among the candidates for the next office term, commencing from 1/07/2022, for a term of three			×

	years, ending on 30/06/2025. The following (11) members who obtained the highest votes were elected from the nominees list: 1- Mr. Ahmed Abdulrahaman Al Humaidan 2- Mr. Ahmed Wazea AL Qahtani 3- Waled Abdullah Al Ghleri 4- Mr. Suliman Abdulkadir Almuheidib 5- Mr. Rakan Abdulaziz Alfadl 6- Eng. Mutaz Qusai Al Azzawi 7- Mr. Isam Majid Almuheidib 8- Mr. Bader Abdullah Alissa 9- Mr. Mohamed Ibrahim Alissa 10- Mr. Bader Hamad Alrabiah 11- Mr. Fahad Abdullah AlKasim			
30	Voting on the Savola Group's Audit Committee formation, and defining its role, responsibilities, work processes, and the remuneration of its members for the new office term starting as of 1st October 2022 until 30th September 2025 as follow: 1-Mr. Fahad Abdullah Al Qasim 2- Mr.Mohammed Ibrahim Al Issa 3 Mr.-Badr Hamad Al Rabeaa 4- Mr.Tariq Abdullah Al Garawi 5-Dr.Jassim Shaheen Al Rumaihi			×

General Assembly of Saudi Ceramics held on 16 March 2022 A.D				
Voting Subject		Action Taken		
		Approval	Disapproval	Abstention
1	Voting on the Board of Directors' report for the fiscal year ending on 31/12/2021.	×		
2	Voting on the independent auditor's report on the Company's Financial Statements for the fiscal year ending on 31/12/2021.	×		
3	Voting on the financial statements of the Company for the fiscal year ending on 31/12/2021.	×		
4	Voting on the election of members of the Board of Directors from among the candidates for the next term, commencing from 29-08-1443 corresponding to 01-04-2022 for three years, ending on 02-10-1446 corresponding to 31-03-2025, The following board members have been selected: Mr. Youssef Saleh Aba Al-Khail Mr. Sami Ibrahim Al Issa (GOSI Representative) Mr. Asim Saad Al-Juraid (GOSI Representative)			×

	<p>Mr. Mutaib Mohammed Al-Shathri (PIF Representative)</p> <p>Mr. AbdulAziz Abdulkarim Al-Akhurajji</p> <p>Mr. Majed Abdullah Al Issa</p> <p>Mr. Majed Mohammed Aldakheel</p> <p>Mr. Muhammed Abdulmohsin Al-Qurainees</p>			
5	<p>Voting on the formation of the audit committee, and the definition of its duties, work regulations and remuneration of its members for the new term, starting from 01-04-2022 until the end of the term on 31-03-2025. Their names are as follows:</p> <p>1- Majed Bin Mohammed Aldakheel (Board Member)</p> <p>2- Ahmed Sulaiman AlMuzaini (Non-board Member)</p> <p>3- Abdulaziz bin Abdul Malik AlSheikh (Non-board Member)</p>			×
6	<p>Voting on the authorization of the Board of Directors to distribute cash dividends quarterly / semi-annually for the fiscal year 2022.</p>	×		
7	<p>Voting on the delegation to the Board of Directors, the authorization powers of the ordinary general assembly stipulated in paragraph (1) of Article 71 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the session of the authorized Board of Directors' term, whichever is earlier, in accordance with the conditions set forth in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.</p>	×		
8	<p>Approval of the business and contracts that have been concluded between the Company and the Natural Gas Distribution Company- an associate company, in which of the Chief Executive Officer, Mr. Majed Bin Abdullah Al Issa has an indirect interest through his representation in the Board of Directors of the company. The main activity of the Company is the purchase of natural gas and its distribution to industrial units in Riyadh. The value of transactions during the year 2021 amounted to of SAR 55.2 million for purchase orders.</p>	×		
9	<p>Approval of the business and contracts that have been concluded between the Company and the Natural Gas Distribution Company- an associate company, in which of the Chief Executive Officer, Mr. Majed Bin Abdullah Al Issa has an indirect interest through his representation in the Board of Directors of the company. The main</p>	×		

	activity of the Company is the purchase of natural gas and its distribution to industrial units in Riyadh. The value of transactions during the year 2021 amounted to of SAR 396 thousand for dividends received.			
10	Approval of the business and contracts concluded between the Company and Ceramic Pipes Company- a subsidiary company, in which the vice chairman of the Board of Directors, Mr. Abdulkarim Bin Ibrahim Al Nafie has an indirect interest through his representation in the Company. The main activity of the company is manufacture and sale of clay pipes. The value of transactions during the year 2021 was SAR 19.7 million for loans and payment of liabilities.	×		
11	Approval of the business and contracts concluded between the Company and Ceramic Pipes Company- a subsidiary company, in which a member of the Board of Directors, Mr. Abdulkarim Bin Ibrahim Al Nafie has an indirect interest through his representation in the Company, The value of transactions during the year 2021 was SAR 114 thousand related to sales of products.	×		
12	Approval of the business and contracts that have been concluded between the Company and the Saudi Trukkin Company, in which the Board member and Chief Executive Officer, Mr. Majed Bin Abdullah Al Issa has an indirect interest through his membership in the Board of Directors of Batic Investments and Logistics Co. which owns 11.4% in Saudi Trukkin Company. The value of transactions during the year 2021 amounted to SAR 5.4 million.	×		
13	Approval of the business and contracts that have been concluded between the Company and the AXA Cooperative Insurance Company, in which the Chairman of the Board of Directors, Mr. Yousef bin Saleh Aba AlKhail has an indirect interest through his chairmanship of the Board of Directors of AXA Cooperative Insurance Company. The value of transactions during the year 2021 amounted to SAR 238 thousand.	×		
14	Approval of the audit committee's recommendation for the appointment and remuneration of Dr. Abdelgadir Bannaga and Partners Co., Allied Accountants RSM, as auditors for the Company. They shall examine, review, and audit the second, third quarter and the annual financial statements of the fiscal year 2022, and the first quarter of the fiscal year 2023. The audit fee shall also be determined.	×		

**ALAWWAL INVEST SAUDI INDUSTRIAL
COMPANIES EQUITY FUND**

**(Formerly known as HSBC Saudi Industrial
Companies Equity Fund)**

(Managed by Alawwal Invest)

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

31 DECEMBER 2022

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

FINANCIAL STATEMENTS

31 December 2022

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**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ALAWWAL INVEST SAUDI INDUSTRIAL COMPANIES EQUITY FUND
(FORMERLY KNOWN AS HSBC SAUDI INDUSTRIAL COMPANIES EQUITY FUND)
(MANAGED BY ALAWWAL INVEST)**

Opinion

We have audited the financial statements of Alawwal Invest Saudi Industrial Companies Equity Fund (Formerly known as HSBC Saudi Industrial Companies Equity Fund) (the "Fund") managed by Alawwal Invest (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, changes in equity attributable to the unitholders and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with 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 this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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, 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.

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF ALAWWAL INVEST SAUDI INDUSTRIAL COMPANIES EQUITY FUND
(FORMERLY KNOWN AS HSBC SAUDI INDUSTRIAL COMPANIES EQUITY FUND)
(MANAGED BY ALAWWAL INVEST) (CONTINUED)**

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

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.

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: 7 Ramadan 1444H
(29 March 2023)



Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		<i>31 December</i> 2022 SR	<i>31 December</i> 2021 SR
	<i>Notes</i>		
ASSETS			
Cash and cash equivalents		2,377,737	1,736,066
Financial assets at fair value through profit or loss ("FVTPL")	5	86,601,202	100,056,233
Receivables and advances		2,183,873	79,692
TOTAL ASSETS		91,162,812	101,871,991
LIABILITIES			
Management fees payable	6	192,700	21,742
Accrued expenses and other payables	7	170,936	95,223
TOTAL LIABILITIES		363,636	116,965
EQUITY			
Net assets attributable to unitholders of redeemable units		90,799,176	101,755,026
TOTAL LIABILITIES AND EQUITY		91,162,812	101,871,991
Redeemable units in issue		8,321,144	8,720,014
Net asset value attributable to each per unit		10.91	11.67

Notes 1 to 13 form an integral part of these financial statements

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 SR	2021 SR
INCOME			
Movement in unrealised (loss)/gain on financial assets at FVTPL		(16,679,065)	(2,404,163)
Realised gain on financial assets at FVTPL		9,747,216	37,049,817
Dividend income		3,342,166	2,902,032
Other income		-	788
TOTAL INCOME		(3,589,683)	37,548,474
EXPENSES			
Management fees	6	2,038,794	2,384,418
Other expenses	8	192,039	229,670
TOTAL EXPENSES		2,230,833	2,614,088
NET INCOME FOR THE YEAR		(5,820,516)	34,934,386
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(5,820,516)	34,934,386

Notes 1 to 13 form an integral part of these financial statements

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE
UNITHOLDERS

For the year ended 31 December 2022

	2022 SR	2021 SR
EQUITY AT THE BEGINNING OF THE YEAR	101,755,026	117,925,794
Net income for the year	(5,820,516)	34,934,386
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(5,820,516)	34,934,386
Issue of units during the year	6,941,717	8,434,691
Redemption of units during the year	(12,077,051)	(59,539,845)
EQUITY AT THE END OF THE YEAR	90,799,176	101,755,026

	<u>Units</u>	<u>Units</u>
REDEEMABLE UNIT TRANSACTIONS		
Transactions in redeemable units during the year are summarised as follows:		
UNITS AT THE BEGINNING OF THE YEAR	8,720,014	13,220,225
Issue of units during the year	532,139	734,441
Redemption of units during the year	(931,009)	(5,234,652)
Net decrease in units	(398,870)	(4,500,211)
UNITS AT THE END OF THE YEAR	8,321,144	8,720,014

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 SR	2021 SR
Operating activities		
Net income for the year	(5,820,516)	34,934,386
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>		
Movement in unrealised loss on financial assets at FVTPL	16,679,065	2,404,163
Dividend income	(3,342,166)	(2,902,032)
	7,516,383	34,436,517
<i>Working capital adjustments:</i>		
Financial assets at FVTPL	(3,224,034)	12,696,582
Receivables and advances	(2,104,181)	1,952,911
Management fee payable	170,959	2,724
Accrued expenses and other payables	75,712	11,910
Cash flows from operations	2,434,839	49,100,644
Dividends received	3,342,166	2,902,032
Net cash flows from operating activities	5,777,005	52,002,676
Financing activities		
Proceeds from issuance of units	6,941,717	8,434,691
Payment on redemption of units	(12,077,051)	(59,539,845)
Net cash flows used in financing activities	(5,135,334)	(51,105,154)
Net increase in cash and cash equivalents	641,671	897,522
Cash and cash equivalents at the beginning of the year	1,736,066	838,544
Cash and cash equivalents at the end of the year	2,377,737	1,736,066
Composition of cash and cash equivalents		
Balances held with custodian	2,209,325	1,736,066
Bank balances	168,412	-
Total cash and cash equivalents	2,377,737	1,736,066

Notes 1 to 13 form an integral part of these financial statements

Alawwal Invest Saudi Industrial Companies Equity Fund (Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

1. INCORPORATION AND ACTIVITIES

Alawwal Invest Saudi Industrial Companies Equity Fund (Formerly known as HSBC Saudi Industrial Companies Equity Fund) (the “Fund”) is an open-ended investment fund created by an agreement between Alawwal Invest (the “Fund Manager”) and investors (the “Unitholders”) in the Fund. The address of the Fund Manager is as follows:

Alawwal Invest, Head Office
Olaya Main Street P.O. Box 1467
Riyadh – 11431
Kingdom of Saudi Arabia

The objective of the Fund is to achieve capital appreciation over the medium to long-term by investing in sharia compliant equities listed on Tadawul (Saudi Stock Market) and categorised under petrochemical, industrial investment, building and construction, and agriculture and food manufacturing sectors.

The Fund is managed by the Fund Manager. The Fund Administration function is carried out by a department within HSBC Saudi Arabia that has reporting line and control structures, which are independent of the Asset management business. Albilad Capital is the custodian of the Fund. All income is reinvested in the Fund and is reflected in the unit price.

The Fund Manager has made certain revisions to the terms and conditions of the Fund. The latest update was approved by the CMA on 18 September 2022.

Further to the announcement made in May 2021, HSBC Saudi Arabia transferred their Asset Management, Retail Brokerage and Retail Margin Lending businesses (together, the “Transferring Businesses”) on 15 September 2022. Effective from the end of business hours of 15 September 2022, Alawwal Invest became the fund manager of the transferred funds.

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 SIGNIFICANT 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 Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in the KSA”) and applicable provisions of Investment Fund Regulations issued by the board of Capital Market Authority and the funds terms and conditions and information memorandum.

3.2 Basis of preparation

The financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for investments held 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 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Fund has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Alawwal Invest Saudi Industrial Companies Equity Fund (Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

The following are the significant 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 short-term deposits in financial institutions 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 and balances held with custodian.

Financial instruments

(i) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

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

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

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset
- Financial assets measured at amortised cost
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms 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 fair value through profit or loss (FVTPL)
A financial asset is measured at fair value through profit or loss if:
 - i. Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (SPPI); and
 - ii. It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
 - iii. At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Alawwal Invest Saudi Industrial Companies Equity Fund (Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial liabilities

- Financial liabilities measured at fair value through profit or loss (FVTPL)
A financial liability is measured at FVTPL if it meets the definition of held for trading. The Fund does not hold any financial liabilities measured at FVTPL.
- Financial liabilities measured at amortised cost
This category includes all financial liabilities, other than those measured at fair value through profit or loss.

(ii) Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value including any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVTPL in the statement of comprehensive income. Special commission income and dividends earned or paid on these instruments are recorded separately in special commission income or expense and dividend income or expense in the statement of comprehensive income.

(v) Derecognition of financial instruments

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

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

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Alawwal Invest Saudi Industrial Companies Equity Fund (Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

(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.

Fair value measurement

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

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

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

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

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

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

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

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

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

Alawwal Invest Saudi Industrial Companies Equity Fund (Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Trade date accounting

All regular way purchases and sales of financial assets are recognized / derecognized 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 recognized 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 recognized for amounts to be paid in the future for services received, whether billed by the suppliers or not. These are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

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.

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

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 held for trading 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).

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 Saudi Riyals at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are retranslated into SR at the exchange rate at the reporting date.

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

Expenses

Expenses are measured and recognized 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.

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

New standards, amendments and interpretations adopted by the Fund

Standards	Description	Mandatory effective date
IFRS 1	First-time adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter	1 January 2022
IFRS 9	Financial instruments: Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IAS 41 Agriculture	Taxation in fair value measurements	1 January 2022
Amendments to IAS 37	Onerous contracts: costs of fulfilling a contract	1 January 2022

Standards issued but not yet effective and not early adopted

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

Based on the Fund's assessment, the below standards are not expected to have potential impacts on the reported numbers and disclosures.

Standards	Description	Mandatory effective date
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax on leases and decommissioning obligations	1 January 2023
Amendments to IFRS 4	Change of fixed date of the temporary exemption from applying IFRS 9	1 January 2023

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Going concern

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

Fair value measurement

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (mid price), without any deduction for transaction costs.

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).

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

The composition of the investment's portfolio at 31 December is summarised below:

	<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>
<u>Investments in Saudi equities</u>				
<u>(by industry)</u>				
Materials	41.50%	32,584,321	35,931,503	3,347,182
Energy	16.90%	14,445,366	14,648,546	203,180
Capital Goods	16.80%	18,934,357	14,535,049	(4,399,308)
Food & Beverages	10.80%	9,479,199	9,352,853	(126,346)
Food & Staples Retailing	4.20%	3,899,348	3,685,781	(213,567)
Commercial & Professional services	4.10%	3,851,249	3,523,200	(328,049)
Consumer Services	3.20%	4,556,288	2,734,697	(1,821,591)
Utilities	2.50%	2,147,556	2,189,573	42,017
Total	100.00%	89,897,684	86,601,202	(3,296,482)

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

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

	31 December 2021			
	% of Market value	Cost SR	Market value SR	Unrealised gain (loss) SR
<i>Investments in Saudi equities</i>				
<i>(by industry)</i>				
Materials	55.04%	40,441,821	55,070,519	14,628,699
Energy	19.06%	18,606,552	19,072,414	465,862
Capital Goods	13.36%	14,380,890	13,370,727	(1,010,163)
Food & Beverages	7.83%	8,152,777	7,833,361	(319,416)
Pharma, Biotech & Life Science	1.88%	2,048,011	1,876,405	(171,606)
Consumer Services	1.43%	1,590,879	1,426,090	(164,790)
Food & Staples Retailing	1.40%	1,452,720	1,406,717	(46,003)
Total	100.00%	86,673,650	100,056,233	13,382,583

The above equity investments are listed on the Saudi Stock Exchange (“Tadawul”). The Fund Manager seeks to limit risk for the Fund by monitoring exposures in each investment sector and individual securities.

6. TRANSACTIONS WITH RELATED PARTIES

A. *Transactions and balances with Fund Manager and board of directors*

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.

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

Related party	Nature of transactions	Amount of transactions		Balance	
		2022 SR	2021 SR	2022 SR	2021 SR
Fund Manager	Fund management fee (including VAT)	2,038,794	2,384,418	192,700	21,742
	Administration fee	59,964	70,130	4,676	5,129
	Board member fee	20,000	20,000	24,540	20,329
SABB	Bank balances			168,412	-

The Fund Manager charges to the Fund on each Valuation Day, management fees at a rate of 1.70% of Net assets value (2021: 1.70% of Net assets value) and administration fees as a rate of 0.05% of Net value in addition to actual costs as per terms and conditions (2021: 0.05% of Net assets value).

The units in issue at 31 December 2022 include zero units held by the employees of the Fund Manager (31 December 2021: 16,082 units).

The independent directors are entitled to remuneration for their services at rates determined by the Fund’s terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent director’s fees are currently up to SR 20,000.

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

7. ACCRUED EXPENSES AND OTHER PAYABLES

	<i>31 December</i> 2022 SR	<i>31 December</i> 2021 SR
Accrued expenses	63,375	26,403
Benchmark fee payable	38,891	23,366
Board of directors' fees payable (note 6)	24,540	20,329
Administrator fee payable (note 6)	4,676	5,129
Other payables	39,454	19,996
	<u>170,936</u>	<u>95,223</u>

8. OTHER EXPENSES

	<i>31 December</i> 2022 SR	<i>31 December</i> 2021 SR
Administrator fees (note 6)	59,964	70,130
Custodian fees	39,817	68,363
Professional fees	36,362	34,500
Board of directors' fees (note 6)	20,000	20,000
Benchmark fees	15,525	15,525
Others	20,371	21,152
	<u>192,039</u>	<u>229,670</u>

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has investments carried at fair value through profit or loss which are measured at their fair values and are classified within level 1 of the fair value hierarchy. All other financial assets and liabilities are classified for measurement at amortized cost and management believes that the fair value of all other financial assets and liabilities at the reporting date approximates their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current year or prior year.

10. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

<i>As at 31 December 2022</i>	<i>Within</i> 12 months SR	<i>After</i> 12 months SR	<i>Total</i> SR
ASSETS			
Cash and cash equivalents	2,377,737	-	2,377,737
Financial assets at FVTPL	86,601,202	-	86,601,202
Receivables and advances	2,183,873	-	2,183,873
TOTAL ASSETS	<u>91,162,812</u>	<u>-</u>	<u>91,162,812</u>
LIABILITIES			
Accrued expenses and other payables	192,700	-	192,700
Management fee payable	170,936	-	170,936
TOTAL LIABILITIES	<u>363,636</u>	<u>-</u>	<u>363,636</u>

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

10. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>As at 31 December 2021</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	1,736,066	-	1,736,066
Financial assets at FVTPL	100,056,233	-	100,056,233
Receivables and advances	79,692	-	79,692
TOTAL ASSETS	101,871,991	-	101,871,991
LIABILITIES			
Management fee payable	21,742	-	21,742
Accrued expenses and other payables	95,223	-	95,223
TOTAL LIABILITIES	116,965	-	116,965

11. 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.

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. Note 5 to the financial statements shows the Fund's concentration of investment portfolio.

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

11. FINANCIAL RISK MANAGEMENT (continued)

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</i> 2022 SR	<i>31 December</i> 2021 SR
Cash and cash equivalents	2,377,737	1,736,066
Receivable and advances	2,183,873	79,692
	4,561,610	1,815,758

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.

Alawwal Invest Saudi Industrial Companies Equity Fund
(Formerly known as HSBC Saudi Industrial Companies Equity Fund)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2022

11. 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:

	2022		2021	
	%	SR	%	SR
Net gain / (loss) on investments held at FVTPL	+5%	4,330,060	+5%	5,002,812
	-5%	(4,330,060)	-5%	(5,002,812)

12. LAST VALUATION DAY

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

13. APPROVAL OF FINANCIAL STATEMENTS

These audited financial statements were approved by the Fund's management on 6 Ramadan 1444H (corresponding to 28 March 2023).